

CSR Report 2019

Contents

CEO letter	03
Our business	04
Governance	05
Commitments	07
Human rights	09
CSR risks	11
 CSR strategy	 12
Environmental Footprint	13
Support Marine environment	14
Newbuildings and ship recycling	15
Responsible neighbour	16
Reducing sulphur	18
Improve Air Quality	19
Decarbonisation	21
Logistics	23
Caring employer	24
Well-being for all employees	25
Health and safety	27
Inclusive workplace	28
Providing opportunities to do good	31
 ESG Key figures	 33
Definition of terms	34

About this report

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 2019. The report is an integral part of the management review of DFDS' Annual Report 2019 and by publishing this document, we fulfil the requirements of Sections 99a and 99b of the Danish Financial Statements Act.

www.dfds.com

CSR at DFDS

2019 was the year when we increased engagement and efforts in integrating CSR with our business strategy, while at the same time world attention on the growing urgency of tackling climate change intensified.

Across civil society, politics and many industries, awareness of sustainability issues has increased significantly, and the transport industry is no exception. In both ferry- and land-based transportation, investors and stakeholders are calling on us to document that we are doing business sustainably. Our industry has a large carbon impact which we need to address responsibly. However, we also have a huge potential to make a significant difference when it comes to reducing the environmental impact of our activities. It is therefore critically important that we continue actively to consider how we can cut our CO₂ emissions.

Strengthening our efforts in line with our CSR strategy

In 2019, the new CSR strategy we presented in 2018 came into full effect. The strategy's two cornerstones of reducing our 'Environmental Footprint' and being a 'Caring Employer' link to six ambitions and five of the UN's Sustainable Development Goals. Collectively, these have driven our work on our CSR activities even more strongly in 2019.

We want to be progressive in cutting greenhouse gas (GHG) emissions. So this year, we have set our own challenging CO₂ emissions targets for the future. Our target is to reduce gCO₂ per GT-mile to 12.4 in 2023 and 9.6 in 2030. We aim at a 45.1% reduction from the 2008 baseline to 2030, and our target is therefore complementary to the target of 40% CO₂

emissions reduction by 2030 set by the International Maritime Organization (IMO).

To be a sustainable company, we must also be a diverse company. Having an inclusive workplace is important to us. We have set a gender diversity target of 30% by 2023 to make sure we maintain our focus on increasing diversity.

CSR is now built into all our future plans. We have integrated sustainability into the new 'Win23' strategy, which we initiated this year. Through four strategic pillars, we intend to grow solutions for selected industries; digitise services to accelerate growth; develop and expand the network, and create more value for passengers. Sustainability is the thread that joins our CSR and Win23 strategies, and supports and enables Win23's four strategic pillars.

Collaborating to cut emissions

Working together with stakeholders is essential to enable us to deliver on our own targets, and for the industry to achieve the 50% absolute reduction in GHG emissions by 2050 set by the IMO. Our approach is to work with partners on immediate solutions to reduce our fleet's fuel consumption, and also to develop long-term solutions for future vessels based on new technologies and viable alternatives to fossil fuels.

This year, our commitment to finding, testing and scaling substitute fuels was highlighted by our investment in biofuel producer MASH Energy. Their CO₂ neutral biofuel will be used in ships, and in 2020, our plan is to work towards testing this in a DFDS vessel.

In addition to these immediate steps, we joined several industry partnerships in 2019 which aim to develop long-term solutions for decarbonising the industry. We are proud to have joined the



Getting to Zero Coalition and ZEEDS (Zero Emission Energy Distribution at Sea). Looking ahead, we are excited about growing our sustainability activities, and working together with existing and future partners.

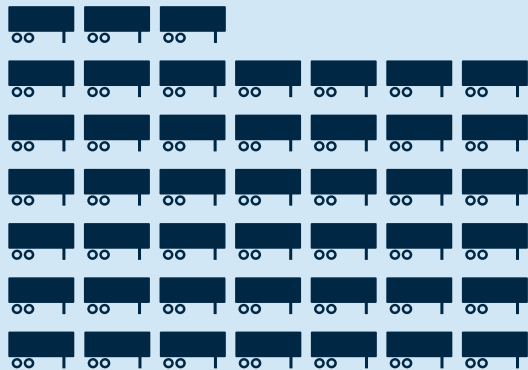
I hope you find this report useful and informative. It describes our CSR strategy, ambitions and actions, as well as our continued mission to do business responsibly across all these areas. It reflects our commitment to our purpose, 'we move for all to grow' – and to the principles of the UN Global Compact and the UN Sustainable Development Goals.

Torben Carlsen
President and CEO of DFDS Group

Our business

We move **freight and passengers** on 23 ferry routes in Europe and we also provide **logistics solutions** for a wide range of businesses

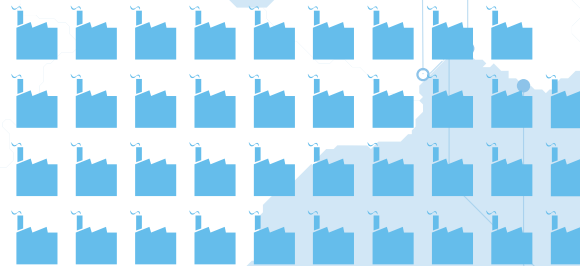
8,400
employees



21
ferry routes
– incl. 9 passenger routes

8
port terminals

35
logistics locations



45% Forwarders and hauliers

Our ferry routes mainly carry trailers for forwarders and hauliers. This is typically fast-moving freight destined for delivery within days.

39% Manufacturers and retailers

The key customers of our logistics and ferry solutions are manufacturers of automotives, fresh and frozen foods, forest & paper products and other industrial goods, as well as retailers.

16% Passengers

The key passenger groups are people travelling in their own car, and mini cruise passengers enjoying a maritime experience and the on-board facilities.

Governance

A strategic approach to CSR needs dedicated work. At DFDS, we have structures and processes in place to make sure we stay committed, align CSR governance with our ambitions, and prioritise the right initiatives in the business.

Anchoring ambition in strategy and governance

The CSR team reports to the Strategic CSR Committee, which is made up of the Executive Management Team (EMT) and the Operational CSR committee.

The Strategic CSR Committee provides the right level of attention, responsibility and decision-making power. It meets quarterly and gives a mandate for our CSR direction, ambitions and policies. There is also continuous dialogue between the CSR team and the Strategic CSR Committee.

With representatives from Ferry, Logistics and Group functions, the Strategic CSR Committee deepens integration across our operations. This integration helps us continually assess risks, analyse what issues are relevant and adjust our actions as a result.

In 2019, a new EMT started to take shape following the appointment of our new CEO. It now includes IT/Digital. With the new set-up, commitment to CSR remains strong. Setting an example for the Group, 33% of the EMT are women, meeting our gender split target of 30/70 across DFDS.

This year, we also made significant efforts to drive CSR engagement at all levels and in all areas of the business. We mapped and integrated every identified CSR activity into a new, single, interactive, digital platform. Every DFDS employee can now find out about current initiatives; report new local initiatives to the CSR team; and suggest ideas.

The Poseidon Principles

External influence on responsible governance is increasing. In 2019, a group of international banks officially introduced the 'Poseidon Principles'.

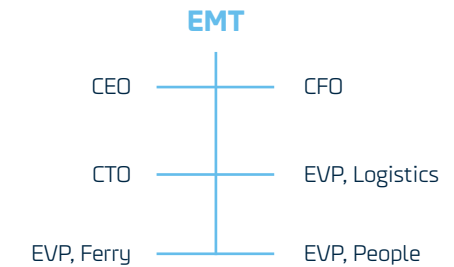
The four principles provide a framework for integrating climate considerations into lending decisions, which, in turn, promotes international shipping's decarbonisation. We fully support these principles, as they set a level playing field for the industry and positively influence our governance.

Whistleblowing

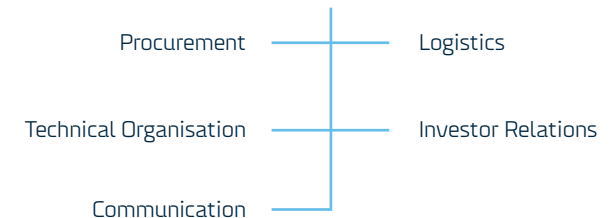
To make sure all our people understand and follow our principles for responsible behaviour, we have a whistleblowing scheme covering the whole Group.

18 cases were reported in 2019, compared to 16 cases in 2018. The reported cases cover discrimination or harassment; substance abuse; employee relations; accounting and auditing matters; theft, and company policy violation. We take all violations seriously, and we make every effort to investigate reports and learn from them to prevent future cases. Each incident is discussed at our audit committee.

Strategic CSR committee



Operational CSR Committee



CSR Team



We take responsibility together

It takes the commitment of everyone to fully reach our responsibility goals. Whether at sea or ashore, in offices or in operations, the behaviours and actions of individuals make an important difference.



Commitments

We want to take responsibility for the societies and environments that we affect. To do so, we are committed to the principles of the UN Global Compact and to engaging with organisations and external stakeholders to develop solutions for the future of the industry.

Code of Business Conduct

A company's conduct is reflected in how its employees act and what they do. We are committed to guiding our behaviour and actions through our Code of Business Conduct and our company policies.

Our Code of Business Conduct sets an important, general framework for how to act responsibly as an employee at DFDS. It is therefore essential to us that our Code of Business Conduct shows the values we emphasise, and how we want our employees to respond to ethical issues in a sound manner. The Code covers areas such as diversity, discrimination, respecting others, health and safety, environmental protection, gifts and entertainment in the workplace, competition and pricing, bribery and facilitation payments, and company donations.

We reviewed our Code of Business Conduct in 2019 and expect to update it accordingly in 2020. With the increasingly important link between data and ethics, we plan to include GDPR and ethical data handling in the Code. Through the growth in numbers of our employees, we also see a need to continuously raise awareness of our Code of Business Conduct to ensure that our people remain on board and act according to our values.



Company policies

As well as our Code of Business Conduct, we have a number of distinct policies in areas such as diversity and inclusion, health and safety, the environment, and greenhouse gases.

We continuously review our policies and update them to make sure they stay relevant. Most recently, we created an environmental pledge that ensures we assess the climate impact of large investment decisions. All proposals of €1 million or more must be accompanied by a document assessing the environmental and climate impact of the investment before they can be approved.

UN Global Compact

We formalised our commitment to sustainability in 2015 when we joined the UN Global Compact. To ensure we do business responsibly and meet our key stakeholders' expectations, our Code of Business Conduct is directly linked to the UN Global Compact's 10 principles, covering topics such as human rights, diversity and discrimination, environmental protection and anticorruption.

In 2019, a team of young DFDS professionals was selected for the UN Global Compact's Young SDG Innovator Programme. For the 10-month programme running into 2020, we have committed resources to work on a sustainability challenge linked to our business. The aim is to use the SDGs to develop innovative solutions and problem-solving skills, and to nurture an even stronger understanding of how the SDGs can be used in all our activities.

A more responsible supply chain

We recognise the importance of building a responsible supply chain. Our procurement team strives to minimise the risk of us negatively affecting human rights (including labour rights) and the environment across our supply chain. In 2015, we joined the responsible supply chain programme IMPA ACT. IMPA ACT is an initiative of the International Marine Purchasing Association. Its aim is to improve the economic, social and environmental compliance of its ship purchaser and supplier members. Many shipping companies share the same suppliers, so a standardised common system helps to keep the industry compliant.

Our Supplier Code of Conduct 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. Our code 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 in place to respect human rights (including labour rights), address significant environmental impacts and counter corruption. These are similar requirements to those we follow through our Code of Business Conduct.

In 2019, we strengthened our supplier auditing abilities by employing extra dedicated staff to work with compliance in our procurement team.

Supporting transparency

We believe in total transparency, especially when it comes to our climate impact and the environment. So we voluntarily disclose and/or verify environmental, social and governance data to third party systems, including Carbon Disclosure Project (CDP), Nasdaq ESG, Sustainalytics and MSCI.

Increasing transparency calls for consistent and coherent principles and guidelines on how to disclose climate-related risks. In this area, investors and other stakeholders are increasingly interested in companies complying with the Task Force on Climate-Related Financial Disclosures (TCFD). In 2020, we intend to investigate what implementing this framework would entail, and how it would benefit us.

Active engagement in maritime industry fora

We are actively engaged in influencing the industry through different fora and channels.

As one of two Danish shipping companies, DFDS is part of the European Sustainable Shipping Forum (ESSF). This group promotes structured dialogue, technical knowledge exchange, cooperation, and coordination between relevant maritime industry stakeholders and the EU Commission. We also participate in the IMO's Marine Environment Protection Committee (MEPC). Through our participation in Interferry, we support the interests of the ferry industry at EU level, as well as in IMO institutions.

We are also active members of relevant national shipowners' organisations, especially those in Denmark and the UK. Collectively, shipowners' voices are represented in ECSA (European Community Shipowners' Associations). Lastly, we are involved in the Green Ship of the Future and the Trident Alliance.

Supporting entrepreneurship

Collaboration is key to solving the challenges of today and tomorrow. This is why we maintain close relationships with entrepreneurs and universities. In exchange for our support, they share new ways of thinking and tell us about new developments.

We have a long tradition of partnering with start-ups, and supporting those partners as they grow. In 2019, we partnered with a number of start-ups focusing on a wide range of subjects, including web-based sustainability training, autonomous drones to make terminals safer, and more efficient and safety improvement apps. Our investment in the biofuel producer MASH Energy in 2019 also marked our increased commitment to this successful partnership.

In 2019, we acted as mentors for Maritime Stars – a nine-month programme involving five start-ups – and for the Technical University of Denmark's HardTech Entrepreneurship course-incubator.

We also organised a case competition for maritime students from the Technical University of Denmark and Copenhagen Business School, and gave a presentation at a 'Beyond the SDGs' event, which focused on startups at Copenhagen Business School.

Policies

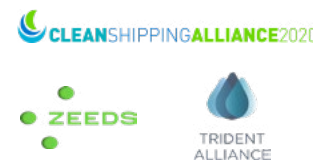
- Code of Business Conduct
- Environmental Policy
- GHG Policy
- Diversity & Inclusion Policy
- Supplier Code of Conduct
- Health, Safety & Environmental Policy
- HR policies and Employee Handbook

DFDS is part of the following global partnerships, initiatives and collaborations:

Commitments



Partnerships



Getting to Zero 2030 Coalition

ESG Disclosure



Human Rights

Providing maritime transport and logistics services across our network means we are always in close contact with people. It also means our activities can have an impact on human rights. It is therefore a key priority for us to pay attention to respecting these rights.

Our entire operation is founded on respect for the rights of every employee. We do not tolerate any forms of discrimination or harassment. We have strict human rights policies in place through our Code of Business Conduct and whistle-blower system, both of which follow principles laid out in the UN Global Compact.

Through our activities, different rights and rights-holders can be particularly at risk, as identified in our CSR risks (see p. 11). Examples are workers' rights to just and favourable working conditions, and their right not to be discriminated against. Being closely connected to local communities, our environmental impacts may also affect human rights through potential effects on the health of those communities.

Human rights guidance in shipping

In 2019, Danish Shipping produced human rights guidelines for the shipping industry developed in collaboration with the Danish Institute for Human Rights. As part of Danish Shipping's CSR committee and working group, we fully endorse this guidance. In 2020, we will integrate the framework to increase awareness of potential human rights risks in DFDS.

The aim of the new guidelines is to help members with due diligence relating to human rights and to act in line with existing

obligations set out in the UN Guiding Principles on Human Rights. Specifically, businesses must have an ongoing process in place to identify, avoid, address, mitigate and attend to the human rights impacts with which they are involved.

By looking at risks to people and human rights first, companies are more likely to detect potential human rights issues at an early stage, before they become severe human rights impacts that could represent major risks to the business itself. The human rights issue areas of key relevance to our business are: shipbuilding; ship repair and recycling; cargo management and relations; supply chain; seafarers and workers; terminals and ports, and search and rescue.

Shipping has always had a heightened risk of human rights issues, because of its intrinsic health and safety risks and the risk of discrimination against minority groups. However, respecting the rights of our land-based people is just as important, and we uphold these rights to an equally high standard.

Incidents with refugees and migrants

Our European operations bring us into contact with refugees and migrants from across the world. Despite more stringent border controls and stricter controls on passengers travelling to the UK, unfortunately we continue to find migrants in and around our trailers and equipment in our terminals. Fortunately, however, through our early detection of attempts to board our ships unlawfully, there have been no fatalities connected with this dangerous and illegal way of crossing.

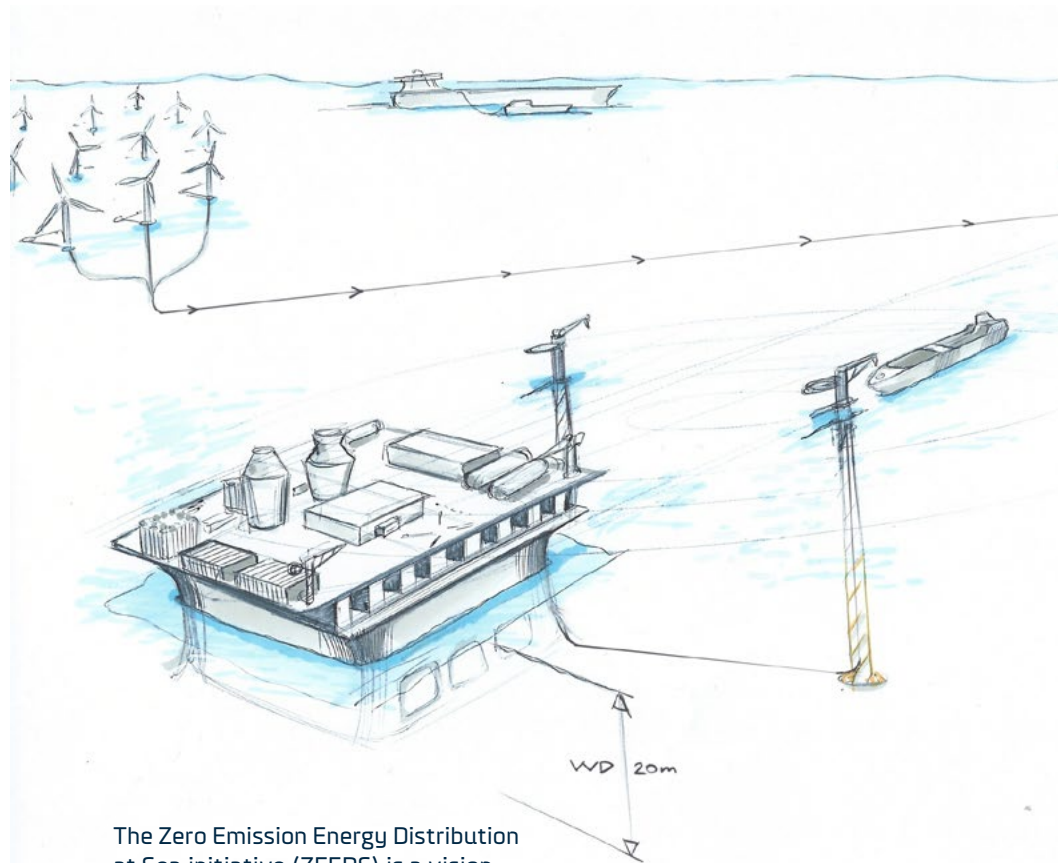
Refugees and migrants present a range of challenges. These range from ethical and human rights dilemmas about how we handle situations for the sake of our people and minimise the

psychological consequences, to ensuring safe operations for customers and employees, and in our terminals. It is an incredibly tough situation for both migrants and our people, on board and on shore in the terminal.

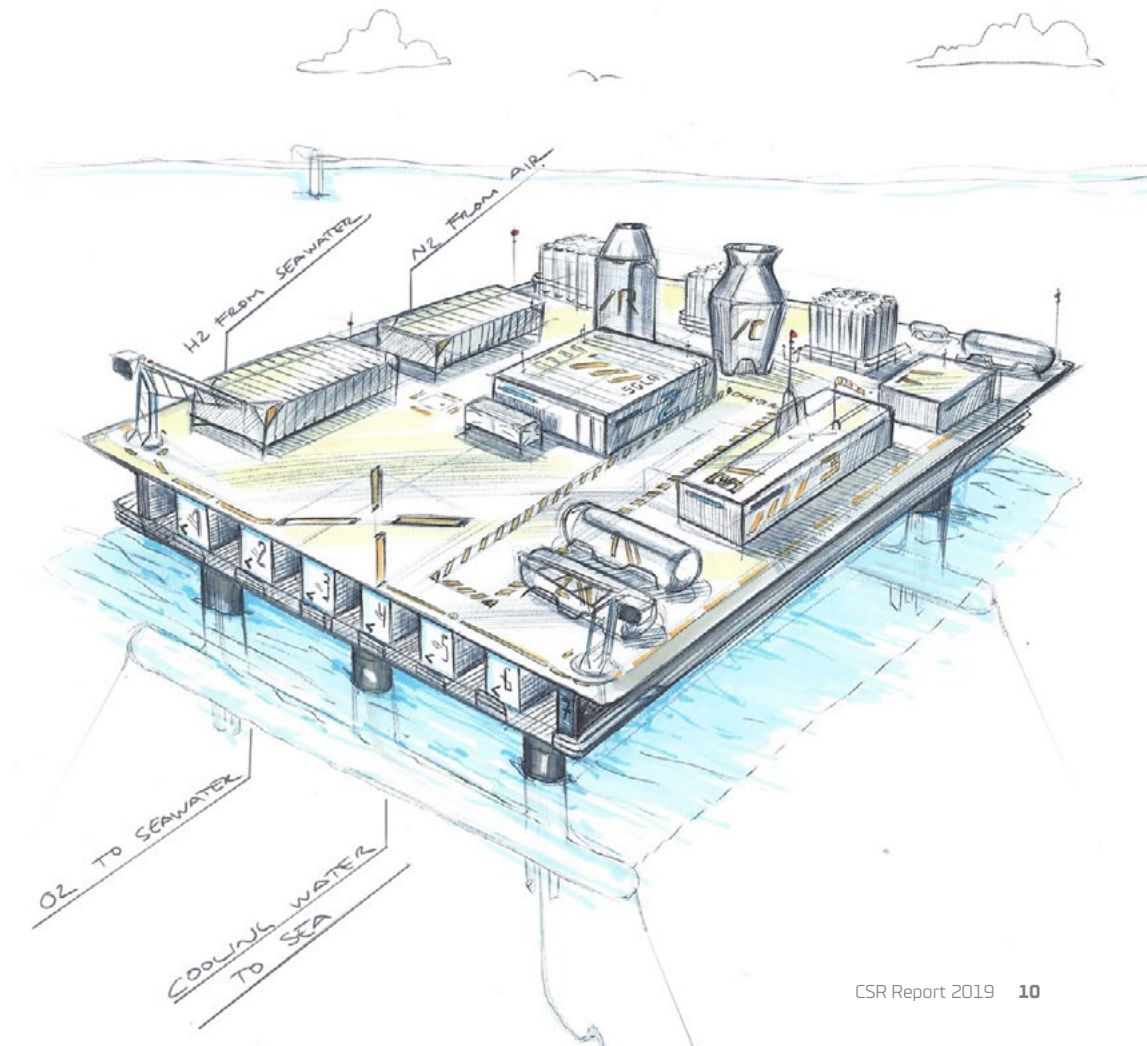
We work continuously to prevent situations where migrants board our ships illegally, disrupt or stop our operations, or create difficult circumstances for themselves and for our people. In 2019, there were an unusually high number of trailer bookings made via external agents. We acted on this suspicious trend by implementing a new procedure in our terminal in Vlaardingen, which aimed to increase the chances of finding potential migrants before they crossed to the UK. New thermal imaging cameras at terminal gates, combined with extra canine patrols, are helping find migrants as they climb into, or hide in or under trailers.

Every time a booking is made via a questionable external agent, our people flag the booking internally, to make sure the trailers are checked on arrival. In addition to this, we plan to work more with Lorenz Technology's intelligent drones, to help us spot people who could be hiding on top of, or between parked trailers about to be loaded onto ships. A drone flyover could prevent migrants boarding our ships illegally and reduce the risk of our employees having to deal with difficult or dangerous situations at sea.

Partnerships for a zero-emission vision



The Zero Emission Energy Distribution at Sea initiative (ZEEDS) is a vision of a future where ships bunker at hubs that produce zero-emission fuels in processes powered by wind turbines. DFDS is committed to the vision and the partnership behind it.



CSR risks

Minimising risks is an essential part of our culture, operations and planning. When we identify risks, we analyse our current policies and processes to see if we need to adjust or implement anything to mitigate them. The table below explains our high-level CSR risks and what we do to address them. We have included two new risks that have emerged during the last year. We will monitor these risks particularly closely in 2020.

CSR risks	Risk type	Timeframe	Area	Mitigating actions
EU ETS for Maritime	Financial	Medium term	Ferry	Through trade organisations, we are arguing for a fair system that can be policed effectively and provide a level playing field. In the near future, we will also communicate with our stakeholders so they can prepare for the new scenario.
Major spill incident at sea A maritime incident could cause a fuel and/or hazardous material spillage, damaging the marine environment.	Environmental	Short term	External	We have qualified employees in relevant functions, combined with advanced technical systems to help avoid collisions, forecast weather, and provide maritime warnings for vessels in operation. A formal emergency committee structure and insurance cover ensures we can fund swift mitigating actions.
Poor working conditions Direct or indirect employees might face working conditions that fall below our health, safety and working environment standards. This could negatively affect employee satisfaction, employability and our employer brand.	People	Medium term	Group	Group-wide management system focuses on root cause analysis, continuous improvement and employee well-being. We run a regular Group-wide employee satisfaction survey, followed up by management actions. Group HR has continuous dialogue with trade unions and ensures our employment contracts align with DFDS standards, as well as the existing standard conditions for sub-contracting hauliers. Whistle-blower system is in place.
Harassment and discrimination Individuals could be subject to discrimination and/or harassment, for example due to race, gender, religion or profession. This could negatively impact their individual rights and wellbeing, and damage our employer brand.	People	Medium term	Group	Our Code of Business Conduct and Diversity & Inclusion policy outline what we believe is appropriate behaviour. Our management training and reporting lines include guidance on understanding different cultures. We have a whistleblower scheme in place.
Procurement-related corruption Following the 1 January 2020 implementation of the global sulphur restriction of max 0.5%, there are early warnings of high black carbon emissions from this new fuel type. Black carbon may cause local pollution and negatively affect the climate.	Financial	Medium term	Group	We have a procurement policy for major investments in place to centrally review annual supplier spend above €50,000. We have also implemented an ERP system with one-level-up approvals. Supplier Code of Conduct, Code of Business Conduct and whistleblower functions are all in place.
NEW: Black carbon emission The maritime industry is perceived as predominantly masculine, and this may challenge us in attracting and retaining women for positions at sea and in our technical organisations.	Environmental & People	Long term	External	In trading areas where the 0.5% restriction is in place, our vessels either already have, or are in the process of getting, scrubbers fitted. This reduces the need for burning low-sulphur 0.5% fuel.
NEW: Labour shortage The maritime industry is perceived as predominantly masculine and this may challenge us in attracting and retaining women for positions at sea and in our technical organisations.	Financial	Long term	Group	Through industry networks, our own Diversity & Inclusion initiatives and strategic efforts to strengthen talent acquisition, we are focusing on making the maritime industry a more attractive workplace for women and other underrepresented groups.

CSR Strategy

We formally defined our CSR strategy in 2018. It focuses on two overarching themes that we identified as having the most material impact: 'Environmental Footprint' and 'Caring Employer'. Each theme is supported by three ambitions. Each theme is supported by three ambitions.

CSR – our guiding star

In 2019, we added individual KPIs to the six ambitions, and from 2020 onwards we will focus our efforts on achieving these targets.

The CSR strategy is a guiding star for how to conduct ethical behaviour The DFDS Way, by focusing on reducing our environmental footprint, and by being a caring employer.

Our CSR strategy aligns with the UN Sustainable Development Goals (SDGs). The SDGs act as an external framework that motivates and guides our efforts; they represent global principles for responsible conduct, to which we want to be held accountable.

Making the greatest impact

We are focusing on five SDGs (3, 5, 13, 14 and 17) that are particularly relevant to our business activities. They were chosen as the areas that are closest to our business and where we have the greatest impact, both positive and negative. The areas where we have a negative impact are where we face the biggest challenges, so it makes sense for us to focus on these.



Environmental Footprint

Ambition

Support marine environment

Responsible neighbour

Improve air quality

UN Sustainable Development Goals



Caring Employer

Ambition

Well-being for all employees

Inclusive workplace

Opportunities to do good

UN Sustainable Development Goals





Environmental Footprint

Ambition

Support marine environment

Responsible neighbour

Improve air quality

UN Sustainable Development Goals



Environmental Footprint covers the oceans we sail; the land we drive across; and the air we breathe.

Working independently, as well as in collaborations with partners, we are focusing on SDG 13, 14 and 17 to address our effect on climate and ocean life. Within the framework of the SDGs and our CSR strategy, our three ambitions are 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.

Responsible neighbour

Seeking to be good neighbours and reduce pollution, waste and noise 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.



Support Marine Environment

We are committed to protecting ocean life by reducing emissions into the sea and supporting research and education that focuses on the marine environment.

Water is an essential element of our business model. Our day-to-day activities come at a risk to the marine environment, through oil spills and discharges. So, a commitment to minimising water pollution is a key element of our CSR strategy.

Zero spills

Major oil spills have a long-lasting and damaging impact on both the environment and human health. Therefore we cannot accept anything less than a zero spills target.

We aim to avoid oil spills by having qualified employees everywhere we need them, combined with advanced technical systems on our operating vessels to avoid collisions, forecast weather, and give maritime warnings.

In 2019, we fully met our target for zero oil spills larger than one barrel. We did report two very minor spillages (estimated at 20 litres). However, because of their size, they are categorised as operational incident and not as oil spills.

Ballast water treatment to prevent invasive species

A major step in securing maritime biodiversity is to prevent the spread of potentially invasive aquatic species through ballast water from ships operating across regions.

As a result – and to comply with the IMO Convention of 2017 for ballast water management – we are installing ballast water



2019 activities:

- Signing a contract for ballast water treatment systems for our fleet.
- Continuing our research partnerships with ORCA, MARINELife and the Continuous Plankton Recorder Survey.

2020 plans:

- Invest in ballast water treatment systems on the fleet.
- Upgrade sewage plant on Crown Seaways to meet IMO Special Area requirements.
- Develop a concept on our Copenhagen-Oslo route that will educate passengers on the marine environment in both an informative and entertaining way (edutainment).

treatment systems in our fleet. By the end of 2019, we had fitted three DFDS vessels with the new systems and taken over five newbuildings with the system as well. The programme to fit the rest of our ferries to comply with the Ballast Water Convention and the MEPC's schedule is on track.

Collaborating with researchers

Scientific research is crucial to uncovering changes in marine environments; it can also help inform and shape governmental policies to protect biodiversity.

By collaborating, and giving access to data collection from on board DFDS ferries, we enable our research partners to conduct a wide range of research at sea. 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.

Spills

Target



Performance



2016



2017



2018



2019

SDGs



Policies

- Environmental Policy

Partnerships



Newbuildings and ship recycling

In order to manage the full life cycle of our ferries responsibly, they must be built under safe working conditions and meet strict environmental standards. If we still own a ferry at the end of its life, we must also have procedures in place for its responsible recycling.

Newbuildings

On 31 January 2019, we took delivery of the first vessel in a series of six mega-freight ferries from Jinling Shipyard in China. Two more ferries were delivered during 2019, and the remaining three ferries will be finalised, delivered and deployed in 2020.

These vessels will be the largest ever Ro-Ro ferries in our fleet with a capacity of 6,700 lane metres (equal to 450 trailers). We also have two Ro-Pax vessels due for delivery in 2021, being built at the Guangzhou Shipyard in China, and a Stena E-Flexer being built at Avic Weihai Shipyard, which we will charter long-term from Stena.

The mega-freight ferries are part of our newbuilding programme, which helps us deliver the transport capacity our customers need, while making our operations more efficient. They are the first DFDS-owned vessels built according to Tier 2 IMO EEDI (Energy Efficiency Design Index) standards, which set much lower limits for energy consumption and emissions in relation to the ship's capacity and engine power. So although there is certainly an environmental impact from building new ships, it is balanced by the new ships' high energy efficiency.

The six new ferries, of which four will be equipped with shore power supply, are significantly more energy-efficient than our existing ferries. However, they are not built to meet our long-term vision for a new generation fleet with zero emissions. The future generation of ferries enabling us to fully decarbonise must be fuelled by renewable energy. Commercially-viable solutions have yet to be found and agreed upon. Read more about our approach to decarbonisation on p. 21.

To make sure our standards for safe working conditions are followed at all times, we have implemented certain safety measures on construction sites. At Jinling Shipyard, we use Safety Observation Cards which are filled out every time something involves a risk or is not deemed safe. We then take measures to mitigate the risks and stop mistakes that could compromise the health and safety of our people or lead to severe injuries. Since we implemented these cards, our shipyard employees report that general awareness of safety has improved.

Responsible ship recycling

Recycling ships that have reached the end of their lives in a safe and environmentally-sound way is a critical link in the shipping industry's value chain. We rarely recycle ships, because we typically sell the vessels we own long before their end-of-life. The last ship we recycled was Lysblink Seaways in 2015 after it ran aground in Scotland and was deemed to be beyond repair. The recycling work was done at a local Scottish shipyard.

Even though we rarely recycle ships, it is important that we have policies in place to outline what happens when we do. The International Ship Recycling Association (ISRA) represents shipyards with strong environmental records. As members, we have developed quality standards based on protecting the environment and making the recycling process safe.



In situations where we need to recycle a ship, we will use an approved yard, and carry out the work in line with EU ship recycling regulations and the principles of the International Maritime Organisation (IMO)'s Hong Kong International Convention. The Convention aims to ensure that ships being recycled at the end of their operational lives do not pose unnecessary risks to safety and human health or the environment.

We are in the process of preparing documentation for the Inventory of Hazardous Materials (IHM) required by the IMO and the EU ship recycling regulation. We are on track to complete this work by the deadline of the end of 2020. In addition, the vessel procurement system is being developed to handle the documentation requirements of the Hong-Kong Convention through automated and controlled workflows.



Responsible Neighbour

We operate in places where people live and work. So it is important that we are a responsible neighbour in all areas of our business.

Our work towards being a responsible neighbour involves making our buildings energy-efficient, shifting to hybrid and electric vehicles to improve air quality, and focusing on how we manage our inputs (responsible procurement) and outputs (waste management).

Energy-efficiency target on land

In 2019, we set a target to reduce our land-based electricity and heating consumption per FTE to 5.9 MWh by 2023. During 2019, the figure was 7.3 MWh per employee, a reduction of 7.23% from 2018.

Tackling our land-based energy consumption in our offices, warehouses and terminals is a key part of reducing our overall emissions. However, one challenge is that many buildings contracts include energy consumption. This can make it difficult to hit reduction targets in certain locations, as we have limited means to control, report and audit consumption handled by third parties.

Building an energy-efficient HQ

Construction began on our new HQ in Copenhagen in 2019. Making sure it is energy-efficient is a top priority. We emphasise sustainability in key decision-making for the building, which will be certified to DGNB Gold standards. It will be fitted with solar panels and will operate a sophisticated recycling scheme. From the outset, it has been designed to support and enhance our people's well-being by providing a high -quality indoor climate.

Shifting towards hybrid and electric company cars

In many of our locations, we are replacing petrol and diesel-powered company cars with electric and hybrid options. Our people often need to get around, for security and terminal duties or meetings, so we have quite a few company cars. However, most of these journeys are occasional or cover short distances, which means there is a great case for using more hybrid and electric cars and vans in our fleet.

We welcome the trend towards hybrid and electric vehicles, as fully-electric vehicles eliminate NOx pollutants, and hybrid vehicles significantly reduce these compared to diesel engines. Using hybrid and electric vehicles reduces our environmental footprint in our area of responsibility, as NOx affects the health of people working near diesel engines.

In Sweden, the transition for company cars is expected to be almost complete in 2020 as the older petrol or diesel-powered vehicles are replaced. In the UK and Northern Ireland, half of the cars used by terminal staff, security and managers are hybrid or fully electric.

In 2020, we will review our company car policy to speed up the change from diesel and petrol to hybrid and electric options. For example, we are already planning to install charging stations at our Copenhagen HQ.

Responsible input and output management

We identify problems locally, which support our work to improve how we manage material inputs as well as outputs or waste.





Eliminating plastic consumption

In 2019, one of our biggest efforts on improving input management focused on our English Channel routes. The removal of single-use plastics has been completed within the food and beverage areas, and is in line with the forthcoming UK plastic packaging tax of 2022. We are also working with the leading suppliers and manufacturers of sustainable packaging from managed forests.

Sustainable food suppliers

Sourcing sustainable ingredients from responsible suppliers is the core of the Field to Ferry project, launched in the UK in 2019. The project is reducing food miles by selecting local suppliers and consolidating supplies into as few trucks as possible before they are delivered to our ferries. Each local supplier has a strong focus on provenance, traceability and sustainability; all factors that are given key consideration in DFDS' uncompromising search for quality for our ferry passengers.

Waste management

Within output management, our passenger ferries tend to be the largest source of waste production. They are also challenging places to sort and recycle waste due to the limited space on board to separate rubbish, and our dependency on complex waste disposal agreements at the ports. Solving these problems demands creative solutions, and a number of our teams have been working on this in 2019.



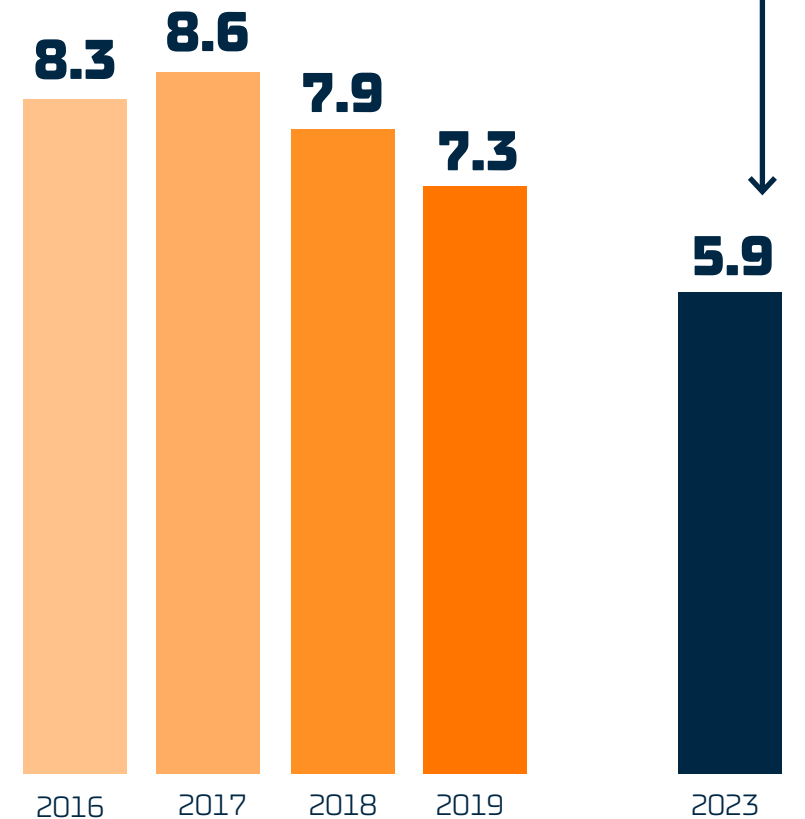
2019 activities:

- Replacing old petrol- and diesel-powered company cars with electric and hybrid options wherever we can.
- Reducing single-use plastic consumption on passenger ferries.
- Field to Ferry project, focusing on selecting sustainable, local, and as far as possible organic ingredients for the food on our passenger routes.
- Launching waste management projects to investigate how to increase recycling on ferries.
- Working with environmental specialists to rearrange reefer trailers in terminals to reduce industrial noise from cooling systems that affects residents.

2020 plans

- Work continuously to achieve our 2023 target for energy-efficiency per employee.
- Install electric car charging stations in the parking areas of our Copenhagen HQ.
- Increase the number of hybrid and/or electric cars in our fleet.
- Review our company car policy to drive the change from diesel and petrol to hybrid and electric options.
- Review waste management contracts across locations in DFDS.

Land-based energy consumption (MWh) per FTE:



SDGs



Projects



Policies

- Environmental Policy
- Supplier Code of Conduct



Reducing sulphur

Fuel emissions contain sulphur dioxide (SO₂) which harms human and animal respiratory systems and is a key element of acid rain. Cutting sulphur levels in fuel has been on the marine community's agenda for a while. At DFDS, we are tackling this issue through our pioneering work on air cleaning systems.

Reducing SO₂ emissions

On 1 January 2020, new, more stringent rules for the permitted maximum sulphur content in marine fuel came into effect. Globally, there is now a 0.5% maximum limit, but the lower limits inside Emission Control Areas (ECA) will still apply. For DFDS, the North European ECA is a key trading area, and here the existing level of 0.1% remains.

International legislation allows for two ways of cutting SO₂ emissions. Companies can use low sulphur fuels, or install advanced air cleaning systems to remove SO₂ from engine exhausts. These air cleaning systems are also known as 'scrubbers'.

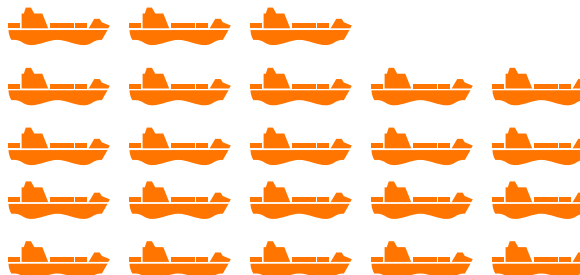
We were one of the pioneers in deploying scrubbers. Ficaria Seaways had the first DFDS system installed back in 2009, and the system has just completed the first 10 years of successful use.

Removing sulphur during the refining process

In today's world, we believe scrubbers are the most viable and best available option to combat SO₂ and other air pollution particles. Compared to the alternatives, there is also a greenhouse gas benefit to this technology.

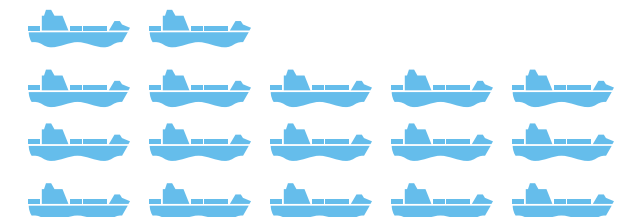
Vessels with scrubbers

23



Planned scrubber installations

17



Based on data from the refining industry, removing sulphur during the refining process results in more greenhouse gas emissions per ton of fuel than removing the same amount of sulphur dioxide through a scrubber on a vessel.

For this reason, these advanced air cleaning systems will remain our preference until new advances in technology and/or fuel types can provide a more sustainable solution.

In 2019, we received yet another environmental award for our pioneering work on maritime scrubber installations.

2019 award





Improve Air Quality

Improving air quality – including reducing greenhouse gases (GHG) – remains a key priority in our CSR strategy. We also focus on reducing local air pollution of SO₂, NOx and black carbon.

Being transparent on GHG emissions

Our customers increasingly ask for GHG data for their interactions with us, and we are naturally keen to help with all such requests. However, without globally-agreed standards for such calculations, it is difficult to make meaningful comparisons between companies and modes of transport. As work on standards continues, we remain committed to being as transparent as possible in this area.

In 2019, our emissions of CO₂ equivalents were estimated at 2,196,000 tonnes, showing an increase from 2018. This increase is mainly because of the extra tonnage we added to our fleet through the acquisition of UN Ro-Ro in the second half of 2018. UN Ro-Ro was included in the 2019 calendar year emissions. 97% of the GHG emissions we are responsible for come from the vessels we operate. So our ferries warrant extra attention. While our total CO₂ emissions have increased as a result of growing our business, we continue to cut emissions per unit by reducing average fuel consumption.

For example, the inclusion of Turkish ferries in our total fleet has increased our total CO₂ emissions, but significantly improved our energy efficiency per ship because of their larger size and better energy efficiency. We will continue to work hard on reducing GHG emissions, both for individual ferries and across our whole network.

SO₂, NOx and particle matters

Cutting sulphur emissions was a major focus area in 2019, in preparation for the 0.5% global maximum sulphur limit, which came into effect on 1st January 2020. To ensure we complied with the regulation, we retrofitted 23 of our ships with scrubbers by the end of 2019. We plan on retrofitting 12 more and will receive five newbuildings all equipped with scrubbers. You can read more on SO₂ regulation and scrubbers on p. 18.

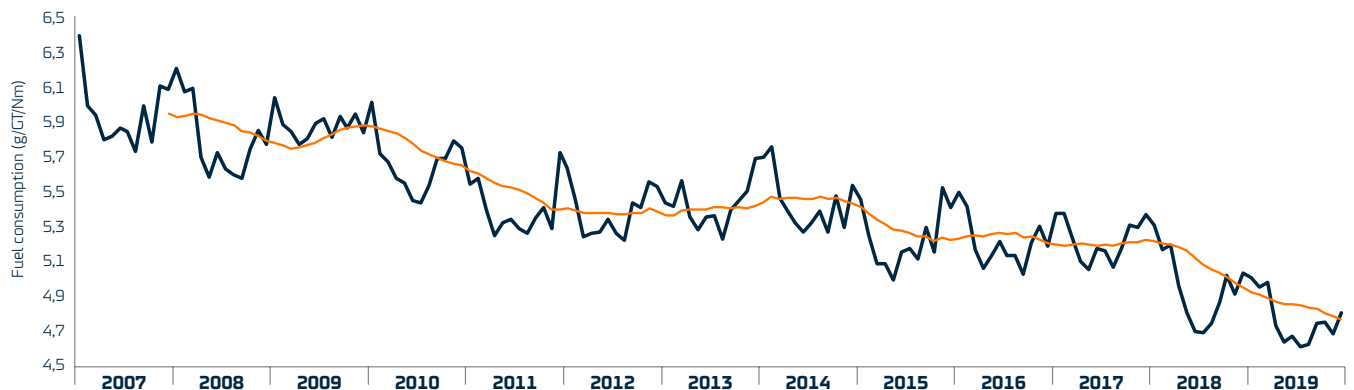
Our work to cut emissions of NOx and particle matter includes installing shore power supply on vessels, which means we can switch off auxiliary engines during port stay. Shore power significantly improves local air quality, and has the potential to be emission-free if derived from renewable electricity sources.

In 2019, seven of our ships had shore power connections, one being our newbuilding delivered in 2019. The same is true of our two other newbuildings delivered in 2019, after a smaller retrofit. The three remaining newbuildings to be delivered in 2020 will be equipped with shore power supply. One of our existing vessels is also to be retrofitted with shore power supply in 2020.

In 2019, we also successfully tested gas-to-liquid (GTL) fuels on tug masters in the Copenhagen terminal. GTL fuel reduces odour, NOx emissions, particle pollution and noise compared to running vehicles on diesel or other conventional fuels, which improves air quality in and around terminals.

Average fuel consumption of the DFDS fleet

Fuel consumption (g/GT/Nm)





Setting emission targets for our ships

We are fully committed to the International Maritime Organisation (IMO)'s GHG strategy. Complementing this, we also want to be progressive in how we cut back on our GHG emissions. While the exact details of metrics, baseline and allocations of various shipping elements are still subject to discussion by IMO, we have decided to use "Gross Tonnage multiplied by distance travelled" when reporting on GHG emissions performance.

Based on a 2008 baseline of 17.5 grams CO₂ per GT-mile, the 2023 target is set at 12.4 grams CO₂ per GT-mile. The 2030 target is set at 9.6 grams CO₂ per GT-mile. We are therefore aiming for a 45.1% reduction between 2008 and 2030.

The development from 2008 to 2019 showed a reduction of 22.9%. To reach the 2023 target, we must further reduce emissions per GT-mile by 8.1% from the 2019 level. Achieving the 2030 target requires a 28.9% reduction from 2019 levels.

To reach our 2023 and 2030 targets, we have identified several necessary actions. These include fleet replacement and environmental upgrading; continuous improvements to energy consumption; actively engaging in developing and testing new means of propulsion and energy generation, and participating in testing low carbon fuels such as biofuels. We further explain our decarbonisation approach and work on p. 21.

SDGs



Policies

- Environmental policy
- GHG Policy



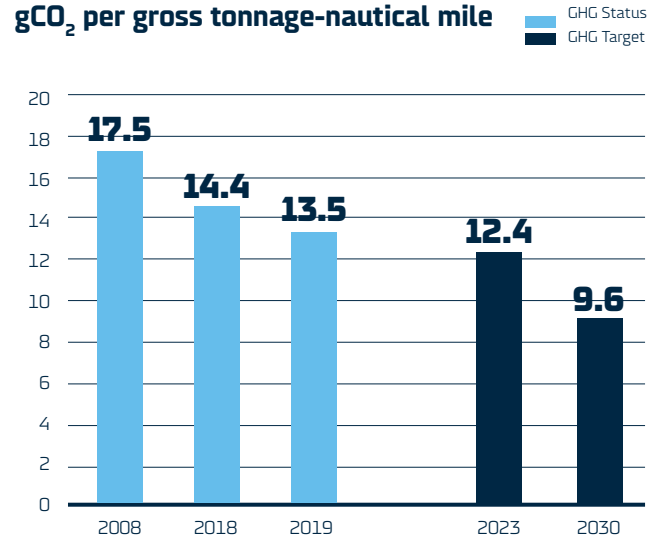
2019 activities

- Investing in MASH Energy, a start-up producing biofuels from agricultural waste.
- Running detailed tests to understand scrubbers' effect on removing particles from exhausts.
- Installing scrubbers on three vessels in our Turkish flagged fleet.
- Installing shore power supply on Pearl Seaways sailing between Oslo and Copenhagen.
- Investing in optimised hull condition and performance on a number of vessels
- Successfully testing gas-to-liquid (GTL) fuel on tug masters in the Copenhagen terminal.
- Investing in upgraded propulsion on Cote Des Flandres.
- Testing steel sails on Lysbris Seaways.

2020 plans

- Ready to use shore power in Copenhagen port when the facility on land is finished.
- Install shore power supply on Crown Seaways sailing between Oslo and Copenhagen.
- Invest in new scrubber for Crown Seaways.
- Invest in nine scrubbers for three vessels in our Turkish flagged fleet.
- Invest in three scrubber installations for French and Lithuanian flags.
- Continue testing GTL fuel in other places and on other types of vehicles.
- Operate our fleet efficiently to reduce CO₂ emissions.
- Continue to focus on hull resistance and optimal condition of the hull coating, and upgrade the vessels when applicable.
- Continue to look at alternative ways of CO₂ reduction and propulsion.

gCO₂ per gross tonnage-nautical mile



DFDS Group's CO₂e emissions

(1,000 tonnes)	2019	2018	2017	2016
CO ₂ e emissions	2,196	1,879	1,590	1,527

DFDS records the Group's CO₂ equivalent (CO₂e) emissions covering scope 1 and 2, as defined in the GHG Protocol Corporate Accounting and Reporting Standard. We include all DFDS sites, ferries and trucks, and we record fuel consumption using an ISO 14064-certified software tool to calculate the emissions.

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 40% by 2030
- Reduce the total GHG emissions by a minimum of 50% by 2050

Decarbonisation

At DFDS, we fully support the decarbonisation mission. While energy efficiency continues to be a key priority, it will not be enough to achieve CO₂-neutral transport. We have to adopt alternative fuels based on renewable energy, if our industry is to truly transform and deliver on decarbonisation.

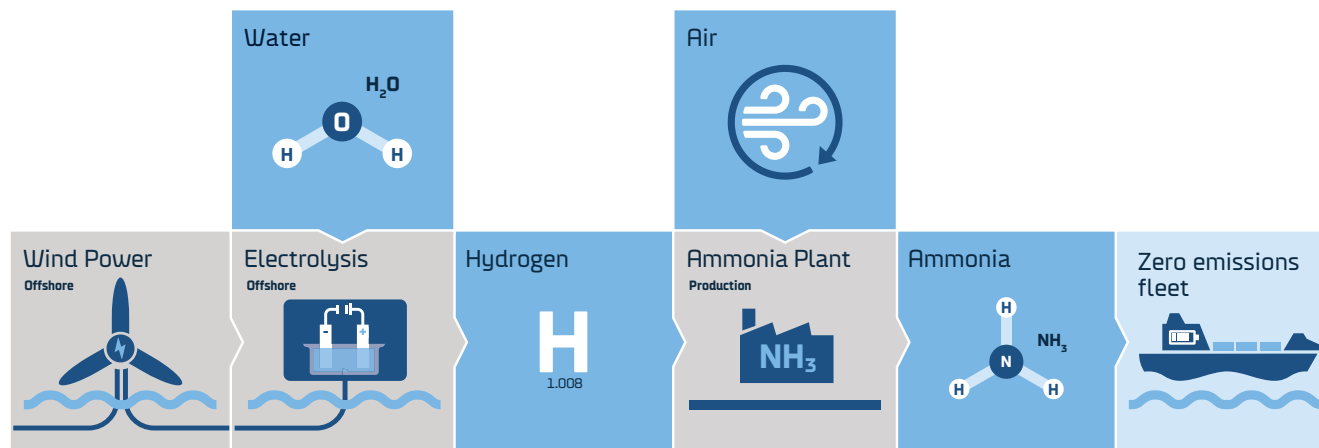
Taking steps towards zero emissions shipping.

The long-term path towards zero emissions shipping undeniably requires the industry to move away from today's fleets and stop burning fossil fuels.

For DFDS, the next significant step in this direction is to begin replacing fossil fuels with biofuels. This will allow us to continue using our existing fleet without incurring major changes to engines and equipment. To support our aims in this area, we have invested in the start-up, MASH Energy in 2019, a biofuel producer that produces CO₂ neutral biofuel from agricultural waste.

However, the major transition will be the long-term move towards achieving zero emission shipping that relies on a new generation of ships. We firmly believe in the potential of a new generation of sustainable fuels for shipping, created entirely from renewable energy, such as offshore wind power.

Finding viable alternatives to fossil fuels that can support carbon neutral transportation needs cross-sector collaboration and a willingness to experiment. So we continuously look for partners who are pursuing ambitious visions.



Partnerships for long-term solutions

In 2019, we joined ZEEDS (Zero Emission Energy Distribution at Sea), a partnership dedicated to the long-term work to establish new forms of bunkering ships at sea to reduce the need for docking, and to enable faster, greener and more efficient shipping in the future. The partnership envisions that the infrastructure of the future is composed of fuel hubs set up next to offshore wind turbines. The energy produced by the wind turbines would be used to produce hydrogen from water, and ammonia - a clean fuel - would be made from hydrogen and nitrogen extracted from the air.

We also joined the Getting to Zero Coalition that is committed to getting commercially-viable, deep-sea, zero-emission vessels into operation by 2030. The coalition is led by the Global Maritime Forum (GMF), the Friends of Ocean Action, and the World Economic Forum. It includes more than 90 companies within the maritime, energy, infrastructure and finance sectors. Facilitating processes that could lead to innovative solutions is an important role, and one that we wish to take on. So in 2020, we plan to create a maritime test platform on our cargo ferry, ARK Germania. The platform will enable our partners to easily test fuel cells and solutions that are not yet mature but show great potential.

We also think it is vital to bring the energy and shipping sectors closer together. So in 2020, we plan to host a conference on zero emission fuels to try to establish a joint flagship project on Power-to-X fuel.

Paving the way for renewable fuels

The commercial viability of renewable fuels is still held back by a number of uncertainties. The demand for renewable fuels depends on price differentials between black and green energy; availability; bunker infrastructure; rules and regulations; uncertainties around measurement, and potential special rules for passenger ferries.

Evening out the price gap between fossil and renewable fuels will be critical to driving adoption and enabling us to build truly zeroemission ships. We can help by engaging in dialogue with partners and open innovation initiatives, to discover technologies and synergies that will help drive down the cost of renewables. We also actively participate in the EU's European Sustainable Shipping Forum (ESSF) and the International Marine Organisation's (IMO) Marine Environment Protection Committee (MEPC), to use our influence in political processes.

From agricultural waste to biofuel for ships



DFDS has invested in MASH Energy which is developing a method to produce commercially-viable biofuel from agricultural waste. In this way, and by testing the fuel on our ships, we can help create realistic alternatives to fossil fuels.

Logistics

Continuous efforts towards reducing empty kilometres, and securing environmentally-friendly equipment when renewing our fleet of trailers and trucks, remain key priorities in our Logistics division.

Cutting back on empty kilometres

Reducing the distance our trucks drive with no payload is by far the most important factor in making our haulage operations more environmentally-friendly. Reducing or avoiding empty running is critical because it enables optimisation of our fleet of trucks, which leads to fuel reductions and thereby reduced CO₂ emissions.

We have implemented Track and Trace on our trucks to track our hauliers, increase transparency and make it easier to monitor empty kilometres. We are working to implement the system in all relevant locations, and progress is going according to plan. We have set ambitious targets to increase bookings that are GPStracked from 26% in 2019 to 95% in 2020.

Our Cargo Balance Initiative (CBI) visualises existing data to improve logistics planning. Using the system, our people can quickly identify areas where there are imbalances and implement corrective actions. The CBI also helps our planners plan ahead more easily, so their truck levels match incoming trailers. CBI is up and running in our offices in Immingham (UK), Vlaardingen (Netherlands), Hamburg (Germany), Ghent (Belgium) and Gothenburg (Sweden).

Reporting on empty running

Although we have improved our efforts to reduce empty running, unfortunately we have not managed to cut this back entirely.

In 2019, our empty running percentage was 22.7%, which unfortunately represents an increase from 21.6% in 2018.

From 2018-2019, the total number of driven kilometres increased by 11%. The increase reflects an overall expansion of our business and services provided. In the same period, however, our empty running measured in kilometres increased by 16.6%, which shows that we have not been able to reduce or maintain a linear relationship between total kilometres and empty kilometres.

The increase in empty running is partly due to our acquisition of Special Cargo which was integrated into our operational system mid-2019. Their empty running has historically been higher than that of other cargo companies traffics due to their niche type of equipment.

Another reason is that the share of forwarded volumes as a percentage of our total haulier costs decreased from 2018 to 2019. Purchasing transportation services from third parties does not include their potential empty running in our calculations. So when the share of forwarders decreases, the registration of empty kilometres will increase.

With kilometres, fuel and CO₂ savings as benefits, we will continue to focus on reducing empty running and strengthen our efforts. In 2020, we aim to reduce empty running to 20.4%.

Investing in a green fleet

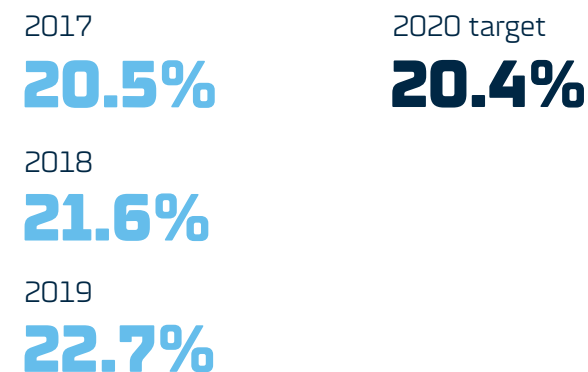
Travelling distances and moving cargo inevitably leave an environmental footprint. To make sure ours is as small as possible, we try to use biofuel to replace conventional fossil fuels. In Sweden, for example, 98% of the trucks in our fleet in Gothenburg use 98-100% biofuels, while 80% of the trucks in Karlshamn use 85-90% biofuels.

In order to be a responsible neighbour and meet the strictest limits on exhaust emissions, we invest in trucks with the highest possible Euro class engines. Today, 94% of our 640 trucks are Euro 5 or 6 certified.

In 2019, we bought 20 new trucks as the first of 47 vehicles coming to the UK. The vehicles effectively reduce harmful gas emissions while being very fuel-efficient; they are also equipped with high-quality communication systems. Choosing these trucks was part of our practice of replacing vehicles every three years to ensure optimal safety and efficiency.

In line with our ambitions, we also bought 50 new, more environmentally-friendly reefer containers. These refrigerate using carbon dioxide, which is non-ozone depleting, and cuts the global warming impact of the cooling system to a minimum, compared with conventional cooling systems.

Empty kilometres





Caring Employer

Ambition

Well-being for all employees

Inclusive workplace

Opportunities to do good

UN Sustainable Development Goals



Caring Employer ensures that sustainable business is also about people

The strategic theme, 'Caring Employer' supports SDG 3 and 5.

We use the SDGs and our CSR strategy as a framework to direct our work towards becoming an even more caring employer. Within this framework, our ambitions are to:

Ensure well-being for all employees

We see our employees as valued people and not only as employees. Therefore 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.

Well-being for all employees

Our people are more than just employees. We want them to be healthy and happy when they come to work and when they go home. That is why we focus on their overall well-being by looking at both physical and mental health.

Safety has always been fundamental in shipping. Naturally, our ideal is zero harm to any of our people. However, operating a business where 45% of our employees work in high-risk working environments means it is hard to achieve the ideal state.

The KPI lost-time-injury-frequency (LTIF) measures the ratio between the number of accidents causing inability to work for more than 24 hours, per one million hours worked. We have set LTIF targets for 2023 on both land and sea, to ensure we follow our performance closely and that we make our operations as safe as they can be.

Health and safety at sea

At sea, in 2019, we saw a positive trend as LTIF on board our ships dropped from 5.04 in 2018 to 4.52 in 2019. This puts us well on the way towards achieving our 2023 target of 3.5.

We also use near-miss reports to measure our safety performance at sea. These are hazardous incidents that could lead to a collision without corrective action. In 2019, there were an average 55.13 near-miss reports per ship.

We stress to all our people the importance of honestly reporting any situation that involves a compromise of safety. So our target of 48 near-miss reports reflects a minimum average per ship. The main

ways we try to reduce lost-time injuries and reported near-misses are through our Global Ship Management System, our safety reporting, and our work towards creating a no-blame culture.

Health and safety on land

On land LTIF in 2019 was 6.73. Here we saw an increase compared to both 2017 (5.53) and 2018 (3.81). We suspect the reason for the low level in 2018 is due to uncertainty of the data, and not to a significant improvement in safety performance. To avoid this happening again, we improved our data collection procedures in 2019 and as a result, LTIF increased significantly. The increase is not be interpreted as lower safety levels on land, but instead reflects more reliable data. Although we improved data collection procedures in 2019, we intend to further strengthen these in the future.

Our target for LTIF in 2023 is 5.0, and to reach this, we continue to emphasise local enforcement and strengthened awareness and procedures. Management follow-up on all levels is also critical and will be a key focus point for 2020.

Mental health programmes

Looking after the well-being of our people also includes their mental health, and raising awareness about such issues is an important part of this. As their work sometimes entails long absences from family and friends, seafarers in particular are more vulnerable to mental health issues.

However, mental health affects everyone, including colleagues working in our offices as well as port personnel and truck drivers. We try to start conversations across DFDS about mental health and be clear that it is okay not to feel okay. These are vital conversations because mental health issues are more taboo than physical ones, which adds to the stigmatisation of mental illnesses.





We have put in place a number of mental health programmes which offer counselling and training courses for DFDS leaders. They teach them how to recognise early signs of mental health problems in colleagues, and how to help them get the right professional help.

Promoting an active lifestyle

We want to inspire to a healthier and more active lifestyle, while bringing our people closer together through shared experiences. To do that, we have set up several sports teams across the Group.

Employee engagement surveys

We conduct regular engagement surveys to gain valuable insight into how our people are doing, and to work out the areas where we need to improve and become a better employer.

The response rate was high at 83%, even with 1,300 more employees than in 2017. It was also well above the external benchmark of 74-77% for comparable companies. Our two main engagement parameters – Satisfaction & Motivation and Loyalty – show good results above external benchmarks. The results also show that one in four managers are top scorers on Leadership.

We found areas to improve too. Loyalty scores were much higher than those for motivation, suggesting a potential risk that our people are staying with us but are not completely motivated. The survey also highlighted the need for us to keep making sure employees feel they have equal opportunities, indicating that our focus on inclusion and diversity is wellplaced. To follow up on survey results, we implement action tools for managers, focusing specifically on immediate line managers and working conditions as the main drivers for increasing engagement.

SDGs



Policies

- Health, Safety & Environmental Policy



2019 activities

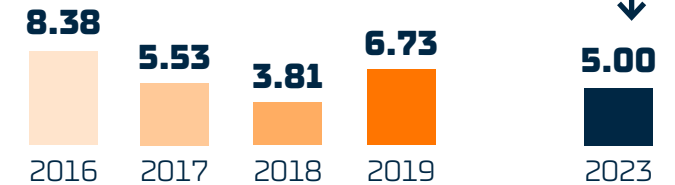
- Forming a partnership with start-up company Scoutbase to improve early identification of risks to safety and well-being at sea. Taking risk identification beyond current industry standards, this tool allows seafarers to anonymously share their experiences whenever they need to.
- Using Safety Observation Cards on shipyards for newbuildings to make sure we comply with our own standards.
- Implementing our Global Ship Management System on our new Ro-Ro ferries from China, to ensure uniform standards and high safety levels.
- Completing 9,504 on-line safety lessons. 3,998 users registered for our e-learning safety system, which reflects a small increase from 3,923 in 2018.
- Running our employee engagement survey to investigate well-being.
- Expanding our mental health programme in the UK and France.
- Strengthening the relationship between seafarers and their families in Business Unit Mediterranean through a new mental health programme.
- Running awareness training on mental health.

2020 plans

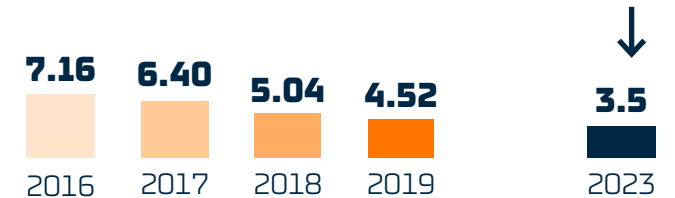
- Continue our collaboration with Scoutbase and look into possibilities for implementing the safety and well-being tool for more ferries.
- Get higher numbers of registered users and online module completion in the e-learning safety system.
- Reflect the findings of the latest engagement survey in our strategy and daily operations.
- Continue to strengthen mental health awareness and expand mental health programmes.

Safety performance

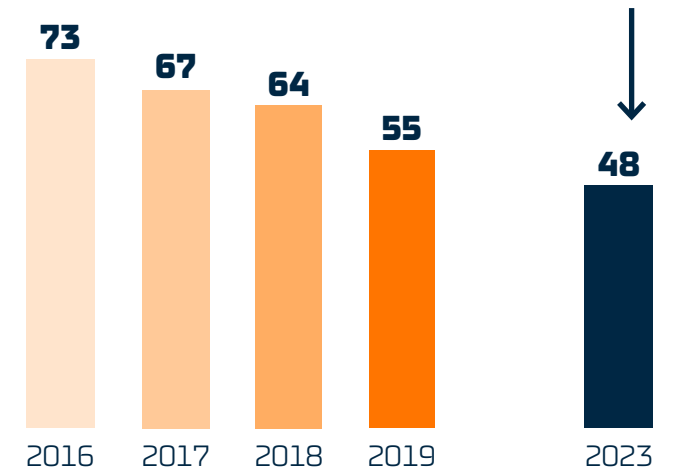
Land: Lost-time Incident Frequency (LTIF)



Sea: Lost-time Incident Frequency (LTIF)



Sea: Near-miss reports per vessel





Health and safety

We have a strong safety culture. Our goal is to keep our people, passengers and customers' goods safe at all times, whether at sea or on land. We strive to continuously improve our overall health and safety performance.

It is our aim to provide industry-leading health and safety support; to prevent and reduce risks, and to protect our employees and stakeholders. Our safety culture is embedded in The DFDS Way and is outlined in our Code of Business Conduct and Health, Safety & Environmental Policy.

Safety management at sea

At sea, we operate according to our Global Ship Management System (GSMS). Our newbuildings all use the GSMS to meet our safety standards. In 2019, we implemented a Harassment & Bullying policy in this system, to comply with the Maritime Labour Convention.

Our CEO and experts from our Technical Organisation, Marine Standard and Fleet Management carry out frequent reviews to identify and establish safeguards against all risks to people, ships and the environment, and to make sure we are always ready for maritime authority inspections.

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.

Local safety enforcement on land

Because safety is crucial at sea, our high safety standards naturally extend to a strong safety culture on land. Ashore, our approach to safety is to empower local management teams to take responsibility locally.

Safety management is therefore tailored to local rules and regulations, and in line with the high minimum standards set out in our Health, Safety & Environmental Policy. Our approach to safety is based on risk. We set more safety controls and formal inspection regimes for higher-risk locations like port terminals than for lower-risk places like offices.

In Immingham, UK, our behavioural safety initiative received Occupational Health & Safety ISO45001 certification in 2019, replacing the old OHSAS18001. Companies have three years to prepare for the transition, and our Immingham team was pleased to be certified well ahead of the March 2021 deadline. This was because of a positive audit report on our well-organised and proactive risk-based approach to health and safety. UK customers are increasingly asking for safety accreditations in tender processes, and our documented evidence in this area means we can meet those expectations.

Minor accidents and unsafe conditions, behaviour and actions happen much more often than major accidents and injuries. Therefore, we focus on preventing minor accidents to help create a safer overall work environment and prevent major incidents from happening. We have done a lot of work on this approach in local Health & Safety teams, particularly in Immingham, UK, and we aim to share best practice across the Group. In 2019, the most common causes of minor accidents were slips, trips or falls, or involved manual handling (i.e. handling, lifting or carrying).

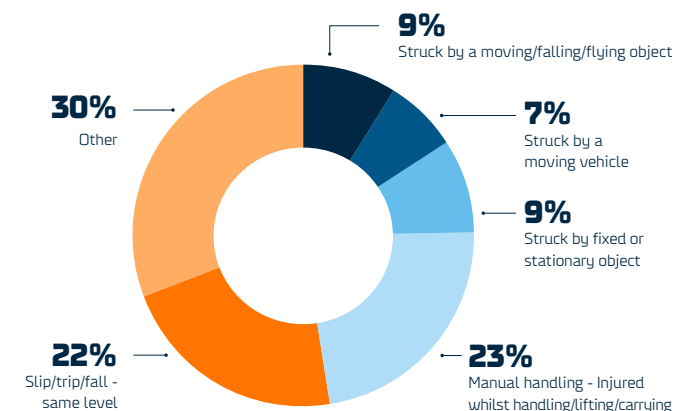
Fatal accident

Tragically, there was a fatal accident on board our ship, Ephesus Seaways in Trieste on 28 September 2019. A fire watchman, employed by an external company overseeing the loading of hazardous cargo, was hit by a trailer on board the ship.

Although immediate assistance was provided and a rescue team arrived shortly after, it was too late to save the man's life. The police have not yet concluded investigations into the accident.

Our Health & Safety team always works closely with authorities to support their investigations. We also looking into the accident to find out what we can do to make sure a similar tragedy does not happen again.

Causes of minor accidents on land



Inclusive Workplace

We believe a diverse workplace is an effective workplace. Diversity provides a broad spectrum of competencies and better business choices, based on each individual's unique contribution.

Setting diversity targets

Bringing together people with a variety of backgrounds and expertise creates a culture where different viewpoints are acknowledged, which helps to prevent decision-making being based on habits and one-sidedness.

In 2019, we set a target of a minimum of 30% minority representation by 2023. Our performance measurement focuses on improvements in gender diversity. However, to secure a workforce that is truly diverse, minority representation also relates to race, ethnic background, religion, sexual orientation, age, level of education and socioeconomic status.

The maritime and logistics industry has traditionally been associated with male attributes and continues to be so today, especially at sea. The industry's lack of appeal to women challenges initiatives to balance gender, which is why we believe it is so important that we make a particular effort to focus on gender diversity. So we are working hard to change perceptions of the industry and make it equally attractive to women.

Progress on gender diversity

Women hold 33% of the seats on our Board of Directors. We are proud to have met our target at this leadership level. For senior managers, our proportion of women increased significantly between 2018 and 2019, from 10% to 19%, due to two women

joining our Executive Management Team and one being promoted to VP. Looking at the EMT in isolation, 33% of the positions are held by women.

It is essential we lead by example. So the changes in our leadership are vital steps on the road to us becoming truly diverse. We still have some distance to travel. Women make up 26% at employee level but only 17% of managers.

To help us hit our target, we intensified our focus on diversity in 2019:

- our VPs have all adopted individual targets;
- we are continuing to promote diversity in recruitment by using a gender decoder;
- we have participated in campaigns to increase the industry's appeal to women; and
- we have run awareness training and diversity workshops.



Moving with Pride

We are not limiting our efforts on diversity and inclusivity to gender. In 2019, we invited our Copenhagen HQ employees and their families to join the Copenhagen Pride Parade.

The parade is a culture and human rights festival showcasing the LGBTQ community and the city of Copenhagen's diversity and inclusiveness. By participating in the Pride Parade, we wanted to send a clear signal that we support equality, diversity and inclusion, and respect the rights of every individual.

SDGs



Policies

- Diversity and Inclusion Policy
- Code of Business Conduct




2019 activities

- Setting diversity goals at VP level based on ambitious but realistic targets.
- Launching the “GirlPower” campaign with The Blue Denmark (Det Blå Danmark). It highlighted talented and focused young women in maritime careers, including our own Saira Haider, Product Owner in Logistics.
- Running diversity awareness workshops. For example, we hosted ‘More Women at Sea’ onboard Crown Seaways, arranged by the Danish Shipping and Maritime Development Center.
- Rolling out an inclusivity programme on a number of our UK and French vessels to create more opportunities for minority groups, particularly people with physical or intellectual disabilities.
- Participating in Copenhagen Pride Parade to support equality, inclusion and diversity in the workplace.
- Continuing to promote diversity in recruitment by using a gender decoder.

2020 plans

- Follow up on targets and action plans from our VP initiative.
- Facilitate internal diversity community sharing challenges, best practice and good ideas.
- Give better access to internal communication sites to include all DFDS people, whether working at sea or on land.
- Engage in the ‘We Carry for Women’ project to support female entrepreneurs and gender equality in Turkey.
- Sign and support Danish Shipping’s charter for more women in shipping.
- Implement the diversity and inclusion initiatives in management’s operating procedures.

Gender ratio in DFDS (%)

Female 
Male 

Overall workforce



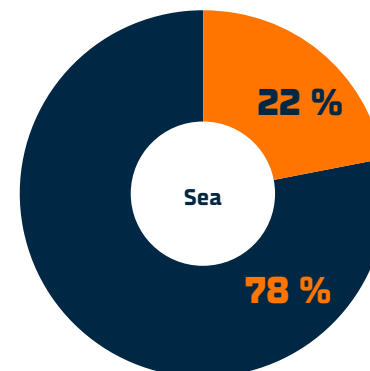
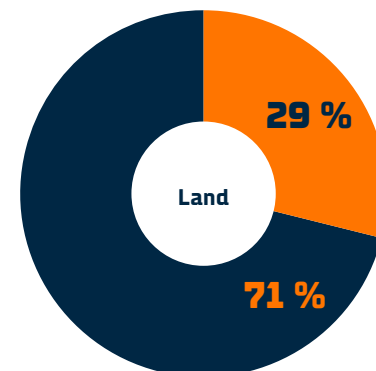
Senior management



Board of Directors

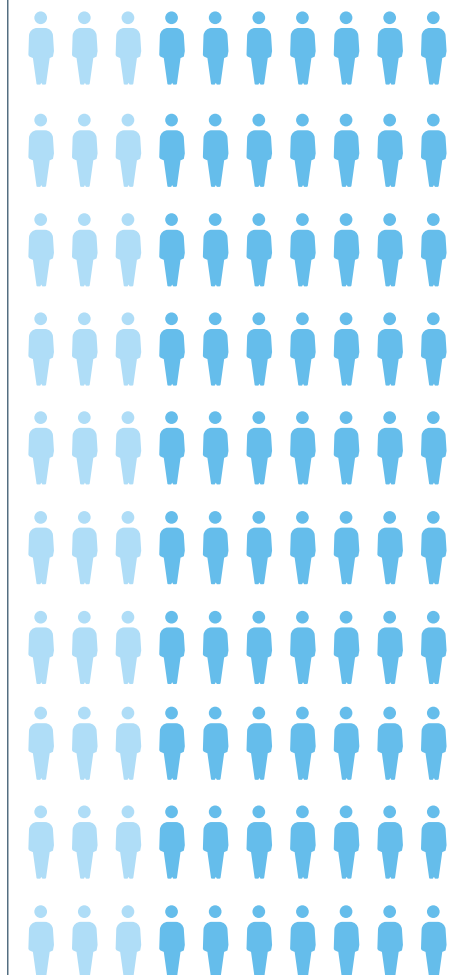


Gender ratio on land and sea (%)



Gender ratio target

30%  70% 





Alisa Paivina
Freight Commercial Director
Lithuania



Kim Heiberg
Route Director
Denmark



Sarah Holloway
UK Commercial Director
UK



Ayberk Eskin
Route Director
Turkey

**Same type of job,
different people**



Providing opportunities to do good

We cherish a culture where our people care about each other, the communities we work in, and for individuals in society in vulnerable situations. Providing opportunities to do good means empowering employees to seize chances to help others.

Mapping CSR initiatives

Long before we had a formal CSR strategy, DFDS had a tradition of launching initiatives that benefit colleagues and people in local communities. So part of our work in 2019 was to identify and map these activities and collect them in a portfolio. This has showed us where we are particularly active, and what types of initiative we tend to engage in.

We are aiming for an equal distribution of initiatives throughout our network. Our mapping showed that charity runs, teambuilding for charity, and donations to hospitalised children, cancer research, poor families and homeless people were the things our people connected with most strongly and that they wanted to engage in.

10th anniversary Christmas lunch for the homeless

Homeless ness and loneliness can be particularly difficult at Christmas. While families gather everywhere, homeless people with no relatives to be with at this time can feel even more like outsiders in society.

We have resources and an ambition to help those in need. So for the past decade, we have worked with WeShelter to organise an annual Christmas lunch in Copenhagen on board one of our cruise

ferries. With this initiative, we try to give homeless and vulnerable people a fantastic day to look forward to; a day where they are the centre of attention.

Every year, through our strategic partnership with WeShelter, we encourage ferry passengers to donate to the cause, and in 2019, we ran a fund-raiser among our people in Copenhagen.

Team-building for charity

We want combine team-building activities and charity work. Twice in 2019, different Business Unit Baltic teams in Klaipeda, Lithuania, organised team-building days focused on cleaning and improving facilities in a cancer treatment centre, and in a home for disabled people. Giving help to others while working together and getting to know each other better is an inspiring and successful model, and we want to do more of this in future.

Charity runs

Many running events support and donate to charities, and we are involved with and participate in a number of them.

In 2019, DFDS Seaways in Sweden sponsored Våruset ("The Spring Race"). The event is a race for women that supports the Swedish Childhood Cancer fund. Our people supported and took part in several other running and hiking events for charity across our operations, in places such as Lithuania, Turkey and the UK.



38 initiatives

At the end of 2019, a total of 38 initiatives were reported in the CSR portfolio under Opportunities to Do Good.

Commitment and practice

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.



Location of initiatives

Belgium

- Bake sale and window washing for charity
- Donations to Seafarers' Home

Denmark

- Fundraising for the Danish Red Cross

Estonia

- Making donations instead of receiving Christmas presents

France

- Blood donations during working hours
- Pink October activities (supporting breast cancer)
- Yearly coin collection to support hospitalised children

Germany

- Christmas donations to children in need
- Supporting local sports teams

Ireland

- Helping the homeless

Lithuania

- Teambuilding for charity (oncology centre)
- Teambuilding for charity (home for disabled people)
- Making children's wishes come true
- Social programme for retired DFDS employees
- Playground sponsor in Klaipeda
- Sponsored a charity run
- Klaipeda blood donations

Netherlands

- Christmas tree donation to local village

Poland

- Supporting children in need
- Supporting special homes for single mothers in need

Sweden

- Charity runs
- Christmas presents for single mothers

Turkey

- Annual book donations to schools
- Donation campaign for Istanbul Marathon

United Kingdom

- Donation to cancer charity
- Fundraising for hospitalised children
- Fundraising for sea rescue service
- Hiking 26 miles to support cancer
- Charity run sponsorship to support a village primary school
- Supporting mental health campaigns
- Supporting local sports teams
- Terminal visit for disabilities football club
- Fundraising for treatment of employee's son's brain tumour
- UK branches donate to local food bank

Group initiative

- Pink trailer (supporting breast cancer)

Passenger route initiative

Newcastle-Amsterdam

- Free ferry crossing for cancer fundraising cause
- Sail with Santa event for disabled and disadvantaged children

Copenhagen-Oslo

- Christmas lunch for the homeless

- Charity runs
- Fundraising and donations
- Teambuilding for charity



ESG Key figures

Environmental data	Unit	Target 2023	2019	2018	2017	2016
Operated ferries	Ferries	-	63	54	45	42
Total number of days operated	Days	-	20,460	18,937	15,020	13,728
CO₂e emissions						
Direct CO ₂ e emissions (Scope 1)	1,000 tonnes	-	2,189	1,871	1,582	1,519
Indirect CO ₂ e emissions (Scope 2)	1,000 tonnes	-	6.75	8.46	7.68	8.77
Total CO ₂ e emissions	1,000 tonnes	-	2,196	1,879	1,590	1,527
CO ₂ emissions per GT mile*	gCO ₂	12.4 (2023) 9.6 (2030)	13.5	14.4	-	-
Energy consumption						
Total fuel consumption	Tonnes	-	680,193	654,795	490,401	467,574
Fuel consumption per nautical mile	g/GT/Nm	-	4.78	4.93	5.22	5.20
Total energy consumption	TJ	-	29,077	24,878	21,069	20,129
Electricity and heating consumption per land-based FTE	MWh	5.9	7.3	7.9	8.6	8.3
Oil spills						
Spills (> 1 barrel)	Amount	0	0	0	0	0

Social data	Unit	Target 2023	2019	2018	2017	2016
Number of employees end of period	FTE	-	8.638	8.073	7.167	7.190
Gender split (female/male)						
Total workforce	%	30/70	25/75	23/77	26/74	28/72
Board of Directors	%	30/70	33/67	33/67	50/50	33/67
Senior management	%	30/70	19/81	10/90	15/85	15/85
Managers**	%	30/70	17/83	-	-	-
Employees**	%	30/70	26/74	-	-	-
At sea**	%	30/70	22/78	15/85	-	-
On land**	%	30/70	29/71	29/71	-	-
Safety at sea						
Lost-time injury frequency (LTIF)	Incidents/ mill. hours	3.50	4.52	5.04	6.40	7.16
Near-miss reports***	Average per ship	48	55	64	67	73
Safety on land						
Lost-time injury frequency (LTIF)	Incidents/ mill. hours	5.00	6.73	3.81	5.53	8.38
Minor accidents	Incidents	-	152	185	139	95
Fatalities						
- DFDS employees	Headcount	0 (Annually)	0	0	1	0
- Contractors	Headcount	0 (Annually)	1	1	0	0
Governance						
Attendance at Board meetings	%	-	94.1	90.9	96.8	93.1

Comments

* No 2016 and 2017 data.

** No data available for missing years.

*** Excluding UN Ro-Ro in 2018

Definition of terms

Environmental data

Operated ships: The number of owned and chartered vessels which were involved in DFDS' operations during the year and whose fuel consumption is included in DFDS' CO₂ reporting. Excludes ships not included in DFDS' fuel consumption reporting.

Total number of days operated: The total number of days operated by the ships in DFDS' operations during the year, and whose fuel consumption is included in DFDS' CO₂ reporting. Excludes ships not included in DFDS' fuel consumption reporting.

CO₂e emissions

Direct CO₂ emissions (Scope 1 as defined by the Greenhouse Gas Protocol):

All direct emission sources where DFDS has operational control. 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).

Indirect CO₂ emissions (Scope 2): Indirect emissions related to purchased energy; electricity or heating/cooling where the DFDS has operational control. The electricity emissions factors used are based on national gross electricity production mixes on a three-year rolling average (IEA Stat). The Nordic electricity mix covers the weighted production in Sweden, Norway, Finland and Denmark, reflecting the common Nord Pool market area. Emission factors per fuel type are based on assumptions from the IEA methodological framework. Factors for district heating/cooling are either based on actual (local) production mixes, or the average IEA stat.

Total CO₂e emissions: Direct CO₂ emissions and indirect CO₂ emissions.

CO₂ emissions per GT mile: Emissions expressed by gCO₂ per gross tonnage-nautical mile. Only vessels operating on DFDS routes are included. Excludes fuel consumption in land-based logistics transport.

Energy consumption

Total fuel consumption: Total consumption of heavy fuel oil (HFO) and marine gas oil (MGO) on vessels operating on DFDS routes. Excludes fuel consumption in land-based logistics transport.

Fuel consumption per nautical mile: Expressed by gCO₂ per gross tonnage-nautical mile. Only vessels operating on DFDS routes are included. Excludes fuel consumption in land-based logistics transport.

Total energy consumption (TJ): Energy consumed from scope 1 and 2 energy sources, plus energy from renewable sources. Includes both land-based energy consumption and vessels' energy consumption.

Electricity and heating consumption per land-based FTE: Indirect energy consumption (scope 2) in operational activities for offices, warehouses and terminals, divided by average full-time equivalent number of employees on land.

Oil spills

Spills (> 1 barrel): Incidents of oil spills larger than one barrel into the sea from vessels operating on DFDS routes.

Social data

Number of employees: Average full-time equivalent number of DFDS employees during the year.

Gender split (female/male)

Total workforce: Gender ratio between women and men in the FTE workforce at year end.

Board of Directors: Gender ratio between women and men in the Board of Directors out of the total number of members at year end (excluding staff-appointed members).

Senior Management: Gender ratio of average FTE number of women and men in senior management positions out of the total number of senior managers at year end. We define senior managers as Executive VPs and VPs.

Managers: Gender ratio of average FTE number of women and men in management positions out of the total number of managers at year end (excluding senior management). We define a manager as someone responsible for at least one other employee.

Employees: Gender ratio of average FTE number of women and men in employee positions out of total number of employees at year end (excluding Senior Management and Managers).

At sea: Percentage split of average FTE number of women and men at sea out of the total number of FTEs at sea at year end.

On land: Percentage split of average FTE number of women and men on land out of the total number of FTEs on land at year end.

Safety at sea

Lost-time injury frequency (LTIF): Number of work-related accidents registered that causes a seafarer to be unable to work for more than 24 hours, per one million exposure hours.

Near-miss reports: Hazardous occurrences that, under different circumstances, could lead to an incident if no corrective action is taken.

Safety on land

Lost-time injury frequency (LTIF): Number of work-related accidents registered which causes a land-based employee to be unable to work for more than 24 hours, per one million exposure hours. We changed terminology from AFR to LTIF in 2019, but our calculations are still in line with LTIF calculations (LTIF = lost-time accidents * 1,000,000 / number of working hours).

Minor accidents: Work-related accidents which we report, but which do not cause a land-based employee to be unable to work for more than 24 hours.

Fatalities

Colleagues: Number of fatalities among DFDS employees registered in the reporting year.

Contractors: Number of fatalities among third-party contractors occurring during DFDS' operations registered in the reporting year.

Governance

Attendance at board meetings: Attendance in percentage at board meetings by its members in the reporting year.

“Our industry has a large footprint that we are addressing responsibly. This also means we have a big potential to make a positive difference by reducing our environmental impact.”

Torben Carlsen,
President and CEO of DFDS Group