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LOWER INCIDENT FREQUENCY AShORE AND NO FATALITIES REPORTED IN 2014

IMPROVED REPORTING OF INCIDENTS AT SEA

NEW TRAINEES AND APPRENTICESHIP PROGRAMMES IN 2014

DFDS TAKES LEAD IN SOCIAL PROGRAMMES

DFDS ON TRACK TO REDUCE CO₂ EMISSIONS BY 5% OVER FIVE YEARS

SCRUBBER INVESTMENTS HELP REDUCE EMISSIONS OF SULPHUR DIOXIDES AND PARTICLES
DFDS’ work with corporate responsibility is coordinated and governed by a CR Committee that reports to executive management. The committee is headed by our sustainability and public affairs department.

**About the report**
This report has been drawn up in accordance with the principles for content and quality outlined in the Global Reporting Initiative’s sustainable reporting guidelines.

DFDS aspires to act responsibly when we carry passengers and freight on our ships and provide transport and logistics solutions to manufacturers.

This includes goals for reducing our impact on the environment, keeping people and goods safe, securing jobs and good working conditions, taking social initiatives and being a diverse company as regards nationality, gender, race and age. We also act to protect our company against fraud and to communicate and engage with our stakeholders in a trustworthy manner.

This is all part of our efforts to create value for both society and our stakeholders.

Every year, we strive to make progress in our Corporate Responsibility work. We support new initiatives that benefit our environment and other stakeholder groups, as long as it is done on equal terms for all parties involved. Our investment in scrubbers demonstrates our will and ability to react efficiently to major environmental challenges in line with our The DFDS Way operating model based on continuous improvement, and doings things a little better every day in all parts of our company.

In the following pages, we report on the results of our CR work in 2014, our policies, our processes and systems, and our plans for securing continuous improvements in the future.

**Niels Smedegaard,**
**President & CEO**
# Stakeholder Relations

The table shows our stakeholders, how we cooperate, and tracks progress on CR related activities.

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<td><strong>Freight customers</strong></td>
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<td>• Continued roll-out of Customer Focus Initiative</td>
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<td>• Improved website</td>
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<td>• Retailers and food producers</td>
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<td>• Safety record</td>
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<td>• New CRM system</td>
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<td>• Individuals, families and groups</td>
<td>• Customer surveys</td>
<td>• Easily accessible travel/booking information</td>
<td>• Training of sales staff</td>
<td>• Continued sales training</td>
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<td>• Coach operators</td>
<td>• Ongoing relationships/account management</td>
<td>• Staff customer service, including claims management</td>
<td>• Ongoing relationships/account management</td>
<td>• Roll out of Velocity</td>
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<td>• Feedback forms on ferries</td>
<td>• Onboard passenger experience</td>
<td>• Ongoing relationships/account management</td>
<td>• Roll out of Truckcom</td>
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<td>• Via freight and passenger booking intermediaries</td>
<td>• Improved efficiencies, less environmental impact</td>
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<td>• Social media, e.g. Facebook, twitter, LinkedIn</td>
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<td>• Reliability, frequency and capacity</td>
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<td><strong>Employees</strong></td>
<td>• 6,400 employees across 20 countries</td>
<td>• Ongoing daily management</td>
<td>• Healthy and safe working environment</td>
<td>• Ullsteinblower model development</td>
<td>• Promoting safety culture through continuous training</td>
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<td><strong>Unions</strong></td>
<td>• Unions</td>
<td>• Employee annual appraisal</td>
<td>• Fair employment conditions</td>
<td>• Diversity</td>
<td>• Bearing survey</td>
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<td>• Seafarer Associations</td>
<td>• Weekly employee newsletter</td>
<td>• Career development and fair reward</td>
<td></td>
<td>• Diversity initiatives Implementation of Talent Programme &amp; Succession Planning</td>
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<td>• International Labour Organization (ILO)</td>
<td>• BI-annual employee survey</td>
<td>• Training provision</td>
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<td>• Continued training of managers to enable good leadership</td>
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<td>• Regular meetings and training courses</td>
<td>• Ethical, consistent ways of working</td>
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<td></td>
<td>• Training programme aimed at leaders, specialists, talents and senior management</td>
<td>• Diversity</td>
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<td><strong>Public-sector and government agencies</strong></td>
<td>• IMO</td>
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<tr>
<td><strong>(land &amp; sea)</strong></td>
<td>• Marine Accident and Fire Investigation Organisations</td>
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<td>• Health &amp; Safety Agencies</td>
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<td>• Maritime &amp; Coastguard Agencies</td>
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<td>• Environment Agencies</td>
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<td>• Local Authorities</td>
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<td>• Customs &amp; Excise, Immigration Dept.</td>
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<td>• Various Port Authorities</td>
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<td>• Highways agencies</td>
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<td>• National tourism bodies</td>
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<td><strong>Public-sector and government agencies</strong></td>
<td>• Meetings via industry groups</td>
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<td><strong>(land &amp; sea)</strong></td>
<td>• Compliance related communications</td>
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<td></td>
<td>• Policy advocacy work</td>
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<td>• Investigations relating to incidents arising</td>
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<td>• National government meetings and ministerial receptions</td>
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<td></td>
<td>• Promote attractions of regions/countries to tourists</td>
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<td><strong>Public-sector and government agencies</strong></td>
<td>• Installation of seven scrubbers to comply with new sulphur emission rules</td>
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<td><strong>(land &amp; sea)</strong></td>
<td>• On going improvement to existing scrubber installations (powder dosing)</td>
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<td>• Preparation of transition to more environmentally friendly fuel</td>
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<tr>
<td><strong>Public-sector and government agencies</strong></td>
<td>• Installation of six scrubbers in 2015</td>
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<tr>
<td><strong>(land &amp; sea)</strong></td>
<td>• Additional scrubbers expected to be installed in 2016</td>
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<td>• LNG studies</td>
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<td>• Analysis of lengthening of ships</td>
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**DFDS CR REPORT 2014**

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# Stakeholder Relations II

The table shows our stakeholders, how we cooperate, and tracks progress on our related activities.

|-------------|--------------|--------------------------|-------------------------|----------------------|----------------------|
| Finance     | - Shareholders, including anchor shareholder Lauritzen Foundation  
- Investors  
- Financial Institutions  
- Insurers and brokers | - Quarterly financial reporting & public conference calls  
- Company announcements  
- Investor meetings  
- International road shows  
- Dialogue with analysts  
- Updates posted online  
- Continuous dialogue (meetings and business/insurance presentations) with broker/insurers, incumbent and prospective | - Transparent, consistent and accurate reporting  
- Access to management  
- Responsibility and reliability  
- Focus on security, safety, operational performance and pro-active risk management/loss prevention | - Investor meetings held in Europe and USA  
- New DFDS Review folder, summary folder of annual report  
- New online DFDS Review report  
- DKK 472m distributed to shareholders in accordance with policy  
- H&M performance review and initiating performance based loss prevention measures | - Greater frequency of international road shows  
- Continue and further develop targeted loss prevention initiatives, as required |
| Industry organisations | - PSS - Ports Skills & Safety  
- European Community Shipowners' Association (ECSA)  
- Interferry  
- Local Shipowner Associations  
- Classification Associations | - PSS meetings and involvement in management  
- Informal and formal meetings with peers and industry associations  
- Lobbying/advocacy  
- Emission reductions  
- Continuous improvement of health and safety practices  
- Installation of seven scrubbers to comply with new sulphur emission rules  
- Preparation of transition to more environmentally friendly fuel | - Accessibility and accountability  
- Safety management systems  
- Risk assessments  
- Emission reductions  
- Best value, including non-financial factors  
- High:Five programme  
- Christmas lunch for homeless people in Copenhagen, Oslo and Amsterdam | - Meetings, conferences and involvement with among others ECSA, Interferry  
- Improved engagement with communities where we operate |
| Suppliers | - Catering suppliers  
- Bunker suppliers  
- Haulers  
- Part suppliers for ship maintenance  
- Dockyards  
- Transport equipment manufacturers | - Ongoing dialogue  
- Audit of major road haulage contractors  
- Mentoring of smaller road haulage contractors  
- In-house safety training spaces offered to business partners  
- Employment opportunities  
- Responsible operations  
- Management of neighbour relations  
- Noise reduction initiatives  
- DFDS Connect, social media website  
- Media dialogue  
- Environmental Initiatives  
- (see above) | - Accessibility  
- Transparency, consistent and accurate information  
- Environmental management and performance, incl. emissions and responsible scrapping of ships  
- Further develop social media strategy as part of digitalisation programme | | |
| Local communities in which we operate | - Communities by our ports, terminals and routes, our warehouses, offices and other facilities  
- Through employees  
- Site offices and local contact numbers  
- Newsletters (e.g. Rotterdam)  
- Charitable initiatives | - Employment opportunities  
- Responsible operations  
- Management of neighbour relations  
- Noise reduction initiatives | | |
| Media, NGO's and others | - Media  
- NGO's (national/ international)  
- International organisations  
- Lauritzen Foundation | - Memberships of organisations  
- Work with specialist organisations like the Carbon Trust  
- Press Office  
- Range of publications and engagements  
- Access to management  
- Responsibility and reliability  | | |
Highlights
• No fatalities recorded in 2014
• Two boiler fires on ships
• Ship collision with a quay

Training and drills save lives
The DFDS Way is to enhance performance through continuous improvements, and we believe that the major tools in achieving continuous improvements in our health and safety standards are training and drills on board our ships. We believe that the training standards and frequent drills were instrumental in the crew’s ability to fight a major fire in 2013 on our freight ship Britannia Seaways. They also prevented minor boiler fires on Calais Seaways and Dieppe Seaways in 2014 from developing into major incidents.

DFDS’ Vice President of Marine Standards addressed an IMO meeting in September 2014. He emphasised that more focus should be on training and drills involving the crew rather than the growing administrative burden experienced on board. The issue was supported by the IMD and by Captain Andreas Kristensen of Britannia Seaways when he addressed the IMO in November. He had accepted, with thanks, the IMD Award for Exceptional Bravery at Sea, given to him and his crew for their brave handling of the fire on board in 2013.

In line with our strategy, DFDS aims to participate in drills in cooperation with various rescue and emergency authorities. A full-scale drill in 2014 included King Seaways in a drill involving the British, Dutch and French authorities at the same time. The cooperation with the rescue authorities included drills that simulated terrorist attacks on ships. We welcome this cooperation and believe that these drills are extremely valuable when it comes to improving the safety and security of our passengers and crews.

Lost Time Injuries frequency shows unsatisfactory regional variations
The Lost Time Injury (LTI) frequency rate provides an overview of the number of work-related injuries in the past year. DFDS measures the LTI frequency rate in work-related incidents per million working hours that cause absence from work for more than 24 hours.

No major injuries were recorded in 2014.

However, the frequency of LTIs increased from 6.84 in 2013 to 9.31 in 2014. The increase is mainly due to a poor performance on our French-flagged ships, where back pains and minor cuts are the major reasons.

It should be taken into consideration that DFDS operates a number of passenger ships with a large number of non-marine staff (catering) where we see very minor cuts to hands causing a high LTI frequency for hygiene reasons because the affected people work with food. This accounts for a major difference in the average LTI frequency between passenger ships (10.29) and cargo ships (4.30).

However, the LTI frequency in our French fleet is unacceptable and will be addressed in 2015. In order to reduce LTI frequency on board our ships, DFDS has started working with the Danish SEARHEALTH occupational health service (Søfartens Arbejdsmiljøråd). Its experts come on board our ships to assess and document the risks and train the crew in safe routines and strategies to limit the risks.

Near-miss reports
Near misses are hazardous occurrences that, under different circumstances, could lead to an incident. If corrective actions are not taken, DFDS’ policy is to support the reporting of near-miss incidents in order to develop best practices in avoiding and reacting efficiently to near misses. In 2014, 62.3 near misses were reported on average per ship. This is a satisfactory level and in line with the average number of reports in 2013, and well above our target.

Future steps / commitments 2015/16
• Reduce the number of crew accidents on board French-flagged ships
• Maintain progress towards zero lost time accidents across the rest of the fleet
• Continue improvement in safety-related performance.
Our approach

All ships are surveyed and certified according to international, EU and national legislation. They are also subject to internal audits and inspections for safety, labour conditions and security according to statutory instruments and company procedures.

Under the International Safety Management (ISM) code, the International Ship and Port Facility Security code (ISPS) and the Maritime Labour Convention (MLC), all maritime safety measures and security factors must be reported for all ships on an ongoing basis, and all ships must report any incidents on board. This can be done anonymously under a ‘no blame’ policy according to company procedures and international safety guidelines.

Our Marine Standards experts, People & Ships VPs and CEO meet monthly to review formally the ships’ safety-related performance. Core to this process is a review of all safety and operational data collected from ships in readiness for inspection by maritime authorities. Such reviews are published to all ships and key shore-based managers.

DFDS’ Health, Safety and Environment Policy, which is reviewed annually by Management, is designed to deliver improvement through active demonstration of commitment and leadership. This means practising what we preach, with all managers behaving in a way that demonstrates safety and accountability.

Richard Baines, DFDS Group HSE Manager

SAFETY CULTURE DEVELOPMENT IS COMPLEMENTARY TO THE OVERALL CULTURE OF THE DFDS WAY, WHICH AMONG OTHER THINGS PROMOTES CONTINUOUS IMPROVEMENT AND SHARING OF BEST PRACTICES.
SAFETY AND SECURITY
ASHORE

Highlights
• No fatalities recorded in 2014
• Accident frequency has decreased
  - Accident severity has increased
• Most accidents caused by
  individual’s actions rather than
  failure of systems
• E-learning tool enhances safety
  training and raises awareness of
  safety risks

Lower accident frequency,
but more severe injuries
DFDS is an organisation in continuous
growth, and this also applies to the
land-based activities, port terminals,
warehouses, offices and transport
operations. Therefore, we have decided
to measure our land-based safety
performance by means of an Accident
Frequency Rate (AFR) rather than the
number of accidents. In this way, we
will get a true picture of the safety
performance that reflects the actual
risk to individual employees and can be
compared from year to year.

In 2014, DFDS recorded an AFR of 6.22.
This is a 12% improvement compared
to 2013.

However, we did not reach our 15%
improvement target. That would have
been an AFR of 5.80, or 42 Lost Time
Accidents (LTAs), with 3,572 land-based
employees in 2014.

Injury severity represented by lost work-
ing days significantly increased in 2014
compared to 2013; the average number
of lost days per LTA more than doubled
from 12 in 2013 to 26 in 2014.

DFDS Group Safety Performance
Jan-Dec. 2014

<table>
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<tr>
<th>Group</th>
<th>2012</th>
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<th>2014</th>
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<td>LTRs</td>
<td>39</td>
<td>48</td>
<td>45</td>
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<tr>
<td>AFR</td>
<td>6.86</td>
<td>7.10</td>
<td>6.22</td>
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Enhanced safety training
The accidents are, by and large,
caused by individuals’ actions rather
than there being a failure of safety
management systems; this is a con-
tinuing trend from 2013. Therefore,
the solution is to increase individuals’
personal awareness of safety as part
of the overall development of DFDS’
safety culture. In order to raise aware-
ness and knowledge about safety
among staff, DFDS has introduced
e-learning safety modules so people
can receive online safety training.
This has greatly improved the number
of people who have received safety
training. In 2014, 2,320 e-learning
safety modules were completed.

There is a suite of six core safety
modules with common applicability
across the Group (Risk Assessment,
Fire, Manual Handling, Slip/Trip, Display
Screen Equipment and Environment)
plus several site specific modules
such as food safety for Belfast – and
each module takes approximately 30
minutes to complete. A module is only
counted as complete when an 80% pass
mark is achieved.

Future steps/commitments
E-learning tools will continue to con-
tribute to improved safety by raising
awareness of safety throughout the
organisation.

Dutch language versions of the core
safety modules have been prepared to
make the material more user-friendly.
French language modules will be gener-
ated in 2015.

The target for 2015 will be a 15% im-
provement in the AFR from the 2012
baseline.

Our approach
Safety management is operated
by the local management teams
to maintain flexibility and propor-
tionality of response based on risk.
Thus, more safety controls and
formalised inspection regimes are
operated for higher risk activities
(port terminals) than lower risk
activities (offices).

The national and international safe-
ty legislation applicable across the
DFDS Group has a common basis in
EU legislation. This allows for an in-
ternal safety management standard
for the DFDS Group based on a UK
model of safety management.

Reporting
• The reporting system is both sim-
ple, so as to not overburden small
low-risk units, and yet sophisticat-
ed enough to allow the reporting
of injury accident detail allowing
generation of causal analysis.

• The network of ‘data responders’
  covers 55 operational sites

• Causal analysis is used to inform
  managers of trends and to feed into
  managers’ ‘safety action plans’ to
  ensure the proactive management
  of safety.

Safety performance data is collated
into a monthly report made availa-
table to management. The reporting
system has been developed to seek
increased causal understanding.
**Main Causes of Accidents**

Causal Analysis (Top 6, 2014)

- Slip/Trip: 20
- Struck by Moving/Falling Object: 15
- Struck Something Fixed: 10
- Fall from Height: 5
- Fall: 3
- Other: 3

**Injury Severity**

Lost-Days in 2014:
- Logistics: 237
- Seaways: 166
- Imm. Log.: 84
- Brevik: 30
- Pborno: 17
- Suede.Servs: 10

Total: 544

**Logistics**

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<tr>
<th>Logistics</th>
<th>LDs</th>
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<td>L'Hait</td>
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<td>Harwich</td>
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Total: 614

**Main Causes of Accidents - Combined**

- Moving Object (15%)
- Electrical (1%)
- Hand tool (1%)
- MHE (3%)
- Other (9%)
- Moving Veh (5%)
- Fall (9%)
- Fixed Ob (9%)
- Other (9%)

**Afr-MAt**

(Underlying Performance Trend) 2014

- Logistics Div.
- DFDS Group
- Shipping Div.
- 2012 Av.
- 15% Target

**Safety and Security Ashore**

DFDS CR Report 2014
FOCUS ON TRAINING AND DEVELOPMENT IN 2014

Highlights
• The DFDS Way of Selling programme continued
• In 2014, we passed the 500 mark for participants in our leadership programme, FOCUS
• New senior management programme took off
• Changes to staff because of route closures, tonnage changes and changes to business.
• No fines, lawsuits or breaches of rules were registered in the HR area in 2014.

It is vital for DFDS’ continued development that we are a preferred employer that attracts, develops and retains employees in all job types, in all the countries where we have activities.

DFDS’ HR policy
We will lead an international and competent workforce that consistently understands our customers’ needs – a workforce that shows passion and thrives in an environment with inclusive behaviours. DFDS will at all times seek to ensure we have the right candidate for a position regardless of gender, age, religion, nationality or ethnicity.

Talent and capability development
To enhance our training and development activities substantially, a Training and Development department was established in 2012. The department has since been expanded with new staff and expertise.

The training conducted in 2014 falls into three main categories: leadership training, personal development and sales and service training with The DFDS Way of Selling our flagship training programme in 2014.

Main leadership training conducted in 2014
• ZOOM is our general leadership training programme: 500 managers have participated in the module (2-3 days) training course since it started. It has been extended with training focusing on Change Management & Cultural Differences.
• Senior management programme: a new initiative started in 2014 aimed at senior managers, of whom two joined a programme at the business school IMD in Switzerland.

Main personal development training in 2014
• FOCUS is our specialist-training programme: 40 specialists participated in 2014
• Train-the-trainer: The course trains the trainers for our passenger service development programme YES WE WILL: 33 trainers were trained in 2014
• Talent programme: DFDS has initiated a programme to spot talented individuals and to offer them a special talent development programme.

Main sales and customer service training
• As a part of our customer Focus Initiative, DFDS developed The DFDS Way of Selling in 2013: 250 managers received a The DFDS Way of Selling certificate in 2013, and a further 100 participants were certified in 2014.
• Furthermore, the Yes We Will passenger services training continued along with other business related sales and services training
We are committed to helping our people perform at their best and achieve their full potential through ongoing training and development.

Henrik Holck, EVP, People & Ships
Trainees and apprenticeship programmes
In 2014, we hired six Shipping & Logistics trainees in the UK. We will continue to hire young trainees into the company.

Our UK Apprentice Scheme for Seafarers is seen by industry experts as ‘setting the standards’ in seafarer training and making a real attempt to regenerate the British Merchant Navy. Two candidates completed their EDH (Efficient Deck Hand) Tickets in 2014.

The scheme has considerably improved DFDS’ profile and image in the local community, leading to a substantial increase in the number of applications for our Seasonal Catering Crew.

In January 2014, the scheme was expanded to include Engine Rating Apprentices and at the end of 2014 another two-year programme for an additional six deck apprentices was initiated. The result of these initiatives is that for every person retiring over the coming years, a newly qualified Able Bodied Seafarer Deck or Engine hand will be waiting in the wings.

We aim to increase the number of women in senior management positions during the next couple of years. The lack of women in management positions was a special focal point on DFDS’ annual management conference in September 2014 where diversity was discussed at seminars headed by our CEO. To improve the gender balance in management, we are analysing the dynamics of the imbalance to improve our understanding and develop efficient solutions.

Major HR and crewing changes in 2014
Following the closure of the Esbjerg-Harwich route, we were, by means of long-term planning, able to offer the 110 crew members working on the route jobs on other ships in our network.

Having gained any one of our Ratings, apprentices can, if they have the right competence and aptitude, become a Captain or Chief Engineer within a space of 15 years. This is made possible through the long-standing Rating to Officer conversion courses that are available in Nautical Colleges around the UK.

Diversity development to be improved
28% of DFDS’ workforce are women, but only 10% of all employees on higher management levels from Directors and above are women.

In our Board of Directors we have a female representation of 33%, excluding employee elected members, which is the minimum requirement of Danish law.

Having gained any one of our Ratings, apprentices can, if they have the right competence and aptitude, become a Captain or Chief Engineer within a space of 15 years. This is made possible through the long-standing Rating to Officer conversion courses that are available in Nautical Colleges around the UK.

Future steps/commitments 2015
• Alignment of HR processes across the Group
• Further development of internal training programmes
• Make progress on diversity policy and targets
• Create career paths for employees

In maintaining the crew in their jobs until a replacement vessel was secured. In January 2015, a replacement vessel was chartered for deployment in early spring.

Some major changes have affected staff ashore during 2014 such as the establishment of a new finance service centre in Poland and recruitment of 150 staff for the centre. However, it has also meant that an equal number of jobs were lost in other countries in 2013 and 2014. Furthermore, efficiency projects and route closures also affected staff mainly in Copenhagen, Harwich and Le Havre. DFDS offered the affected staff members an outplacement programme to help with job applications.
DFDS’ COMMUNITY INVOLVEMENT

DFDS SUPPORTS PEOPLE IN NEED THROUGH TARGETED PROGRAMMES

Each year, we transport millions of freight units and passengers through communities close to port terminals and other facilities operated by DFDS.

In many communities, we are part of local life and take an active interest in community issues, including job creation and support of community initiatives.

Some of the initiatives taken by DFDS in 2014 were:

**Employee welfare**
In partnership with the Danish union DMMA, we have established a joint foundation to provide financial support to employees, covered by the agreements negotiated by the DMMA, enabling them to work part-time if they are unable to work full-time for health reasons. In 2014, seven persons benefited from the scheme. The agreement is unique in the Danish labour market.

**Den Sociale Fond**
Serious illness can affect the entire household. When Kristian Kristensen’s partner, Sine, was diagnosed with a brain tumour, he requested that his promotion to captain from first officer on PEARL SEAWAYS be put on hold. Nevertheless, it was hard getting everything done at home on 2-weeks on / 2-weeks off rotations. Help turned out to be close at hand. He was supported by the Social Market Labour Fund, so he could continue to do his job at DFDS. “It’s a great relief to know that Sine can save her energy and concentrate on what’s most important for her right now,” he says.

**Helping young people escape crime**
In Denmark, DFDS is cooperating closely with the High:Five project, which is a community project to find jobs in private companies for young people with a criminal record. The aim is to offer a way back to a crime-free life via a normal job. In 2014, DFDS employed ten young former criminals, mainly on our ships on the Oslo-Copenhagen route. On board a ship, the working environment is dedicated and supportive, and about 80% of the participants in the programme leave crime behind permanently.

DFDS has taken a leading role in this initiative: Henrik Holck, EVP of DFDS’ People & Ships Division, has stepped in as chairman of High:Five. As a result of these and other social initiatives, DFDS has been awarded a seat on the Danish government’s advisory committee for corporate social responsibility, where we share our experiences and contribute to developing social initiatives.

**Christmas lunch for the homeless**
DFDS offered a free Christmas lunch to homeless people on board our passenger ships in Copenhagen, Oslo and Amsterdam before Christmas. The invitations were issued in cooperation with local organizations and local authorities.

**Youngster from the High:Five partnership passes final apprenticeship test**
After having served a sentence for crime, Allan Sørensen started with three months’ work experience in the engine room on CROWN SEAWAYS in 2011, and after just a month, the chief engineer could see that there was something special about Allan. We therefore offered to take him on as an apprentice ship’s mechanic. He grabbed the chance, and in December 2014 he passed the apprenticeship test as a ship’s mechanic.

**Inspiration from the Lauritzen Foundation**
In our community work, we are inspired by our major shareholder, the Lauritzen Foundation, that contributes funds to society every year. Support is given to both cultural and social activities, including helping people in need in developing countries. In total, the Lauritzen Foundation annually donates around DKK 25m.
charity initiatives and the lunch is partly based on voluntary work done by DFDS employees. About 600 homeless people enjoyed a free Christmas lunch at DFDS.

**Danish Community Award**

DFDS has supported a Danish Community Award initiative. The Award “Fællesskabsprisen” is initiated by the Danish Government and aims at awarding those individuals or groups that put in an extra effort in making their community, their work place or other social spaces a better place for people to live. In 2014, DFDS offered to host the Award ceremony on a complimentary basis on our passenger ship PEARL SEAWAYS. 1,200 initiatives were nominated for the award, of which 10 were awarded.
REDUCING OUR IMPACT ON THE ENVIRONMENT

In 2014, the major environmental initiatives were preparing for the new sulphur rules that came into force on 1 January 2015 as well as continuing the work to reduce CO₂ emissions.

New sulphur rules and scrubbers
Sulphur emissions from ships was the main environmental challenge for DFDS in 2014. From 1 January 2015, new sulphur rules in the Baltic Sea, the North Sea and the English Channel prohibit use of bunker oil that contains more than 0.1% sulphur. Up until 2015, use of bunker oil with 1.0% sulphur was allowed.

The overall aim of the rules is to reduce the sulphur dioxide pollution from ships in these densely populated regions. Therefore, other means that can produce the same result are also allowed as an alternative to using low sulphur oil, and since 2009 DFDS has already successfully tested a scrubber that efficiently removes sulphur dioxide from ships’ exhaust gases. The scrubber solution can be a financially better solution for some ships compared to using the more expensive low sulphur fuel, and it has some additional environmental benefits: It reduces the emission of particles from the exhaust gas by about 80%.

Therefore, DFDS believes that currently the scrubber solution is the best alternative when it comes to the environment. DFDS is investing DKK 750m in refitting ships with scrubbers. In 2014, scrubbers were installed on seven ships. This increased the number of DFDS ships operating with a scrubber to 11 and makes DFDS leading in scrubber re-fitting globally. A further six scrubber installations are planned for 2015, and other means of reducing sulphur dioxide pollution and complying with the new regulations, such as using LNG, are being considered for the future. In general, we believe the LNG solution is more efficient for new ships.

In 2014, DFDS was granted up to EUR 6.2m from EU primarily for scrubber refitting.

DFDS on track with target for reduction of CO₂ emissions
In 2014, we continued and increased our efforts to reduce CO₂ emissions. More than 95% of DFDS’ emissions stem from bunker consumption on our ships and focus has therefore been on this area with an extensive bunker reduction programme in the centre of our efforts. However, in 2014, steps were taken for a structured programme to also reduce our shore-based energy consumption and emissions.

At sea
DFDS is on track to reach our target of further reducing energy consumption at sea by 5% from 2012 to 2017. The most efficient ways of reducing bunker consumption on board are lower speed at sea and consolidation of volumes on bigger ships. However, many smaller initiatives together also produce substantial fuel savings.

Our main means of reducing our ships’ bunker consumption and emissions are improvements in our ship-shore cooperation, behaviours on board and technical solutions.

Environmental recognition
In 2014, DFDS received Lloyd’s List Global Award and The Environmental Performance Award at the annual Marine Propulsion & Auxiliary Machinery Awards for our scrubber investment. At The Ship Technology Conference in Norway, DFDS was voted Green Shipowner of the Year.

DFDS installed scrubbers on seven ships in 2014. This means that currently 11 ships operate with a scrubber. A further six scrubber installations are planned for 2015.
Our business activities have an impact on the environment and, therefore, we are constantly searching for innovative and intelligent ways to develop DFDS in a greener direction. It is our policy to consider the environmental impact of everything we do.

Niels Smedegaard

Main means for reducing fuel consumption on board

Ship-shore cooperation

Slow sailing is essential when it comes to reducing fuel consumption on board. Through structured efforts, we aim at finding more time for reducing speed at sea without delays for our customers. Therefore, shore-ship cooperation that can reduce the time in port is extremely important. This includes improvement of sailing plans, coordination between ship and shore on arrival and departure, load planning and stevedoring.

Technical optimisation

DFDS continuously evaluates and invests in new energy saving technical solutions: This includes

- e-navigation, including IT programmes, which plan optimal sailings based on very detailed and continuously updated information about the ship, route, weather and other sailing conditions.
- optimisation of engines,
- use of more energy-optimised propellers and rudders
- hundreds of other technical improvements on each ship, ranging from improved pumps, heating, lighting to ventilation and galley equipment.

Improved behaviour on board

Individual employees and teams can significantly influence energy consumption through their behaviour on board. Therefore, DFDS is continuously communicating individual as well as Group efforts in order to share best practices among ships and other involved persons.

Monitoring

DFDS continuously monitors fuel consumption for all ships in gram per Nautical mile per Gross Tonnes in order to have comparable monitoring basis for all ships.

CO₂ regulations to comply with

DFDS considers it to be a problem that varying legislative bodies like single nations, the EU and the UN (IMO) introduce legislation in the same area. To the benefit of international trade, DFDS supports uniform international regulations instead of separate national legislation.

In 2014, DFDS’ total fuel consumption at sea was 487,000 tonnes.

EnVironMent
Other initiatives to enhance DFDS’ environmental performance at sea include:
Our waste handling programme, initiatives to reduce noise and a number of programmes aimed at reducing the domestic energy consumption through improved lightning, ventilation and automation.

Reducing energy consumption and emission ashore
Ashore at port terminals and in our warehousing and road transport activities, we strive to reduce energy consumption through the establishment of Energy Management teams. The work involves a number of initiatives such as replacing trucks with more fuel efficient ones and larger units, plus more efficient planning and monitoring tools to reduce empty driving. The enhanced use of telematics and improved driving skills are also key contributors to our environmental programme.

Future environmental initiatives
There are several environmental initiatives in the pipeline that will affect DFDS in the short to medium term. The Ballast Water Convention is close to being ratified. This will result in having to equip the DFDS fleet to comply with these regulations. The EU and IMD programs on CO₂ the so-called MRV (measuring, recording and verification) will initially involve setting up systems that comply with the reporting formats dictated by these organisations. Work that is not yet completed. For our activities in the EU the Energy Efficiency Directive will entail we perform the required independently audited energy surveys. The first of which is due by the end of 2015.

In addition to the initiatives required by legislation, DFDS is also working on other initiatives that goes beyond these standards.
GREATER FOCUS ON CUSTOMERS IN 2014

Highlights 2014
• Customer satisfaction a high strategic priority
• Group-wide Customer Focus Initiative and DFDS Way of Selling continue
• DFDS again voted ‘World’s leading ferry operator’

Increasing customer satisfaction
In 2014, DFDS continued to focus keenly on customer service by means of the Customer Focus Initiative, (CFI).

A successful tool has been the many local staff and customer townhall meetings held at DFDS locations throughout our network during the year. At those meetings, customer companies are invited to join DFDS staff meetings to present their companies, their products, developments and needs as well as the challenges they face.

Following the major CFI customer surveys in previous years, and to understand our customers’ needs and challenges further, as well as their experience of DFDS’ customer service, we also conduct shorter customer surveys via email. Based on the findings, we continued to develop The DFDS Way of Selling, which is a specially developed DFDS sales and service training programme. The aim is to help our salesforce gain a deep understanding of the needs and challenges of our customers’ businesses and create solutions to address these needs.

This process calls for collective interaction with the customer and investing time to agree and construct proposals that add value to their business. In order to develop the service quality of our sales force, the programme awards certificates at various stages and is designed to enhance long-term development in the relationship between the customer and DFDS.

The close customer contact has also led to many enhancements such as improved communication via SMS, email or telephone with our customers if there are delays or disruption to services.

A useful tool for mobile booking has been developed for some ferry routes, information about services, or the national regulations affecting drivers, in the shape of folders in various languages as well as other solutions that support our customers in their business.

Delivering sustainable solutions
Transport is a critical part of the supply chain and a critical part of our customers’ environmental performance. The environmental performance of our transport services is a vital element in our customers’ ability to serve their end customers in a resource- and cost-effective manner.

Therefore we see it as our responsibility to develop solutions that will help our customers minimise the effect their business has on the environment.

As can be seen in the chapter about our environmental performance in 2014, DFDS is in the process of refitting a major part of the fleet with scrubbers, which can remove sulphur from the exhaust gas in order to comply with a new set of sulphur regulations. The scrubbers also bring about a reduction in the emission of particles, making it a sounder environmental solution than using low-sulphur oil.

Our ability to measure and report on our usage of fuel and to have proactive targets to reduce our CO2 emissions is an increasingly important element of customer service. DFDS now offers customers a tool to measure CO2 usage on many routes and also a comparison with other transport modes. Customers can now measure the benefit of switching shipping routes or switching from road to rail and can actively track the benefits over the year.

In 2014, we continued our extensive fuel reduction programme for our ships as reported under the section on environment. It also included the opportunity to use our intermodal solutions on longer transports, including rail, which reduces the carbon footprint dramatically. Furthermore, DFDS has invested in more modern trucks and trailers to reduce the fuel consumption per unit transported, thus benefitting our customers’ environmental performance. This

Our approach
DFDS’ aim is to be recognised as the preferred supplier in its dealings with customers. To continuously achieve this goal our actions are guided by the five principles of DFDS’ guiding star for customer focus.

These five principles are enshrined in the daily working life of all DFDS offices and set measurable targets to:
• Deliver superior reliability and schedules
• Constantly bring new solutions to customers
• Be easy to work with
• Deliver customer service by empowered people with can-do attitudes
• Ensure we provide fast communication when it matters.
included the use of larger units such as 15.65-metre trailers in the UK, double deck trailers and super cube trailers. The additional capacity can reduce road journeys and hence contribute to less road congestion and fewer CO₂ emissions. It also gives our customers a significant cost saving in their distribution costs.

In line with The DFDS Way of operating, we are continuously improving our daily operations of our logistics services through better planning tools and pooling of equipment in order to increase services and reduce empty driving. This reduces costs and our contribution to congestion on the roads as well emissions.

**DFDS’ code of conduct**
DFDS has developed a code of conduct, which is available from DFDS’ website. It is, among other things, a tool to enable customers to feel confident about DFDS’ way of operating, including compliance with laws, regulations and ethical standards.

**Acknowledgement**
DFDS won The Irish Export & Freight Transport & Logistics Award and the Export and Freight International Logistics specialist award in 2014.

**Next steps/commitments 2014/2015**
- Expand cooperation with major customers on health and safety
- Launch of new website focused on best practice in health and safety and driver training
- New driver training programme to ensure both our drivers and subcontractors are fully conversant with our standards
- Explore opportunities to reduce carbon footprint by using bio fuel and/or food customers’ waste food oils converted into road fuel
- Reduce miles from source to end customer in food logistics in partnership with major customers by mapping supply chains, including storage locations
- Introduction of the new operations system Velocity’s planning tool to enhance our ability to operate more efficiently and reduce empty driving and fuel consumption
- Roll out of our mobile tracking tool Truckcom across the Logistics Division
In our passenger services, the highest priority is on offering our passengers a safe and secure journey. More information on safety is available on pages 6 to 7.

A further key goal is to offer our customers throughout Europe an experience that meets or exceeds their expectations.

To fulfil that goal, a special Passenger Competence Centre (PCC) was established in 2010 to ensure a customer-centric approach to our passenger business. The aim is to align passenger services standards between markets, making sure that all activities and services, including marketing and communications, meet DFDS’ standards ensuring a good passenger experience before, during and after travelling with DFDS.

Customer surveys and customer service projects
Over the years, strong insights into our customers’ expectations have been developed through ongoing and comprehensive Customer Satisfaction Surveys (CSS), and the more recent addition of DFDS’ Customer Focus Initiative. Through these surveys, we ask approximately 20,000 passengers each year about their opinion to gain a deep understanding of our customers’ needs. These insights serve as a basis for continuous improvement of day-to-day operations and services on board. The comprehensive refitting of both ships on the Copenhagen-Oslo route in 2014 was based on more than 60,000 customer responses to surveys carried out over three years.

Data protection
Our customer improvement projects require addressing customers’ needs through analysis of customer information. DFDS consistently respects data privacy and complies with the European Data Protection Directive (95/46/EC) as well as with the national data protection acts in the countries where we operate. Marketing communication is sent only to individuals who have explicitly agreed to accept it. DFDS further follows the mandates of the proposed European General Data Protection Regulation to ensure compliance with the new regulation.

Passenger rights
DFDS follows the European Maritime Passenger Rights Regulations (1177/2010) that were put in place in December 2012. In accordance with the regulation, DFDS ensures that assistance is offered to disabled passengers and to those with reduced mobility.

From booking to port facilities and, ultimately, their voyage on board a DFDS ship, passengers with special needs are supported and informed every step of the way. Other sections of the regulations
require that DFDS provides transparency in pricing across countries and the entitlement of passengers to certain rights in the event of delays or cancellations.

Communication with passengers
DFDS places a high priority on keeping passengers informed throughout their journey. Much of this communication takes place directly at check-in and on board the ships. However, a significant and increasing proportion of information is being transferred before and after the journey via Internet and social media. For overnight routes, DFDS will seek to inform passengers directly via SMS or telephone calls in the event of major disruption of services.

Our approach to social media is decentralised and country-specific and supported by an overarching DFDS social media guideline that ensures consistency across markets.

Recognition
The DFDS approach towards meeting and exceeding customer expectations has been recognised with several awards.

AWARDS
- Danish Travel Award as the best passenger shipping company operating between Denmark and foreign countries for the sixth time
- Norwegian Customer Service Prize
DFDS won the ‘journey by boat’ category of the Norwegian Customer Service prize for the third year running
- ‘Good Hospitality’ and ‘Premier Collection’ – David Urquhart Travel, DFDS’ largest UK tour operator partner, awarded its ‘Good Hospitality’ and ‘Premier Collection’ prizes to the Amsterdam-Newcastle ferry route

Future steps/commitments 2015
- The Customer Focus Initiative will be continued. Several workgroups are running pilot projects and those results will be used to make both short- and long-term improvements.
- We will use new marketing tools that will allow us, based on the information that the customers have allowed us to store, to individualise offers to those who will find it relevant. This will also limit the amount of information sent to persons to whom it is not relevant.
DFDS continues to develop responsible procurement

**Highlights**

- Annual sourcing of goods and services for DKK 9bn, equal to 5,000 purchase orders per month
- All supply contracts include our Supplier Code of Conduct

Based on our Code of Conduct, all purchasing of goods and services is done on an objective basis such as selecting suppliers and products best fitted for the purpose, price and quality, including delivery and payment terms.

As an objective way of choosing a supplier, whilst still getting the best conditions in favour of DFDS, we started to embrace procurement tools such as e-RFx and e-auctions in 2013. In 2014, new suppliers of major items such as classification society services, marine paint, filters and lighting, were chosen by means of these new tools. The preparation process for e-auctions and negotiations with other suppliers includes exploring new ways of enhancing cooperation on procurement with the business units in line with our new procurement strategy, which was finalised in 2013.

**Next steps/commitment 2015/16**

In 2015, DFDS is considering to join the IMPA ACT, which is a complete responsible supply chain management programme. The programme has been developed by Danish shipowners J. Lauritzen and DS Norden, the leading consultancy company GLOBAL CSR and the International Marine Purchasing Association (IMPA).

The IMPA ACT allows members to access a common database with information regarding suppliers that have already been through a vetting process and are therefore considered to comply with our Supplier Code of Conduct. As many shipping companies share the same suppliers, a standardised, joint system, to ensure compliance throughout the industry, is expected to decrease bureaucracy both for suppliers, who will not have to spend time adhering to various codes of conducts, and for shipping companies, who will benefit from their peers’ assessment of joint suppliers.

This will be a cost-effective approach that will mitigate the resources needed for monitoring and audits and provide leverage for ensuring that suppliers actually do make improvements in the field of human rights including labour rights, protection of the environment, and anti-corruption issues.

The IMPA ACT builds on the UN Guiding Principles and expectations are fully aligned with the newest and strongest developments within the field of CR.

For procurement related to shipping, our internal audit programme validates that a supplier is on the relevant maritime authority database as required under the EU Marine Equipment Directive 1996. DFDS follows the Global Ship Management System approach to validating that a supplier meets safety and environmental requirements.

- After two successful e-auctions, DFDS will continue to use e-auctions as an efficient tool for purchasing of products and services that are suited to this method
- Further development of procurement tools
Addresses of DFDS’ subsidiaries, locations and offices are available from www.dfds.com