We move for all to grow
This report constitutes DFDS’ Communication on Progress to the UN Global Compact. It covers the DFDS Group’s CSR approach and activities for the financial year 1 January to 31 December 2018. The report is an integral part of the management review of DFDS’ Annual Report 2018 and by publishing this document, we fulfil the requirements of Sections 99a and 99b of the Danish Financial Statements Act.

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About this report
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DFDS takes CSR to the strategic level

In the view of the increasing need to take care of the environment and to contribute positively to our communities, a new CSR strategy has been developed.

DFDS’ core business is to move freight and passengers on ferry routes in and around Europe, and to provide transport and logistics solutions for a wide range of businesses. We have a strong focus on customer solutions and digitisation, and our ambition is to continue to grow our network and range of services.

We are fulfilling our ambitions by organic growth and through acquisitions, of which the latest was the acquisition of Turkey’s leading freight ferry operator. Fulfilment of those ambitions is dependent on the support of our employees and the communities in which we are active. We believe that people will work with us and support us if they trust us to act responsibly and to do good in their communities.

By making CSR part of our future plans it becomes an integral part of our business strategy.

Developing DFDS in a sustainable direction

We are launching a new CSR strategy that is embedded in our way of thinking and it will strongly influence the way we act throughout DFDS.

The CSR strategy details areas where there are special opportunities and therefore special responsibilities to make a difference for our staff, the environment and the communities we are able to influence. Actions include reducing our impact on the climate and marine environment, caring for people, being good neighbours and giving something back to business and local communities. The CSR strategy is therefore a key element in developing our business sustainably.

New CSR strategy and team

Our ambitions are high knowing that the ideal state keeps evolving and may be a long way off. A new CSR team has been created and the management structure strengthened to ensure implementation of the strategy and achievement of our goal to take steps every day and every year on the journey toward sustainability.

This report describes our new CSR strategy and ambitions, as well as our continuous work to act responsibly in all areas. It reflects our commitment to move for all to grow, and to the principles of the UN Global Compact and the UN Sustainable Development Goals.

Niels Smedegaard

President and CEO of DFDS Group
Development of new CSR strategy

In 2018 we developed our new CSR strategy by engaging all levels of the company – from local operations to the Board of Directors – in identifying DFDS’ most material CSR issues. We furthermore established a new CSR governance structure to ensure progress and ownership.

1. Benchmark and inspirational meetings with CSR top performers and peers in January for input and good advice in developing our CSR strategy.

2. Full day workshop with DFDS colleagues in February, engaging all managerial levels, a wide geographical spread and different parts of the business to create the foundation for the strategy.

3. Continuous alignment with DFDS’ CEO & EVP of People & Ships.

4. Definition of governance structure with senior management’s attention and involvement in May.

5. Presentation and approval by DFDS’ Executive committee in June.

6. Presentation and approval by DFDS’ Board of Directors in August.

7. Workshop at the yearly DFDS Management Conference in October for top 200 managers to share knowledge, best practice and ideas for implementation of our CSR strategy.

8. Workshops on the two strategic themes, ‘Environmental Footprint’ and ‘Caring Employer’ in November, defining what they mean for DFDS.
Environmental Footprint

Our ambitions
Support marine environment
Responsible neighbour
Improve air quality

Caring Employer

Our ambitions
Well-being for all employees
Inclusive workplace
Opportunities to do good
Diverse contribution to the strategic themes

Our two workshops in November 2018 engaged a selected group of employees and managers from various parts of the business to discuss how to take forward the two strategic themes and our ambitions.

Environmental Footprint

Our ambitions:
– Support marine environment
– Responsible neighbour
– Improve air quality

*Our Environmental Footprint workshop engaged:*
1. Rodney Ferguson, Managing Director
2. Jens Juel, Head of Strategic Sales
3. Sam De Wilde, Managing Director
4. Jeppe Nissen, Chief Engineer
5. Gert Jakobsen, VP, Communications
6. Søren Brøndholt, VP, Investor Relations

Caring Employer

Our ambitions:
– Well-being for all employees
– Inclusive workplace
– Opportunities to do good

*Our Caring Employer workshop engaged:*
7. Kasper Damgaard, VP Group HR
8. Robert Batley, Commercial Head
9. Gemma Griffin, VP, HR & Crewing
10. Seran Yuzbasioglu, HR Director
11. Jonas Nazarovas, Managing Director
12. Radek Mierzejewski, Head of DFDS Polska
13. Rikke Riise, Manager of Internal Communications
We care for our environment and our strategic theme, Environmental Footprint, supports three of the 17 UN Sustainable Development Goals (SDGs). Our work independently and with partners focusing on SDG 13, 14 and 17 will address our impact on the climate and life under water. In view of the SDGs and our business strategy, we seek to:

**Support the marine environment**
Operating ferries across Europe, it is natural for us to support ocean life, reduce emissions into the sea and support research and education focusing on the marine environment.

**Be a responsible neighbour**
Seeking to be good neighbours and reduce pollution, waste, noise and light in the communities in which we operate terminals, warehouses and offices is essential. We contribute to a cleaner environment by implementing greener alternatives.

**Improve air quality**
Reducing emissions of CO₂ from our fleet of ferries and trucks by operating in a more environmentally friendly and efficient way is a necessity, as is the reduction of emissions of NOₓ, sulphur and other particles. We support and promote knowledge and products that can help improve air quality.
We care about people and our strategic theme, Caring Employer, supports SDG 3 and SDG 5. We believe we can create a better future for DFDS and our employees by improving health, well-being and gender equality. In view of the SDGs and our business strategy, we seek to:

**Ensure well-being for all employees**
We see our employees as valued people and not only employees. Thus, we support their physical and mental health – i.e. their overall well-being. We want our employees to be happy when they go to work and when they go home.

**Be an inclusive workplace**
Employing a multicultural workforce, we seek inclusivity encompassing differences in ethnicity, gender, language, age, sexual orientation, religion, socio-economic status, physical and mental ability, thinking styles, experience and education. We believe diverse groups and teams make better decisions.

**Provide opportunities to do good**
We cherish the idea of engaging the company, individuals and groups of colleagues at DFDS to take initiatives to do good and to care about each other in the local communities where we operate.
CSR governance

A strategic approach to CSR requires a dedicated effort and in September 2018 we established a strategic CSR committee and a CSR team headed by Sofie Hebeltoft. She is assisted by Poul Woodall, Director, Environment & Sustainability.

The CSR team reports to the Executive committee and the newly-defined operational CSR committee. This joint strategic CSR committee provides the right level of attention, responsibility and decision-making power. The strategic CSR committee will meet four to five times a year and have regular dialogue with the CSR team.

In 2018 two meetings were held (September and December). The establishment of the governance set-up, feedback from the strategic workshops and initial CSR projects were discussed. In 2019 key topics will be the Code of Business Conduct, diversity and inclusivity, responsible consumption & waste-handling and supplier audits.
Our business

DFDS moves freight and passengers in one of the largest networks of ferry routes in Europe. We also provide logistics solutions for a broad range of manufacturers. Own port terminals are operated in strategic locations, offering a range of services including warehousing.

Passenger ferry services
The majority of customers are passengers travelling by car as well as mini cruise passengers enjoying a maritime experience and the on-board facilities.

Freight ferry services
We mainly carry trailers for transport companies. We also carry heavy goods such as cars, paper and steel for manufacturers.

Transport & logistics solutions
Our key customers are manufacturers of industrial goods, food products, forest & paper products, consumer goods, and retailers. Many of the solutions include using our own ferry services.

Passengers 20% 35% 45%
Freight
Logistics
+8,000 employees
+10,000 freight customers
5,400,000 passengers
15.7bn DKK revenue
14% return on invested capital (ROIC)
Care for our employees, local communities and the environment is part of DFDS’ culture and history, which go back more than 150 years. We formalised our commitment to CSR when joining the UN Global Compact in 2015. We implement its 10 principles throughout the Group to ensure responsible business conduct and to meet the expectations of our key stakeholders.

Our strategic CSR committee, which oversees DFDS’ strategic and operations work on CSR, is also responsible for our annual Communication on Progress report to the UN Global Compact.

Through our commitment and CSR strategy, we address risks and opportunities related to our business model. We work to keep people and goods safe, provide good working conditions, limit climate change and the environmental impact of our activities. We procure responsibly and support local communities and initiatives where we operate. It is part of our culture and the DFDS Way to seek continuous improvement and transparency in our engagement with stakeholders. We actively engage with organisations such as the International Maritime Organisation, the European Community Shipowners’ Associations, Interferry, Danish Shipping and Global Compact Network Denmark.
Stakeholders and expectations
DFDS has many stakeholders and from a CSR perspective the focus is on:
• Investors and financiers
• Customers
• Employees and unions
• Industry organisations
• Suppliers
• Local communities
• Media and NGOs
• Public authorities

In many cases the different stakeholders have the same expectations related to CSR and the most material for DFDS is to:

• Recognise impact on society and environment
• Define and implement a Group-wide CSR strategy
• Be accessible and accountable
• Report in a transparent, consistent and accurate manner
• Meet – or exceed – regulatory compliance
• Ensure responsible operations and conduct
• Perform proactive risk management and loss prevention
• Continuously improve environmental management
• Ensure and continuously improve health, safety and security management
• Provide employment opportunities and fair employment conditions
• Support inclusivity and career development
• Manage relations with, and impact on, local communities

The DFDS Way
The DFDS Way guides how we work, our operating model and how we act. Our behaviors.

It is also a promise to create value for our customers and to do things a little better every day to become a stronger company. In view of the DFDS Way, we are proud of the awards: Europe’s Leading Ferry Operator 2012-18 and the World’s Leading Ferry Operator 2011-18.

Operating model
Customer-driven
Continuous improvement
Best practice
Leveraging scale
Performance culture

Behaviours
We care
We serve our customers with passion
We listen before making decisions
We do what we say we will do
If we see a problem, we fix it
We learn, develop and improve every day

New headquarter will combine strategic CSR themes
DFDS will move to a new headquarter in 2021 due to the increasing demand for office space in Copenhagen.

The CSR strategy themes – Environmental Footprint and Caring Employer – will be clear guidelines in the process. The new office will be leading within energy consumption and recycling and the facilities will be designed to support and enhance the employee well-being.
CSR policies

Our conduct is constituted by the behaviour and actions of all our 8,000 employees and management team. Group policies set the parameter for how we should behave and manage our risks. However, there are areas where laws and policies do not provide sufficient guidance. In these cases, our Code of Business Conduct helps employees respond to ethical issues in a sound manner.

Our code is aligned with the UN Global Compact principles and covers areas such as respecting others, diversity and discrimination, harassment, health and safety, environmental protection, gifts and entertainment in the workplace, as well as competition and pricing, bribery and facilitation payments, and company donations. We respect human rights and do not accept bribes, whether directly or through third parties, and we work towards the elimination of facilitation payments. We request employees to report any breaches of the code through different reporting lines or our whistleblower scheme.

Whistleblowing

In 2015 the whistleblower scheme was implemented and in late 2017 we updated and communicated the Code of Business Conduct and our whistleblower scheme to the entire Group. After this, the number of whistleblower cases increased.

In 2017 we had nine cases and in 2018, 16 cases were reported. Of these, seven were still being investigated at year-end. The cases cover health and safety, employee relations, allegations of bribery, theft, conflicts of interest, substance abuse and discrimination. The reports came from our operations in Denmark, France, Sweden and the UK.

The 10 UN Global Compact principles

Human rights
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights
Principle 2: make sure that they are not complicit in human rights abuses.

Labour
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
Principle 4: the elimination of all forms of forced and compulsory labour
Principle 5: the effective abolition of child labour

Environment
Principle 7: Businesses should support a precautionary approach to environmental challenges
Principle 8: undertake initiatives to promote greater environmental responsibility
Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anticorruption
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

DFDS’ codes and policies on CSR
- Code of Business Conduct
- Diversity & Inclusion Policy
- Environmental Policy
- Health, Safety & Environmental Policy (Ship Management)
- HR policies and Employee Handbook
- Supplier Code of Conduct.
## CSR risks

It is part of our culture, general operations and strategic planning to minimise risks. When we identify risks, we initiate an analysis of current policies and processes with a view to implementing mitigation measures and adjustments. Here we present an extract of high-level CSR risks and our mitigating actions.

<table>
<thead>
<tr>
<th>CSR risks</th>
<th>DFDS’ mitigating actions</th>
</tr>
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</table>
| **Global CO₂ levy**  
Globally imposed levy on CO₂ emissions from shipping to motivate emission reductions. | Through trade organisations, argue for a fair system that ensures a level playing field as well as a system that can be policed effectively. In due course, communicate with stakeholders so they also can prepare for a new scenario. |
| **Mandatory slow steaming**  
Mandatory speed restrictions imposed on ferries, making it difficult to maintain existing route network with current assets. | Follow discussions at national and supranational levels. Engage in the discussion with like-minded bodies on the potential pros and cons of the restrictions should the matter be tabled. |
| **Major spill incident at sea**  
Maritime incident causing spillage of fuel and/or hazardous material negatively impacting the marine environment. | Have qualified employees in relevant functions and advanced technical systems, e.g. to avoid collisions, weather forecasts, maritime warnings on ferries in operation. Formal emergency committee structure and insurance coverage to ensure funds for swift mitigating actions. |
| **Poor working conditions**  
Direct or indirect employees subject to working conditions below acceptable DFDS health, safety and working environment standards, and which negatively affect employee satisfaction, employability and DFDS’ employer brand. | Group-wide health and management system with focus on root cause analysis, continuous improvement and strategic focus on employees’ well-being. Biannual Group-wide employee satisfaction survey followed up by management actions. Group HR verifies alignment of employment contracts with DFDS standards and standard conditions for sub-contracting of hauliers in place. |
| **Harassment and discrimination**  
Individuals being subject to discrimination and/or harassment due to race, gender, religion, profession etc., negatively impacting the individual’s rights, well-being and DFDS’ employer brand. | Code of Business Conduct sets direction for appropriate behaviour, as does the Diversity & Inclusion Policy. Understanding of different cultures is included in management training and different reporting lines, and a whistle-blower function is in place. |
| **Corruption related to procurement**  
Individuals with authority to approve major investments/operating costs use their position for personal gain, causing financial and reputational damage. | Approval procedures on major investments in place and contracts above EUR 50,000 are subject to tender processes and centrally managed. Supplier Code of Conduct, Code of Business Conduct and whistle-blower function are in place. |
Responsible procurement

With our strategic approach to procurement we want to continuously develop a responsible supply chain.

Responsible supply chains in the shipping industry

IMPA ACT is an initiative of the International Marine Purchasing Association (IMPA) that seeks to improve the economic, social and environmental compliance of its ship purchaser and supplier members. The IMPA provides a responsible supply chain management programme, which DFDS joined in 2015. As many shipping companies share the same suppliers, a standardised common system helps to ensure compliance throughout the industry.

The core of the programme is the IMPA ACT Supplier Code of Conduct representing current best practice. It incorporates the UN Global Compact and the UN Guiding Principles on Business and Human Rights.

DFDS’ annual sourcing of goods and services amounts to more than DKK 9.5 billion from more than 15,000 suppliers. For our ships alone, we issue around 5,000 purchase orders per month. Through our procurement practices, we strive to minimise the risk of adversely impacting human rights (including labour rights) and the environment in our supply chain.

Commitment and practice

We primarily source from European suppliers and aim to include our Supplier Code of Conduct in all contracts. DFDS Group Procurement leads all major tenders and negotiations and concludes procurement contracts related to goods and services covering the entire DFDS Group.

Our Supplier Code of Conduct incorporates the IMPA ACT Supplier Code of Conduct, whereby our suppliers agree to conform to the code and adhere to all applicable laws, rules and regulations where they operate.

Suppliers should also have policies and procedures in place to respect human rights, including labour rights, address significant environmental impacts and counter corrupt practices. The requirements are similar to those we impose on ourselves through DFDS’ Code of Business Conduct.

Initiatives and results

In 2018 Group Procurement made a significant move in the use of e-sourcing and e-auction tools, which are creating a transparent environment for sourcing and in negotiations. In a CSR context, the tools are helpful in managing grey zones and avoiding bribery, and e-sourcing is now standard in our tendering. We strive to have 90% of tenders done through e-sourcing and we will roll out e-auctions to more categories in 2019.

We are also implementing other measures to improve our systems. Specifically, we are preparing for compliance with marine equipment regulations related to safety and new regulations on a certified Inventory of Hazardous Materials.

Mechanism for manufacturer selection

We have contracts with GSI and Jinling shipyards in China to build two freight & passenger ferries and six freight ferries.

As part of the contracts, we have a governance mechanism for manufacturer selection with the shipyards. Hence, we have a high degree of influence and can control the selection of manufacturers of key equipment, which helps to ensure the selection of reputable suppliers. In 2018 this governance mechanism was expanded to other contracts as well.
DFDS wants to be a responsible neighbour in the communities where we operate. In Oslo, Norway, we support the capital’s environmental policy by investing in on-board shore power installations. From January 2019 and January 2020 respectively, our two passenger ships Pearl Seaways and Crown Seaways will, when calling, receive power from the port’s new shore-based power supply instead of combusting diesel to produce power on board. This reduces emissions of CO₂, NOₓ, sulphur and other particles in the neighbourhood.
Environmental Footprint

We strive to reduce our CO₂ emissions and other environmental impacts from our operations and seek to be a responsible neighbour that cares for the marine environment and local communities.

We fully recognise that our main impact on the climate and the environment comes from our business of moving freight and passengers on our ferry routes and from providing transport and logistics solutions for a wide range of businesses. We work to reduce the Environmental Footprint of our operations through sound practices and seek innovative and intelligent ways to develop DFDS in a greener direction.

Commitment and practice

As stated in our environmental policies and Code of Business Conduct, we consider the environmental impact of everything we do and strive to ensure continuous improvements. In view of our main impact, our foremost focus is on reducing emissions from ships and trucks, as well as developing and implementing new environmental technology. We also focus on our warehouses, office buildings and terminal operations to reduce our impact on the environment and save costs.

We maintain an environment and climate risk matrix, in which we regularly assess and rate issues against the likelihood of their occurrence, and the economic and reputational impact on DFDS. The risks with the highest rating relate to a global CO₂ levy being imposed, a mandatory speed reduction policy for ships and major spill incidents at sea (see p.14).

Environmental efforts

Local initiatives and dedicated employees drive our environmental efforts, including to:

- Collect and monitor environmental data from all our activities
- Minimise waste and optimise waste-handling at all facilities and on all ferries
- Ensure disposal of assets for recycling in a sustainable manner
- Cooperate with wider society to reduce emissions from our ferries to limits below the legal requirements
- Adopt a partnership approach and find new ways of solving logistical challenges in an environmentally sound way
- Implement good neighbour policies, respecting local environments and communities
- Communicate openly about our Environmental Footprint and how we plan to reduce it.
Initiatives and results

The most ground-breaking event in 2018 was when the IMO’s Marine Environment Protection Committee (MEPC) in April agreed specific targets for international shipping’s greenhouse gas (GHG) emissions. Much work still needs doing, as the 2008 baseline and the associated KPIs need to be established. The GHG emissions targets are set for the international shipping industry, but it has not yet been decided how it will filter down to flags, ferry types and perhaps individual ferries.

There is significant work ahead for the industry and DFDS in making appropriate plans for achieving the targets. Although the details are not yet known, it is our view that the 2030 target can be reached with existing technology, whereas the 2050 ambition will require new fossil fuel-free technology.

Reporting on our GHG emissions

In 2018 the DFDS Group’s emissions of CO₂ equivalents has been estimated at 1,879,000 tonnes, which is an 18% increase compared to 2017. The increase is mainly attributed to the additional tonnage added to our fleet through the UN Ro-Ro acquisition in 2018.

Our ferries represent 96% of DFDS’ total CO₂ emissions – consumption of bunkers and fuel, and therefore warrant extra attention. While our total CO₂ emissions have increased, we continue to reduce the emissions per ferry, as the average fuel consumption of the fleet is decreasing year on year. Consumption of fuel is one of our largest cost areas and reduction in both fuel consumption and CO₂ emissions is of continued importance to us from an environmental, regulatory and financial perspective. We constantly investigate cleaner fuel types and in 2018 we continued to cooperate with new partners on cleaner bunker fuels as part of our procurement activities.

International shipping’s GHG emissions targets

Compared to the base year of 2008, international shipping should:
- reduce its CO₂ emissions per transport work by a minimum of 40% by 2030
- reduce the total GHG emissions by a minimum of 50% by 2050.

The MEPC’s agreement was hailed as a major breakthrough and for the first time established specific GHG targets for the industry.
No major spills
In 2018, there have been no major spills from our operations.

Investments in scrubbers
Scrubbers are marine exhaust gas cleaning systems that remove sulphur oxides from ship engines. In 2018 the use of scrubbers in open loop mode was discussed in the media in view of the increase in scrubber orders leading up to the 2020 global cap and the implications for the marine environment.

All scrubber systems have sensor monitoring to ensure compliance with the sulphur caps and scrubber wash water is subject to quality standards issued by the IMO.

DFDS primarily invests in hybrid scrubber systems that are capable of operating in both open and closed loop mode. We predominantly operate our systems in open loop mode, where the washing water is discharged into the sea and we strictly monitor water discharges to ensure compliance with IMO standards. We operate the systems in closed loop mode when local policies call for this, as is the case in, for example, Belgium and Lithuania.

As an increasing consumption of electricity in our head office (DFDS House in Copenhagen, Denmark) comes from data activity, we signed a contract in 2018 to move our data centre out of DFDS’ premises to a more energy-efficient partner. In Sweden our fleet consists of 100 trucks and more than 80% of these use 98-100% biofuels as part of a project initiated in 2017.

Mandatory systems on CO₂ emissions
2018 was the first year for data collection under the EU MRV (Monitoring, Reporting and Verification) Regulation for CO₂ emissions. We collected data for all voyages and port calls during 2018 and will submit the data to the EU by the end of April 2019, following verification by our independent verifier. In total, we collect and submit data for around 29,000 voyages and a similar number of port calls under the EU MRV reporting requirements. Annualised ship performance data will be available to the public by July 2019.

As of January 2019, the IMO Fuel Oil Data Collection system will come into force. Similar to the EU MRV system, this system makes it mandatory to collect certain consumption and emissions data on a global basis for all ships of 5,000 GT and above.

Preparing for the global sulphur cap
Another discussion topic in 2018 was the global sulphur cap of 0.5% in fuel oil, which will enter into force in January 2020. The IMO has agreed a carriage ban on non-compliant fuel entering into force in March 2020 to facilitate the policing of the global sulphur cap. The cap is of particular relevance for our ferries trading in the Mediterranean, which have expanded in number following our acquisition of the Turkish company UN Ro-Ro in 2018. DFDS has engaged in a scrubber retrofitting programme for all our Mediterranean ferries to ensure compliance with the global standard.

Regarding the Mediterranean, there is an increasing call for declaring it a Sulphur Emission Control Area (SECA), which implies a maximum of 0.1% sulphur content in the fuel oils used. Such a proposal may be forthcoming at MEPC meetings in 2019. Our scrubber retrofitting programme for the Mediterranean fleet would be able to cope with the SECA demands if they were to come into force.

Ballast water cleaning systems
The MEPC relaxed the implementation schedule for mandatory fitting of ballast water cleaning systems for ships over 400 GT in 2017. Our programme of fitting all ferries with ballast water cleaning systems to comply with the Ballast Water Convention and the MEPC’s schedule is going as planned. As of the end of 2018 five DFDS ferries had been fitted with certified ballast water cleaning systems.

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Ship recycling
DFDS is on par with the comprehensive ship recycling policies of the EU and IMO. We are in the process of preparing documentation of the Inventory of Hazardous Materials (IHM) required by the EU ship recycling regulation. This work must be completed by the end of 2020. No DFDS ferries were disposed of for recycling in 2018.

Waste management
As part of our environmental efforts, we have increasingly focused on waste management at our head office, DFDS House, and at our terminals in Copenhagen, Denmark. This has resulted in significant cost reductions as we continue to reduce waste through increased reuse and recycling. We are also looking into opportunities for reducing food waste on board our passenger ships. Currently we have an agreement in place in Copenhagen where we collect food waste from our passenger ships on the Copenhagen – Oslo route and turn the waste into biogas and fertiliser.

Reducing empty kilometres
No fewer than 96.7% of DFDS’ trucks are Euro 5 and Euro 6 certified. Apart from investing in trucks with the highest possible Euro class engines, reducing the distance our trucks drive without a payload is the single most important factor for achieving an environmentally friendly haulage operation. After we introduced improved software, monitoring the empty kilometres has become easier. The software is implemented in most locations and we will continue the roll-out to the remaining locations in 2019.

For the sites already covered by the software, the empty running percentage was 22.5% in 2018. This unfortunately represents an increase of 0.8 percentage points over 2017. We undertook a number of initiatives in 2018 to reduce the empty running, such as using smart data to balance cargo flows and increasing domestic loads to fill empty gaps. However, external factors such as change in trade flows and strain on the haulage capacity in general, unfortunately more than outweighed the gains achieved.

Active engagement in maritime Industry fora
DFDS supports a strict climate and environment policy based on common international standards, subject to fair and equal policing and formulated in such a way that practical implementation is viable.

We make our voice heard through a number of channels and in 2018 DFDS was re-elected for a five-year period in the European Sustainable Shipping Forum (ESSF), as one of two Danish shipping companies. ESSF is a forum for structural dialogue, exchange of technical knowledge, cooperation, and coordination among relevant maritime industries’ stakeholders and the EU Commission.

Through our participation in Interferry we support the interests of the ferry industry at EU level as well as in IMO institutions. DFDS also takes an active role in the work performed in the relevant national shipowners’ organisations, of which we are members, primarily in the Danish and UK institutions. Collectively, the shipowners’ voices are amalgamated in ECSA, the European Community Shipowners’ Associations.

DFDS also remains an active member of Green Ship of the Future and the Trident Alliance.

Environmental Footprint / CSR report 2018
20
Employees engaged in doing good

DFDS employees in the UK completed the Three Peaks Challenge climbing three mountains in Scotland, England and Wales to raise awareness among colleagues for mental health issues and to raise money for a mental health charity. At locations throughout our network, employees take initiatives to benefit colleagues and people in their communities. DFDS also supports local initiatives with a funding programme and initiates projects that aim to increase the physical and mental well-being of employees.
Caring Employer

We focus on the well-being of our employees and strive to foster an inclusive workplace that treats all employees fairly and attracts, develops and retains people in the countries where we operate.

By end 2018 DFDS employed more than 8,000 people in 20 countries and as such, our workforce is reflective of the communities in which we operate. More than half of our workforce is employed at sea and women make up 23% of our employees, which is on a par with the industry. Within the last years we have had the benefit of a workforce that is becoming increasingly multi-national.

Commitment and practice
It is our goal to deal fairly and equitably with all employees and through our HR policies, Diversity & Inclusion Policy, Code of Business Conduct and employee handbook, we support people and the business in mitigating risks and making the right decisions. For example, in relation to recruitment, employee and leadership development, talent spotting, working environment, performance management, remuneration and benefits, and organisational efficiency.

To ensure strong relations between DFDS and our employees we have established mechanisms that go beyond legal obligations. We aim to discuss and resolve issues before they develop into disputes and we seek an open and trusting dialogue with unions and works councils. For example, in our European Dockers Trade Union Forum, we engage with representatives from our terminals to discuss current and upcoming issues three times a year.

We also have a special agreement with the Danish Metalworkers’ Union and its maritime division Metal Maritime to support employees who are members of the union and employed on our ships. The foundation, called Den Sociale Arbejdsmarkedsfond, supports preventive activities related to employee health and well-being, and conditions of employment for women. Employees can also apply for financial support if they for health or personal reasons are unable to work full-time (see pp. 23-24 and 30).

DFDS respects data privacy and complies with the European General Data Protection Regulation as well as with the national data protection acts in the countries in which we operate.

Respecting others
- We treat our colleagues, customers, suppliers and other stakeholders with respect, dignity, fairness and courtesy
- We take pride in the diversity of our workforce and view it as a competitive advantage to be nurtured
- We are committed to maintaining a working environment that is free from discrimination or harassment
- We try to balance work and private life and help others to do the same
- We invest in the ongoing enhancement of our skills and abilities
- We provide a safe working environment for our employees.
Initiatives and results

In 2018 we welcomed more than 500 new colleagues following our acquisition of the Turkish company UN Ro-Ro. Through a dedicated effort, we are integrating our new colleagues into DFDS through introductions to the DFDS Way, our organisation, purpose, policies, procedures and training.

In line with other large companies, we participate in the ‘battle’ for talent and in 2018 we continued to place emphasis on employer branding and are confident that our strong purpose and business strategy will enable us to attract and retain talented people.

We see a successful onboarding of new colleagues as key to retaining people. Over the past couple of years, we have identified areas of improvement and have developed a unified onboarding package to be implemented in 2019. We will also conduct our biannual Employee Engagement Survey in 2019 and we are using the 2017 results to improve employee satisfaction. We expect to see further improvements in response rates of above 83% and in the identified areas of improvement, which included professional and personal development.

Improved training programmes

We continuously improve all programmes in our training portfolio. It consists of 14 programmes within three main categories: Leadership, Personal, and Sales & Customer Service development. In 2018 we updated our trainee programme and developed a new manager programme to ensure that our managers are well equipped to take on their new roles.

During 2018 we also had preventive courses related to stress supported by the foundation Den Sociale Arbejdsmarkedsfond for all managers on our four passenger ships to help them spot signs of stress among themselves and their colleagues. As part of our digital transformation, more than 60% of all corporate training programmes now have a digital element included in the training and we thereby met our 2018 objective. We continue to implement digital elements in our training programmes to ensure greater outreach and on-demand training.

Leadership development

700+

Since 2009, 700+ managers have participated in our general leadership training programme.

100+

Launch of a new sales management programme, which 100+ sales managers completed in 2018.

Personal development

100+

Employees participated in our personal development training programme in 2018.

45

New talents from different parts of the organisation have been selected to attend the assessment centre session, which kicks off in 2019 as part of our talent management programme.

Sales & Customer Service development

350+

Sales people participated in our sales programme in 2018.

150+

Launch of a new e-learning sales programme, which 150+ sales people completed in 2018.

Our purpose:

We Move for All to Grow

DFDS’ purpose was defined through an extensive and engaging process in 2017.

We believe that a company with a strong purpose is an attractive company to work for and we articulated the purpose of our business and our activities to everyone working at DFDS. In 2018 we further activated the purpose through local initiatives and seminars throughout the Group.
Mental health focus

Some say that one in four people will have a mental health problem at some time in their lives. In 2018 Group HR worked to identify how best to acknowledge and respect this. We now offer advice and support through 24/7 counselling and an internal network of people has been trained to listen and help. We ran a pilot course in Dover, UK, in May with people from ship and shore departments in the UK and France attending the training.

Employee well-being is central to being a Caring Employer. One of our initiatives is the pilot programme DFDS Moves, which we ran at our head office, DFDS House, in 2018. We offered employees a health check, weekly fitness training and individual coaching related to diet, sleep patterns and regular exercise. Employees could also attend workshops on stress, motivational factors and mindfulness.

More than 300 employees had a health check and we generally had positive responses from our employees. In 2019, we will run the programme for all our employees on board our passenger ships on the Copenhagen, Denmark – Oslo, Norway route. This is made possible by the investment of close to DKK 1 million by the foundation Den Sociale Arbøjdsmarkedsfond targeted at our employees’ well-being on board the ships.

Gender diversity

Diversity among employees and managers matters to us and we want to employ more women, as stated in our Diversity & Inclusion Policy.

At the same time, we recognise that our industry can create special challenges for women, particularly the time at sea.

Our first female captain shows it does not have to be that way (see p. 25) and through the foundation Den Sociale Arbøjdsmarkedsfond we have been working to establish better conditions of employment for women following maternity leave.

While women represent 23% of our workforce, we have a lower representation of women in senior management positions. Among our VPs the proportion of women is 10%, despite our efforts and focus on improving gender diversity. The reason for the decline in 2018 is that one female VP left the company and the total number of VP increased with the acquisition of U.N. Ro-Ro. In 2018 we established a Core Committee to accelerate our efforts and identify short and long-term initiatives. We engaged employees to brainstorm and share best practice on how to improve gender diversity at DFDS and will continue this engagement throughout the Group in 2019.

Through our talent management programme, 31% of the candidates selected in 2018 to engage in the assessment centre in 2019 were women. We now also run job adverts through a gender decoder and we include representatives of both genders in final interviews to help address unconscious bias in our recruitment processes.

The representation of women on DFDS’ Board of Directors is 33%, excluding employee-elected members. There are nine members of the board, of whom six are elected by the Annual General Meeting. This is in line with the requirement set by Danish law.

Gender diversity in the DFDS Group

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women in workforce</td>
<td>23</td>
<td>26</td>
<td>28</td>
</tr>
<tr>
<td>Women in senior</td>
<td>10</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>management</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Women on the Board</td>
<td>33</td>
<td>50</td>
<td>33</td>
</tr>
<tr>
<td>of Directors</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Women in senior management include VPs and levels above. Women on the Board of Directors include only those elected by the Annual General Meeting.
Şima: DFDS’ first female captain

DFDS has adopted a Diversity & Inclusion Policy to achieve a more diverse and inclusive workplace. It has a particular focus on gender diversity, as in our industry men generally outnumber women in management positions. Among the many examples of new female managers, Şima Demir was promoted in October 2018 to become DFDS’ first female captain. She will master UND EGE in our Turkish fleet and inspire female officers and employees throughout DFDS to aspire to management positions.
A strong safety culture

We strive towards continuously improving our overall health and safety performance with the goal of ensuring zero harm to our most important asset: our employees.

Whatever we carry, we uphold a strong safety culture and our goal is to keep our employees, passengers and customers’ goods safe at all times whether at sea or ashore. Legislation applies differently between sea and land, and we manage our efforts through an organisational focus on safety at sea and ashore.

Commitment and practice

Our safety culture is embedded in the DFDS Way and outlined in our Code of Business Conduct and Health, Safety & Environment Policy.

At sea, we operate according to our Global Ship Management System, which we review regularly to ensure that we identify and establish safeguards against all risk to personnel, ships and the environment. We monitor and report all maritime safety measures and security factors for our ships, including any incidents on board. We follow the Maritime Labour Convention and codes of International Safety Management and International Ship and Port Facility Security. Our CEO, leading representatives from our People & Ships division and marine standards experts engage in regular reviews of our ships’ safety performance and ensure readiness for inspection by the maritime authorities.

Ashore, our local management teams are responsible for safety management and maintain flexibility and proportionality of responses based on risk. Thus, more safety controls and formalised inspection regimes are in place for higher-risk activities such as port terminals than lower-risk activities such as our offices.

Health and safety conduct

- Strive towards continuously improving our overall health, safety and environmental performance; with the goal of ensuring zero harm to our most important asset: our employees.
- Act with prudence, responsibility and effectiveness in order to set and monitor targets for improvement.
- Enhance and promote a strong health, safety and environment culture while continuously improving competencies and awareness among our employees.
- Promote and enhance a true ‘no blame’ culture.
- Develop, maintain and adopt procedures to implement best practice, conforming to or exceeding all applicable regulatory requirements.
- Nurture, implement and exchange best practice through our management systems.
- Ensure compliance with current applicable legislation and our standards and procedures through regular internal audits.
We operate according to a Group-wide internal safety management standard and have a management system for measuring and managing truck drivers’ performance. In Immingham, UK, our behavioural safety initiative iCare is certified according to the BS OHSAS 18001 standard and is currently in transition to meet the new standards of ISO 45001.

Initiatives and results
Drills on board our ships are a vital tool to ensure continuous improvements in our health and safety standards and that our crew is trained to handle any emergency that might arise on board. Past incidents clearly demonstrate that training standards and frequent drills are instrumental in the crew’s ability to protect people, goods and ships against the consequences of fire on board, collisions and other major incidents.

DFDS participates in drills in cooperation with various rescue and emergency authorities. Such special safety and security drills include advanced training in crisis handling, cooperation and communication between DFDS, the authorities and various emergency teams. In 2018 we carried out 21 safety and security crisis drills throughout our area of operation with various authorities. They included major exercises to ensure that our newly acquired UN Ro-Ro operations in the Mediterranean are trained to handle any issue that may arise.

During 2019 we will further implement and align DFDS standards across the UN Ro-Ro fleet and operations. Furthermore, we will ensure that the new ro-ro ferries being delivered from China have our Global Ship Management System implemented quickly to ensure uniform standards and high safety levels on our new assets.

We regard training and drills as extremely valuable as they help us improve the safety and security of our passengers and crews and ensure that our emergency processes are continually tested and verified.

Passenger rights
In accordance with the European Maritime Passenger Rights Regulations, we offer assistance to disabled passengers and to those with reduced mobility. We support passengers with special needs from booking to port facilities and, ultimately, their voyages on board our ships.

We are transparent in our pricing across countries and entitle passengers to certain rights in the event of delays or cancellations.
Online safety training

To increase personal awareness of safety we have an e-learning safety system with a range of modules available in English, French and Dutch. Online training provides flexibility and this greatly improves the number of employees who register on the system and actively use it. In 2018 we had 3923 staff and crew registered, including captains and officers. This is an increase of 9% compared to the year before.

The training modules cover areas such as slips, trips and falls, risk assessments, fire, manual handling, food safety, ISPS port security and dangerous goods, as well as passenger rights and data protection. Each module takes approximately 30 minutes to complete. A module counts as complete when you achieve an 80% pass mark. As regards road safety, we also offer training for truck drivers using e-learning modules.

Safety performance at sea

At sea, we provide an overview of the number of work-related injuries through a Lost-Time Injury Frequency (LTIF) rate. The development in 2018 showed a positive trend, with a reduced LTIF on board our ships, going down from 6.40 in 2017 to 5.04 in 2018. However, we want to further improve LTIF and avoid large regional variations, as seen in our ferries flying the French flag, which had an average LTIF of 10.65 in 2018. The various measures established are starting to show and we are pleased to see that LTIF in our French operation has decreased from 16.67 in 2017. However, this must improve further.

We are also pleased that injury severity at sea did not increase in 2018 compared to 2017. Injuries reported were minor, with one exception of an injured seafarer just after Christmas. Most injuries were bruises, sore knees, back pain from lifting and other minor complaints. To develop best practice, avoid and react efficiently to near misses, we encourage near-miss incident reporting with a target of 48 near-miss reports per ship annually.

Near misses are hazardous occurrences that, under different circumstances, could lead to an incident if no corrective action is taken. In 2017 we changed the scope towards encouraging quality rather than quantity in the reporting of near misses. There were 64.2 near-miss reports on average per ship in 2018, which is a satisfactory level. It is a slight decrease compared to 2017, mainly caused by enhanced focus on the quality of reporting rather than quantity.

Shipping incidents

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>LTIF</td>
<td>5.04</td>
<td>6.40</td>
<td>7.16</td>
</tr>
<tr>
<td>Near-miss reports (average per ship)</td>
<td>64.2</td>
<td>66.7</td>
<td>72.7</td>
</tr>
<tr>
<td>Fatalities</td>
<td>0</td>
<td>1</td>
<td>0</td>
</tr>
</tbody>
</table>

We measure LTIF as work-related incidents per million exposure hours that cause absence from work for more than 24 hours. The reported data on LTIF and near-miss reports exclude the acquired subsidiary, UN Ro-Ro.
Safety performance ashore

We measure our land-based safety performance by the number of accidents expressed as Lost-Time Injury Accidents (LTA) and an Accident Frequency Rate (AFR). We see AFR as a comparable measure of our annual performance reflecting the actual risk to individual employees working ashore. Our AFR improvement target is 5.14 and our performance in 2018 was 3.81, which reflects an improvement in both LTA and AFR compared to 2017.

Injury severity, expressed by the average lost working days per LTA was 21 days in 2018, which is a significant increase compared to 2017.

The main driver of this is four accidents resulting in fractures and with an average of 88 lost day per accident. We carry out causal analysis annually to inform managers of trends and feed available data into their safety action plans to ensure proactive safety management.

Health and safety recording

As the DFDS Group is expanding and diversifying we have established that a new improved way of monitoring and reporting Health and Safety shore based incidents is required going forward. We therefore aim to introduce improved procedures in this area in 2019. The new procedures and systems will facilitate more accurate data capture and thereby improved ability to identify focus areas and realistic ambitious targets in this important field.

Fatal accident

Tragically a fatal accident occurred at DFDS’ Immingham terminal on 24 September 2018. An external driver, who came to the terminal to pick up a trailer, suffered serious compression injuries and was found by another driver. No one from DFDS witnessed the accident. The police have not concluded on the accident yet. DFDS Health and Safety organisation always works closely with the authorities to support their investigations and is also investigating the accident in order to determine whether DFDS can take actions that can reduce or eliminate the risk of similar accidents in the future.

First aid kits – also for pets

It is essential that we can support all our guests and their pets in their time of need. In 2018 our employees operating across the English Channel invited a local vet in Dover, UK, to teach first aid and introduce first aid kits for pets to DFDS colleagues on board and ashore in our terminals in Dover.

The Channel is a popular travel choice for people travelling with their pets due to the frequency of departures and short crossing times.

Lost-Time Injury Accidents (LTA) and Accident Frequency Rate (AFR)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>LTA</td>
<td>37</td>
<td>46</td>
<td>61</td>
</tr>
<tr>
<td>AFR</td>
<td>3.81</td>
<td>5.53</td>
<td>8.38</td>
</tr>
</tbody>
</table>

Injury severity – Lost days

<table>
<thead>
<tr>
<th></th>
<th>LTA 2018</th>
<th>Actual lost days 2018</th>
<th>Average lost days per LTA 2018</th>
<th>Average lost days per LTA 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Logistics</td>
<td>13</td>
<td>462</td>
<td>36</td>
<td>6</td>
</tr>
<tr>
<td>Seaways</td>
<td>24</td>
<td>328</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>Group</td>
<td>37</td>
<td>790</td>
<td>21</td>
<td>12</td>
</tr>
</tbody>
</table>

The safety performance covers data from our operations sites. The reporting system is designed for reporting injury details and the generation of causal analysis, while not overburdening small, low-risk units.
Local community engagement

It is important for us to make a difference in our local communities.

DFDS provides opportunities to do good and wants to have a positive impact through engagement with the communities where we operate. Our operational footprint is visible locally as we annually carry more than five million passengers who pass through local communities close to port terminals and other facilities operated by DFDS in and around the Baltic Sea, the North Sea and the English Channel. We also transport about 2.5 million trucks and trailers which travel through these communities.

Commitment and practice
We are part of local life in many ways and take an active interest in creating jobs, employee engagement and supporting people and charities. As outlined in our Code of Business Conduct, we provide community support and donations, through knowledge, services or direct financial contributions. We have clear reporting lines and carefully ensure that any donation or sponsorship is not used as a disguise for bribery.

Initiatives and results
DFDS has a leading role in a UK apprenticeship programme that has been running since 2012. We offer apprenticeships in partnership with the UK’s Merchant Navy Training Board - the shipping industry’s central body for developing sector-specific education and training skills.

Since the launch of the programme, DFDS has seen 20 apprentices pass through the scheme, with 17 deck apprentices and three engineering apprentices qualifying. In 2018, we offered as the first in the industry a Catering Scheme, which will see students work towards becoming Maritime Caterers.

To support with people and businesses we also partner with a Kent-based college in the UK and engage with local schools. We help children get work experience on our ships and on land to better equip them for making educational and career choices.

Supporting employees in challenging times
Through the foundation Den Sociale Arbejdsmarkedsfond, see p. 22, employees can apply for financial support if, for health and personal reasons, they are unable to work full-time at sea. The agreement is unique to the Danish labour market and in 2018, more than 20 employees benefitted from the scheme. This included support for education and new competencies, support for surgery for remediation of physical injuries and leave for employees who needed to attend private affairs.

Since 2016, DFDS has contributed to the fight against breast cancer. A pink trailer carries goods throughout most of Europe and for each 10 km driven DFDS donates EUR 1 to the charity Breast Cancer Now in the UK. In total, the trailer has driven around 50,000 km of which 22,000 km were driven in 2018. The pink trailer was also used for charity events supporting the combat of cancer in Sweden and the UK during the year.

In 2018, our freight ferry Ark Germania supported one of the largest military exercises ever held in Norway by carrying a full cargo of equipment to a harbour in Fredrikstad for the NATO’s exercise Trident Juncture 18.
A way back to a crime-free life
Since 2009, we have engaged with Highfive and employed 49 former criminals, mainly on our passenger ships on route Copenhagen, Denmark to Oslo, Norway. Highfive is a Danish programme that finds jobs in private companies for young people with criminal records and offers them a way back to a crime-free life. About 80% of the participants in the programme permanently give up a life of crime.

In 2018, DFDS opened the doors to four young people from Highfive of which one woman is now employed at our headquarter. We continue our engagement with Highfive in 2019 to help young people motivated to finding a new way to live their life.

Christmas lunch for homeless people
DFDS offers a free Christmas lunch to homeless people on board our passenger ships in Copenhagen and Oslo and have done so for nine years. In 2018, about 600 homeless people accepted the invitation, and we donated leftover food from the event to the local shelters. The lunch is partly organised on a voluntary basis by DFDS employees and in collaboration with the charities WeShelter in Denmark, the Church City Mission and the Salvation Army in Norway.

Hosting the Danish Community Award
We hosted the Danish Community Award Fællesskabsprisen ceremony on board our passenger ship Pearl Seaways in Copenhagen, June 2018. The award was founded in 2014 by former Danish Minister of Employment and leader of the Social Democratic Party, Mette Frederiksen, who also took part in the event.

Fællesskabsprisen was awarded to ten people and organisations doing extraordinary efforts for the community. DFDS had the pleasure to award WeShelter for the invaluable and voluntary efforts of their network to help homeless people. WeShelter also celebrated their 125th anniversary, for which we offered a birthday buffet on board our passenger ship Crown Seaways in October 2018.

Employees engaged in doing good
Our employees take many initiatives to raise funds for charity or supporting local communities in need. We appreciate and encourage their engagement of which we provide a few examples from 2018 here:

- Employees supported the French annual event Yellow Coins to offer a better life to children in hospitals. Coins are collected via piggy banks in public places and our colleagues had placed piggy banks on our ships and in our offices in Paris, Marseille, Dieppe, Calais, Dunkerque and Le Havre to collect coins.
- Five employees from Turkey ran the 40th Istanbul Marathon to support 150 children diagnosed with cancer and their families. In addition, a team of DFDS colleagues in the UK completed the Three Peaks Challenge climbing three mountains in Scotland, England and Wales to raise awareness of mental health issues. Further employees entered other runs for charity in Hamburg, Germany and Brighton, UK.
- Further funding for charities was raised through employees engaged in charity golf, knitting, baking and other sports and social events in Norway and the UK including in Immingham and Newcastle; in Klaipėda and Vilnius, Lithuania and in Ghent, Belgium.
“By making CSR part of our future plans it becomes an integral part of our business strategy.”

Niels Smedegaard,
President and CEO of DFDS Group