

Corporate Governance Statement for the financial year 2021, cf. Section 107 b of the Danish Financial Statements Act

This statement forms part of the management's review in the DFDS statutory Annual Report covering the period 1 January – 31 December 2021 and is prepared pursuant to section 107 b of the Danish Financial Statements Act. The sections "Management" and "Internal control and risk management system relating to financial reporting" are comprised by the auditors' statement on the management's review included in the auditors' report. The section "Principles for good corporate governance" is not included in the auditors' report in the statutory Annual Report.

MANAGEMENT

DFDS has a two-tier management structure in which the Board of Directors and the Executive Board are responsible for managing the company's affairs. There is no personal overlap between the two bodies.

The Board of Directors currently consist of nine persons, three of whom have been elected by the employees and six of whom have been elected at the shareholders meeting. The Board of Directors has established an Audit Committee, currently consisting of three members of the Board of Directors, which assists the Board of Directors in monitoring aspects relating to accounting, auditing, and internal control, etc. The Board has also established a Nomination Committee and a Remuneration Committee which both also consist of three members, which assist the Board of Directors in relation to board composition, succession planning and remuneration of the Executive Board and the members of the Board of Directors.

The Executive Board, currently consisting of two persons, is responsible for the day-to-day management of the company and the Group, observing the guidelines, recommendations and decisions issued by the Board of Directors.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM RELATING TO FINANCIAL REPORTING

The Board of Directors and Executive Board have the overall responsibility for the Group's risk management and internal control procedures in connection with the financial reporting process, including ensuring compliance with relevant legislation and other regulations relating to financial reporting.

The Group's risk management and internal control procedures are intended to effectively identify, manage and eliminate the risk of error and defects in the financial reporting process, but as there is always a risk of fraud, unexpected losses, etc., the internal controls and risk management systems can only provide reasonable and not absolute assurance that all significant errors and defects have been discovered and rectified in the financial reporting.

The Audit Committee appointed by the Board of Directors performs an annual assessment of the Group's risk management and internal control procedures, together with the associated management guidelines.

CONTROL ENVIRONMENT

Responsibility for maintaining effective internal controls and risk management procedures in connection with financial reporting rests with the Executive Board. The Executive Board has designed and implemented controls considered necessary and effective in terms of encountering the identified risks relating to financial reporting.

The Board of Directors approves the group wide risk management strategy, the overall risk management framework and policies laid down by the Executive Board. These policies are incorporated into the internal control and risk management processes, which encompasses a clearly defined organisational structure specifying roles and responsibilities. On the basis of this structure, manuals have been prepared describing the key business processes, internal controls,

segregation of duties, reconciliation, approval and certification procedures, and applied accounting policies. Regular checks are made to ensure that the guidelines are adhered to.

A central Financial Controlling & Compliance function has been established to monitor the financial reporting of all Group companies and ensure compliance with the applied accounting policies. Each Division has been assigned a business controlling function which validates its reported business and financial performance.

RISK MANAGEMENT

The Executive Board undertakes ongoing assessment of the risks to which the Group is subject and takes on, including risks relating to financial reporting. If changes occur, or are expected to occur, which may affect these risks, the Executive Board presents and discusses these and the proposed actions with the Board of Directors. The Audit Committee undertakes at least one annual assessment of the internal controls over the financial reporting process in relation to the identified risks.

The Audit Committee at least annually, and when it is deemed needed, reviews the applied accounting policies and changes in these, as well as significant estimates relating to the financial reporting. As part of this review, changes in accounting policies and the effect of significant estimates are discussed with the Executive Board and the independent auditors appointed by the Annual General Meeting.

CONTROL ACTIVITIES

The control activities are intended to ensure that the guidelines on policies, manuals and procedures are adhered to, and to prevent, detect and correct material errors, etc. These control activities are partly manual and partly system-based.

A reporting process has been established under which monthly reports are prepared to the Board of Directors, explaining deviations from the expected results and key figures for each business area and its underlying activities. Estimates for the full year are updated on a quarterly basis. Detailed information is obtained for use in reports to the Board of Directors and external quarterly reports. The information obtained is intended to ensure compliance with both internal and external reporting requirements.

INFORMATION AND COMMUNICATION

As a consequence of the ongoing work with business processes, internal controls and changes in accounting rules, regular updating is carried out on the contents of the manuals in relation to business processes, internal controls, requirements for segregation of duties, reconciliation, approval and certification, as well as applied accounting policies. The manuals are made available on the Group intranet, and in the case of major changes, the affected companies are informed directly and in reasonable time before the changes take effect, including the consequences of the changes.

MONITORING

The risk management procedures and internal controls are regularly reviewed in order to continuously secure and enhance their effectiveness. Significant weaknesses and violations of internal guidelines are reported to the Executive Board, which follows up on these.

The independent auditors appointed by the Annual General Meeting report to the Board of Directors any significant weaknesses in the Group's internal control and risk management system in the audit report as a part of the audit of the consolidated financial statements and parent company financial statements, while less significant weaknesses are reported in management letters to the Audit Committee and the Executive Board. The Board of Directors ensures that the Executive Board follows up on any matters referred to in reports to the Board of Directors, while the Executive Board ensures that the subsidiaries follow up on any identified weaknesses.

The managing directors and finance managers of the subsidiaries are required to declare annually that their financial reporting adhere to Group reporting guidelines.

PRINCIPLES FOR GOOD CORPORATE GOVERNANCE

Corporate governance, defined as “the system used to lead and control a business”, is largely built into the requirements concerning Boards of Directors as laid down in the Danish Companies Act. The Board of Directors and the Executive Board of DFDS believe that corporate governance initiatives should be a constant process in which the principles of good corporate governance are continuously evaluated with due consideration to current legislation, practice and recommendations. Such evaluation includes a review of the company’s and Group’s business model, business procedures, goals, organisation, capital structure, stakeholder relations, risks and the control systems.

Once a year the Board of Directors considers to which extent the company comply with recommendations for good corporate governance as issued by the Danish Committee on Corporate Governance.

As required for a listed company on Nasdaq Copenhagen under the rules for issuers of shares DFDS issues a statement of compliance with the Danish Committee on Corporate Governance's recommendations using the "comply or explain"-principle (pages 4 - 21). The recommendations have been published at <https://corporategovernance.dk/>.

RECOMMENDATIONS ON GOOD CORPORATE GOVERNANCE

DFDS’ position on the individual recommendations is described in the following and can be found on www.dfds.com. The recommendations specify that it is equally legitimate for a company to provide an explanation, as to comply with a specific recommendation, as the key objective is to create transparency in corporate governance matters. Accordingly, it is up to the actual situation and assessments of the company to which extent the recommendations are complied with, or whether it is considered inappropriate to comply.

SUMMARY REGARDING THE RECOMMENDATIONS

DFDS complies with all current recommendations

Copenhagen, 24 February 2022

Recommendation	Compliance	Explanation
1. Communication and interaction by the company with its investors and other stakeholders		
<i>1.1. Dialogue between company, shareholders and other stakeholders</i>		
<p>1.1.1 The Committee recommends that the management through ongoing dialogue and interaction ensures that shareholders, investors and other stakeholders gain the relevant insight into the company's affairs, and that the board of directors obtains the possibility of hearing and including their views in its work.</p>	Compliant	<p>The company seeks at all times to facilitate communication between the company and its shareholders by means of the website and e-mail.</p> <p>The company's website (www.dfds.com) contains a range of information concerning Investor Relations, including Corporate Governance. In addition, the website has an Investor Portal. This portal provides a direct and fully electronic channel for communication between the company and its shareholders. Shareholders can use the Investor Portal to sign up for upcoming annual general meetings, other shareholder meetings and register how the relevant shareholder wishes to receive shareholder information from the company.</p> <p>The company has prepared an Investor Relations manual, which summarises all guidelines and policies relating to the general release of information, and in particular to information released via Nasdaq Copenhagen to the financial markets.</p> <p>Every quarter the company organises telephone conferences for analysts, investors and other interested parties in connection with the publication of quarterly and full year reports. Presentations from these telephone conferences will be available on the company's website immediately after the event. In addition, the company's Executive Board regularly participates in investor meetings both in Denmark and abroad, physically or virtually.</p>

Recommendation	Compliance	Explanation
<p>1.1.2. The Committee recommends that the company adopts policies on the company's relationships with its shareholders, investors and if relevant other stakeholders in order to ensure that the various interests are included in the company's considerations and that such policies are made available on the company's website.</p>	Compliant	<p>The company's Executive Board handles communication with investors, analysts and other stakeholders in accordance with current regulations and the company's guidelines.</p> <p>The Board of Directors continually reviews whether the company's policies comply with the company's relationship with stakeholders and society as a whole.</p> <p>The company's policies are published on dfds.com.</p>
<p>1.1.3. The Committee recommends that the company publishes quarterly reports.</p>	Compliant	<p>The company publishes quarterly reports.</p>
<p><i>1.2. General meeting</i></p>		
<p>1.2.1. The Committee recommends that the board of directors organises the company's general meeting in a manner that allows shareholders, who are unable to attend the meeting in person or are represented by proxy at the general meeting, to vote and raise questions to the management prior to or at the general meeting. The Committee recommends that the board of directors ensures that shareholders can observe the general meeting via webcast or other digital transmission.</p>	Compliant	<p>General meetings are called with at least three weeks' notice. Notification with an agenda will be sent to all shareholders who have registered for this, and relevant material for use in the general meeting will be made available in advance of the general meeting for all interested parties on the company's website.</p> <p>Shareholders can attend in person or by proxy[, and both shareholders and their proxies can be accompanied by an advisor]. Furthermore, each shareholder may vote in writing on a given topic on the agenda. Admission to the general meeting will be granted on request to the company no later than three days before the general meeting. If a shareholder wants a particular subject or proposal to be considered at the general meeting, then the shareholder should contact the company about this in writing no later than six weeks before the general meeting. A shareholder may in writing and in advance of the general meeting ask questions on the agenda thereof to the</p>

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		company. The company arranges for a live webcast so that shareholders may follow the general meeting from a distance.
1.2.2. The Committee recommends that proxies and postal votes to be used at the general meeting enable the shareholders to consider each individual item on the agenda.	Compliant	Shareholders have the opportunity to vote for or against every single item on the agenda. A proxy form is sent out in advance of the ordinary general meeting to all shareholders who have registered for this. The proxy form can also be downloaded from the company's website.
<i>1.3. Takeover bids</i>		
1.3.1. The Committee recommends that the company has a procedure in place in the event of takeover bids, containing a "road map" covering matters for the board of directors to consider in the event of a takeover bid, or if the board of directors obtains reasonable grounds to suspect that a takeover bid may be submitted. In addition, it is recommended that it appears from the procedure that the board of directors abstains from countering any takeover bids by taking actions that seek to prevent the shareholders from deciding on the takeover bid, without the approval of the general meeting.	Compliant	In the event of a takeover attempt, the Board of Directors will provide information about the potential advantages and disadvantages associated with the offer, in accordance with the company's takeover response manual.
<i>1.4 Relations with the wider society</i>		
1.4.1 The Committee recommends that the board of directors adopts a policy for the company's corporate social responsibility, including social responsibility and sustainability, and that the policy is available in the management commentary and/or on the company's website. The Committee recommends that the board of directors ensures compliance with the policy.		The company has established a number of policies within corporate social responsibility and at the company's website copies may be found of the Code of Conduct, Diversity and Inclusion as well as the Climate Action Plan.
1.4.2 The Committee recommends that the board of directors adopts a tax policy to be made available on the company's website.		The company has established and published on its website a tax policy.
2. Tasks and responsibilities of the board of directors		
<i>2.1. Overall tasks and responsibilities</i>		
2.1.1. The Committee recommends that the board of directors in support of the company's statutory objects according to its articles of association and the		The company has defined its purpose as "We move for all to grow". The company has not only taken formal steps like

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<p>long-term value creation considers the company's purpose and ensures and promotes a good culture and sound values in the company. The company should provide an account thereof in the management commentary and/or on the company's website.</p>	Compliant	<p>establishing a Code of Conduct, a diversity policy and having a whistleblower function to allow anonymous reporting of concerns but also through initiatives actively pursue being a caring employer, establishing a climate action plan, being a responsible neighbour and actively managing the company's carbon footprint.</p>
<p>2.1.2. The Committee recommends that the board of directors at least once a year discusses and on a regular basis follows up on the company's overall strategic targets in order to ensure the value creation in the company.</p>	Compliant	<p>The Board of Directors together with the Executive Board determines the company's overall strategy at least once a year, including at the annual strategy seminar which has a particular focus on the company's strategy and value creation in the company.</p>
<p>2.1.3. The Committee recommends that the board of directors on a continuously basis takes steps to examine whether the company's share and capital structure supports the strategy and the long-term value creation in the interest of the company as well as the shareholders. The Committee recommends that the company gives an account thereof in the management commentary.</p>	Compliant	<p>The company's Articles of Association do not contain any restrictions on voting rights, and each share has a nominal value of DKK 20 and confers the right to one vote. Accordingly, special rights are not given to any class of shareholder. The Articles of Association do not contain any restrictions on ownership.</p> <p>The Group has a policy on distribution of dividend and DFDS aims to increase distribution of dividend per share over time provided this is possible within the Group's target leverage. In addition, excess capital, as defined by the target capital structure, may be distributed to shareholders as an extra dividend and/or a buy-back of shares.</p> <p>The leverage is defined by the ratio of net-interest-bearing debt (NIBD) to operating profit before depreciations (EBITDA). The target leverage is a NIBD/EBITDA multiple of between 2.0 and 3.0.</p> <p>Distribution of dividend and excess capital can be suspended in connection with large investments, including acquisitions, and other strategic events.</p>

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		At least once a year the Board of Directors reassesses the policy and in particular the capital structure and the Group's needed capital resources for strategic initiatives and investments. Such assessments are conducted on the basis of financial reports and in particular when significant investments are made.
2.1.4. The Committee recommends that the board of directors prepares and on an annual basis reviews guidelines for the executive management, including requirements in respect of the reporting to the board of directors.	Compliant	<p>The rules of procedure for the Executive Board describe the mission and division of tasks between the Board of Directors and the Executive Board, together with procedure, authorization and instructions between the Board of Directors and the Executive Board, and between the auditors and the Executive Board. The rules of procedure for the Executive Board are reviewed once every year to the extent necessary on the basis of the requirements of the company and relevant legislation.</p> <p>Reports to the Board of Directors and the Audit Committee about financial and operational risks, including the control hereof, are provided as an integral part of the reporting process to the Board.</p>
<i>2.2. The directors</i>		
2.2.1. The Committee recommends that the board of directors, in addition to a chairperson, appoints a vice chairperson, who can step in if the chairperson is absent and who can generally act as the chairperson's close sparring partner.	Compliant	<p>The Board of Directors have appointed a Chair and a Deputy Chair. The Deputy Chair can act in the event of the Chair's absence and in other respects as an effective sounding board for the Chair.</p> <p>The tasks, obligations and responsibilities of the Chair and of the Deputy Chair are set out in the Board of Director's rules of procedure.</p>
2.2.2. The Committee recommends that the chairperson in cooperation with the individual members of the board of directors ensures that the members up-date and supplement their knowledge of relevant matters, and that the members' special knowledge and qualifications are applied in the best possible manner.	Compliant	The chair is ensuring that the special competencies of each director are activated in the interests of the company and continuously developed.

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<p>2.2.3. The Committee recommends that if the board of directors, in exceptional cases, requests a member of the board of directors to take on special duties for the company, for instance, for a short period to take part in the daily management of the company, the board of directors should approve this in order to ensure that the board of directors maintains its independent overall management and control function. It is recommended that the company publishes any decision on allowing a member of the board of directors to take part in the daily management, including the expected duration thereof.</p>	Compliant	Neither the Chair of the Board of Directors nor any other member performs other tasks for the company than to attend to the job as Chair, respectively member of the Board.
<h3>3. Composition, organization and evaluation of the board of directors</h3>		
<p>3.1. Composition</p>		
<p>3.1.1. The Committee recommends that the board of directors on an annual basis reviews and in the management commentary and/or on the company's website states</p> <ul style="list-style-type: none"> • which qualifications the board of directors should possess, collectively and individually, in order to perform its duties in the best possible manner, and • the composition of and diversity on the board of directors. 	Compliant	<p>The Board of Directors puts specific emphasis on ensuring that its members have [leadership experience from listed companies, together with] knowledge and experience in a business related to DFDS' area of commercial operation, which means the ferry and logistics divisions. Other significant recruitment criteria are financial expertise and experience, including knowledge of running a capital-intensive business, IT and digitization, sustainability, experience with mergers & acquisitions, financial reporting as well as international management.</p> <p>The Board of Directors' collective profile is characterised by its appreciable international leadership experience. Five out of the six members elected at the Annual General Meeting hold senior positions in leading Danish or foreign entities.</p> <p>The required competencies can be found on the company's website, and a profile of each individual board member is set out in the company's Annual Report.</p>
<p>3.1.2. The Committee recommends that the board of directors on an annual basis discusses the company's activities in order to ensure relevant diversity at</p>	Compliant	<p>Diversity including equal opportunities for both genders is important to the company and is discussed by the Board annually. The company has established a policy for diversity</p>

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the different management levels of the company and adopts a diversity policy, which is included in the management commentary and/or available on the company's website.		and inclusion which is published on the company's website with a link thereto in the Annual Report.
3.1.3. The committee recommends that candidates for the board of directors are recruited based on a thorough process approved by the board of directors. The Committee recommends that in assessing candidates for the board of directors – in addition to individual competencies and qualifications – the need for continuity, renewal and diversity is also considered	Compliant	<p>The Board of Directors continually evaluates the composition of the Board, which, in particular, includes assessing whether the competencies required by the company are adequately represented on the Board.</p> <p>The Board of Directors' position is that suitable candidates are most welcome on the Board of Directors and in leadership positions in general irrespective of their gender and age, though gender or age in itself is not a qualification.</p>
<p>3.1.4. The Committee recommends that the notice convening general meetings, where election of members to the board of directors is on the agenda - in addition to the statutory items - also includes a description of the proposed candidates'</p> <ul style="list-style-type: none"> • qualifications, • other managerial duties in commercial undertakings, including board committees, • demanding organisational tasks and • independence. 	Compliant	<p>Both new candidates as well as candidates nominated for re-election are presented in advance of the general meeting in the notice to shareholders with information about the candidates' age, background, qualifications along with their management roles in other Danish and foreign companies or other demanding positions of trust with relevance for board level work in the company.</p> <p>Information about the independence of board members can be found in the Annual Report and on the company's website.</p>
3.1.5. The Committee recommends that members to the board of directors elected by the general meeting stand for election every year at the annual general meeting, and that the members are nominated and elected individually.	Compliant	Members of the Board of Directors are elected at the general meeting for a period of one year at a time. Re-election can take place. The average length of service for individual members of the Board of Directors was 7 years and 11 months at the end of 2021.
<i>3.2. Independence of the board of directors</i>		

Recommendation	Compliance	Explanation
<p>3.2.1. The Committee recommends that at least half of the members of the board of directors elected in general meeting are independent in order for the board of directors to be able to act independently avoiding conflicts of interest.</p> <p>In order to be independent, the member in question may not:</p> <ul style="list-style-type: none"> • be or within the past five years have been a member of the executive management or an executive employee in the company, a subsidiary or a group company, • within the past five years have received large emoluments from the company/group, a subsidiary or a group company in another capacity than as member of the board of directors, • represent or be associated with a controlling shareholder, • within the past year have had a business relationship (e.g. personally or indirectly as a partner or an employee, shareholder, customer, supplier or member of a governing body in companies with similar relations) with the company, a subsidiary or a group company, which is significant for the company and/or the business relationship, • be or within the past three years have been employed with or a partner in the same company as the company's auditor elected in general meeting, • be a CEO in a company with cross-memberships in the company's management, • have been a member of the board of directors for more than twelve years, or • be closely related to persons, who are not independent, cf. the above-stated criteria. <p>Even if a member of the board of directors does not fall within the above-stated criteria, the board of directors may for other reasons decide that the member in question is not independent.</p>	Compliant	<p>At least half of the members of the Board of Directors elected by the general meeting are independent persons, as five of the Board of Directors' six members elected by the general meeting fulfill the recommended definition of independence.</p> <p>One of the six members elected by the general meeting does not fulfill the recommended definition of independence. Jill Lauritzen Melby has family ties to Lauritzen Fonden, which is a controlling shareholder in the company and has served on the board for more than 12 years.</p>
<p>3.2.2. The Committee recommends that members of the executive management are not members of the board of directors and that members</p>	Compliant	<p>There are no current or former executives of the company on the Board of Directors.</p>

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retiring from the executive management does not join the board of directors immediately thereafter.		
<i>3.3. Members of the board of directors and the number of other management functions</i>		
3.3.1. The Committee recommends that the board of directors and each of the members on the board of directors, in connection with the annual evaluation, cf. recommendation 3.5.1., assesses how much time is required to perform the board duties. The aim is for the individual member of the board of directors not to take on more managerial duties than the board member in question is able to perform in a satisfactory manner.	Compliant	The assessment of each board member includes an evaluation of his or her efforts and commitment, including an assessment of whether the individual member has the opportunity to devote the time that is required for board work.
3.3.2. The Committee recommends that the management commentary, in addition to the statutory requirements, contains the following information on the individual members of the board of directors: <ul style="list-style-type: none"> • position, age and gender, • competencies and qualifications relevant to the company, • independence, • year of joining the board of directors, • year of expiry of the current election period, • participation in meetings of the board of directors and committee meetings, • managerial duties in other commercial undertakings, including board committees, and demanding organisational assignments, and • the number of shares, options, warrants, etc. that the member holds in the company and its group companies and any changes in such holdings during the financial year 	Compliant	The Annual Report contains the recommended information about the individual board members.
<i>3.4. Board committees</i>		
3.4.1. The Committee recommends that the management describes in the management commentary: <ul style="list-style-type: none"> • the board committees' most significant activities and number of meetings in the past year, and • the members on the individual board committees, including the chairperson and the independence of the members of the committee in question. 	Compliant	At present the company has set up an Audit Committee, a Nomination Committee and a Remuneration Committee. The mandate and essential activities of the committees are disclosed in the description of the committees which is available on www.dfds.com . The management commentary of the annual report also provides information about how many meetings the committees hold, the names and qualifications of its members,

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<p>In addition, it is recommended that the board committees' terms of reference are published on the company's website</p>		<p>who the Chair of the committee is, and which members are independent members with specific qualifications.</p>
<p>3.4.2. The Committee recommends that board committees solely consist of members of the board of directors and that the majority of the members of the board committees are independent.</p>	Compliant	<p>The majority of the members of each of the audit, nomination and remuneration committee are independent since the audit committee consists of three members of which two are independent and all three members of the nomination and remuneration committees are independent. All committee members are also board members.</p>
<p>3.4.3. The Committee recommends that the board of directors establishes an audit committee and appoints a chairperson of the audit committee, who is not the chairperson of the board of directors. The Committee recommends that the audit committee, in addition to its statutory duties, assists the board of directors in:</p> <ul style="list-style-type: none"> • supervising the correctness of the published financial information, including accounting practices in significant areas, significant accounting estimates and related party transactions, • reviewing internal control and risk areas in order to ensure management of significant risks, including in relation to the announced financial outlook, • assessing the need for internal audit, • performing the evaluation of the auditor elected by the general meeting, • reviewing the auditor fee for the auditor elected by the general meeting, • supervising the scope of the non-audit services performed by the auditor elected by the general meeting, and • ensuring regular interaction between the auditor elected by the general meeting and the board of directors, for instance, that the board of directors and the audit committee at least once a year meet with the auditor without the executive management being present <p>If the board of directors, based on a recommendation from the audit committee, decides to set up an internal audit function, the audit committee must:</p> <ul style="list-style-type: none"> • prepare terms of reference and recommendations on the nomination, employment and dismissal of the head of the internal audit function and on the budget for the department, 	Compliant	<p>An Audit Committee is established. The committee meets at least five times per year. The Company's independent auditor participates in at least four of these meetings.</p> <p>The Chair of the Board of Directors does not act as the Chair of the Audit Committee. The Audit Committee together possesses the necessary qualifications within the area of accountancy, auditing and financial matters as well as regarding the Group's activities and industries. The audit committee supports the board including in relation to the mentioned tasks.</p> <p>Annually the Audit Committee assesses the need for an internal audit function.</p> <p>The Audit Committee has assessed that the company does not need to establish an internal audit function based on its positive assessment of the Company's internal controls as well as the current size and structure of the DFDS Group. Consequently, the Audit Committee has advised the Board of Directors that the establishment of an internal audit function is not deemed necessary.</p>

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<ul style="list-style-type: none"> • ensure that the internal audit function has sufficient resources and competencies to perform its role, and • supervise the executive management’s follow-up on the conclusions and recommendations of the internal audit function 		
<p>3.4.4. The Committee recommends that the board of directors establishes a nomination committee to perform at least the following preparatory tasks:</p> <ul style="list-style-type: none"> • describing the required qualifications for a given member of the board of directors and the executive management, the estimated time required for performing the duties of this member of the board of directors and the competencies, knowledge and experience that is or should be represented in the two management bodies, • on an annual basis evaluating the board of directors and the executive management’s structure, size, composition and results and preparing recommendations for the board of directors for any changes, • in cooperation with the chairperson handling the annual evaluation of the board of directors and assessing the individual management members’ competencies, knowledge, experience and succession as well as reporting on it to the board of directors, • handling the recruitment of new members to the board of directors and the executive management and nominating candidates for the board of directors’ approval, • ensuring that a succession plan for the executive management is in place, • supervising executive managements’ policy for the engagement of executive employees, and • supervising the preparation of a diversity policy for the board of directors’ approval. 	Compliant	The Board of Directors have established a Nomination Committee chaired by the Chair of the Board of Directors. The charter of the committee includes all of the tasks referred to.
<p>3.4.5. The Committee recommends that the board of directors establishes a remuneration committee to perform at least the following preparatory tasks:</p> <ul style="list-style-type: none"> • preparing a draft remuneration policy for the board of directors’ approval prior to the presentation at the general meeting, • providing a proposal to the board of directors on the remuneration of the members of the executive management, 	Compliant	The Board of Directors have established a Remuneration Committee chaired by the Chair of the Board of Directors. The charter of the committee includes all of the tasks referred to.

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<ul style="list-style-type: none"> • providing a proposal to the board of directors on the remuneration of the board of directors prior to the presentation at the general meeting, • ensuring that the management’s actual remuneration complies with the company’s remuneration policy and the evaluation of the individual member’s performance, and • assisting in the preparation of the annual remuneration report for the board of directors’ approval prior to the presentation for the general meeting's advisory vote 		
<p><i>3.5. Evaluation of the performance of the board of directors and the executive board</i></p>		
<p>3.5.1. The Committee recommends that the board of directors once a year evaluates the board of directors and at least every three years engages external assistance in the evaluation. The Committee recommends that the evaluation focuses on the recommendations on the board of directors’ work, efficiency, composition and organisation, cf. recommendations 3.1.-3.4. above, and that the evaluation as a minimum always includes the following topics:</p> <ul style="list-style-type: none"> • the composition of the board of directors with focus on competencies and diversity • the board of directors and the individual member’s contribution and results, • the cooperation on the board of directors and between the board of directors and the executive management, • the chairperson’s leadership of the board of directors, • the committee structure and the work in the committees, • the organisation of the work of the board of directors and the quality of the material provided to the board of directors, and • the board members’ preparation for and active participation in the meetings of the board of directors. 	Compliant	Every year the Board of Directors conducts an evaluation of the work of the Board of Directors as well as regarding the collaboration with the Executive Board. External assistance was obtained for the evaluation relating to financial year 2020 and to a more limited extent also for 2021.
<p>3.5.2 The Committee recommends that the entire board of directors discusses the result of the evaluation of the board of directors and that the procedure for the evaluation and the general conclusions of the evaluation are described in</p>	Compliant	Every year the cooperation between the Board of Directors and the Executive Board is evaluated under the leadership of the Chair of the Board of Directors. The process and overall

Recommendation	Compliance	Explanation
the management commentary, on the company's website and at the company's general meeting.		conclusions of the evaluation are referred to in the management commentary, included on the company's website and referred to at the annual general meeting.
3.5.3. The Committee recommends that the board of directors at least once a year evaluates the work and results of the executive management according to preestablished criteria, and that the chairperson reviews the evaluation together with the executive management. In addition, the board of directors should on a continuous basis assess the need for changes in the structure and composition of the executive management, including in respect of diversity, succession planning and risks, in light of the company's strategy.	Compliant	Every year the Executive Board's performance is evaluated under the leadership of the Chair of the Board of Directors.
4. Remuneration of management		
<i>4.1. Form and content of the remuneration policy</i>		
4.1.1. The Committee recommends that the remuneration for the board of directors and the executive management and the other terms of employment/service is considered competitive and consistent with the company's long-term shareholder interests.	Compliant	<p>According to the company's remuneration policy, members of the management bodies are remunerated on the basis of their contribution and results, taking into account the situation in comparable businesses to ensure that remuneration and other terms are competitive and compatible with the long-term interests of the shareholders.</p> <p>The company's remuneration policy consists of a thorough description of the components constituting the remuneration of Board of Directors and Executive Board.</p> <p>The Board of Directors endeavors to ensure that the remuneration policy is clear and easily understood. The total remuneration of the Chair, Deputy Chair, Board members and members of the Audit, Remuneration as well as the Nomination Committees respectively is specified in the Annual Report. The remuneration policy is published on www.dfds.com.</p>

Recommendation	Compliance	Explanation
<p>4.1.2. The Committee recommends that share-based incentive schemes are revolving, i.e. that they are periodically granted, and that they primarily consist of long-term schemes with a vesting or maturity period of at least three years.</p>	Compliant	See section 4.1.1 above. Remuneration agreements provide for repayment of variable components paid out erroneously.
<p>4.1.3. The Committee recommends that the variable part of the remuneration has a cap at the time of grant, and that there is transparency in respect of the potential value at the time of exercise under pessimistic, expected and optimistic scenarios.</p>	Compliant	<p>The members of the Board of Directors receive a fixed annual remuneration, determined after a comparison with the remuneration paid by other companies. The size of the remuneration is submitted to the general meeting for approval each year, along with the Annual Report. The members of the Audit, Remuneration and Nomination Committees receive a separate remuneration.</p> <p>The members of the Board of Directors and/or committees do not receive incentive pay.</p> <p>Variable pay to the Executive Board is capped at the time of award and the potential value is explained for transparency.</p>
<p>4.1.4. The Committee recommends that the overall value of the remuneration for the notice period, including severance payment, in connection with a member of the executive management's departure, does not exceed two years' remuneration including all remuneration elements.</p>	Compliant	Termination does not trigger termination payments amounting to more than two years' annual remuneration.
<p>4.1.5. The Committee recommends that members of the board of directors are not remunerated with share options and warrants.</p>	Compliant	Neither share options nor warrants form part of remuneration for members of the Board of Directors.

Recommendation	Compliance	Explanation
4.1.6 The Committee recommends that the company has the option to reclaim, in whole or in part, variable remuneration from the board of directors and the executive management if the remuneration granted, earned or paid was based on information, which subsequently proves to be incorrect, or if the recipient acted in bad faith in respect of other matters, which implied payment of a too large variable remuneration.		The company has claw-back rights in relation to variable remuneration for the Executive Board.
5. Risk management		
<i>5.1. Identification of risks and transparency about other relevant information</i>		
5.1.1. The Committee recommends that the board of directors based on the company's strategy and business model considers, for instance, the most significant strategic, business, accounting and liquidity risks. The company should in the management commentary give an account of these risks and the company's risk management.	Compliant	The risks associated with the company's business are identified continuously by the Executive Board. The company strives to reduce the financial and operational risks by protection through the use of hedging and security policies and procedures, together with the observance of all relevant rules and codes of practice for the company's activities. Strategic and commercial risks are evaluated continuously in connection with annual strategic work and on-going reporting, and in particular in connection with major investment projects.
5.1.2. The Committee recommends that the board of directors establishes a whistleblower scheme, giving the employees and other stakeholders the opportunity to report serious violations or suspicion thereof in an expedient and confidential manner, and that a procedure is in place for handling such whistleblower cases.	Compliant	The company operates a whistleblower scheme meeting the characteristics set out.