# Policy for fuels enabling GHG reductions

LAST UPDATE: JULY, 2024

# Change history

The policy is reviewed minimum annually in collaboration with Group Decarbonisation to ensure latest development within fuel technology and regulation are included where necessary.

| Date | Reason | Changes |
|---|---|---|
| 18/07-2024 | New policy layout | A new edition of the policy has been prepared with new sections, new layout, and updated content. |
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# Approval

This policy has been reviewed and approved.

| Date | Name, title |
|---|---|
| 18/07-2024 | Sofie Lindegaard, Head of Group Sustainability |

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# Introduction

As a ferry operator and logistics service provider, we are aware that our business activities have an impact on both local environment where our fuel is produced, where we operate and the global climate. This perspective is included in the “Moving to Green” route in the DFDS “Moving Together Towards 2030” corporate strategy.

The purpose of this policy is to establish minimum requirements to energy sources going into DFDS Decarbonised solutions. In DFDS we acknowledge our responsibility through our full value chain – this also applies to how we work with GHG emissions where both upstream (Well-to-Tank) and downstream (Tank-to-Wheel/Wake) perspectives are taken into consideration when reduction impact is calculated.

The policy defines specific requirements to feedstock and certifications related to alternative fuels used in operation.

# Scope

This policy applies to the sourcing of all energy (biofuel, electricity and PtX fuels) that will go into DFDS Green solutions.

# Policy statement

**Biofuels**
*Covering FAME, HVO and other biomass derived fuels as bio-methanol***.**
Certification

- 3rd party certification is a requirement to document level of fulfilment of EU sustainability criteria (at least 65% WtW GHG savings) for biofuels (RSB or ISCC)
- The biofuel must have a proof of sustainability under a RSB or ISCC mass balance to support any emissions-saving claims

Feedstock

- Only wastes, residues and by-products are accepted for vessel operations and prioritised in land operations as feedstocks with preference for the feedstocks for advanced biofuels in Annex IX of the EU Renewable Energy Directive II (2018/2001). Forestry waste and residues must originate from FSC certified forest or equivalent.
- Any first-generation crops (e.g., corn, soy, rapeseed, sugar cane, sugar beet, sunflower, energy crops, except palm oil) or feedstock commonly used for feed purposes are only accepted for land-operation as feedstock for transitional fuels.
- Any first-generation woody biomass (e.g., roundwood) is only accepted for land-operation as feedstock for transitional fuels.

**Alternative fuels of non-biological origin**
*Considerations regarding Ammonia, Hydrogen, Methanol, synthetic diesel etc*

Differentiation between “blue” and “green” fuels, which both can achieve significant WtW GHG reductions, regards the production of hydrogen in the fuel.

“Green” fuels are also known as Renewable Fuels of Non-Biological Origin (RFNBO) or renewable e-fuels. The hydrogen in “green” fuels must be produced via electrolysis supported by renewable electricity (See electricity requirements in the EU delegated acts 2023/1184 and 2023/1185), while the hydrogen in “blue” fuels is produced via conventional processes supported by fossils, as Natural Gas (NG), while most of the CO2 emissions are caught and stored via Carbon Capture Storage (CCS).

Certification

- 3rd party certification is a requirement to document fulfilment of EU sustainability criteria (at least 70% WtW GHG savings) for alternative fuels (ISCC or RSB)
- Alternative fuels must have a proof of sustainability/certification under ISCC mass balance to support any emissions-saving claims.

In addition to carbon fuels as e-methanol, e-diesel etc.

- The carbon derived from non-sustainable fuel combustion for electricity production should be considered avoided emissions until 2035, and Carbon Capture Utilization (CCU) from other uses of non-sustainable fuels should be considered avoided emissions until 2040. Afterwards the carbon needed must be derived from DAC (Direct Air Capture).

**Electricity**
Certification

- Certificates: Renewable Energy Certificates (REC) and Guarantee of Origin (GO) are the preferred solutions. Power Purchase Agreements (PPA's) may be considered on a case-by-case basis.

Priority related to certificates:

- REC/GOs characteristics must include:
  - Vicinity (within country borders)
  - Age: as young as possible (lower CO2 emission)
  - By priority: 1. Wind/Sun, 2. Hydro (if within the age guidelines), 3. nuclear

**Additional requirement for energy used for DFDS green product solutions**

- Sourced energy must include the required certification/documentation needed to claim and sell GHG reduction (customer scope 3) as a DFDS in setting certificate.

## Implementation

Individuals sourcing energy to be used for the green products are responsible to ensure the above minimum requirements in this policy are met and can be always documented.

## Roles and responsibilities

The Group Sustainability team is responsible for reviewing the policy, updating the policy twice a year or when significant changes occur within the scope of the policy (within DFDS green product portfolio, sustainability standards, technical possibilities, and/or regulation)

The Decarbonisation Board is responsible for approving and implementing the policy.

## Contact information

If you have any questions to the policy, please reach out to Sofie Lindegaard from Group Sustainability (Solin@dfds.com).