

Corporate Governance Statement for the financial year 2018, 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 2018 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.

The Executive Board, currently consist 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 has 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 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 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 (page 4 - 21). The recommendations have been published at www.corporategovernance.dk.

RECOMMENDATIONS FOR 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 partly complies with the following recommendations:

- Recommendation 4.2.3. under Disclosure of remuneration

Copenhagen, 22 February 2019

Recommendation	Compliance	The explanation for complying partially/not complying with the recommendation
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 board of directors ensure ongoing dialogue between the company and its shareholders, so that the shareholders gain relevant insight into the company and in order for the board of directors to be aware of the shareholders' views, interests and opinions in relation to the company.</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) contain a range of information concerning Investor Relations, including Corporate Governance.</p> <p>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.</p>

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1.1.2. The Committee recommends that the board of directors adopt policies on the company's relationship with its stakeholders, including shareholders, and that the board of directors ensure that the interests of the stakeholders are respected in accordance with company policies.	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>
1.1.3. The Committee recommends that the company publish quarterly reports	Compliant	The company publishes quarterly reports.
<i>1.2. General meeting</i>		
1.2.1. The Committee recommends that in organising the company's general meeting, the board of directors plans the meeting to support active ownership.	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. 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.</p>
1.2.2. The Committee recommends that proxies or votes by post for the general meeting allow 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>		

Recommendation	Compliance	The explanation for complying partially/not complying with the recommendation
<p>1.3.1. The Committee recommends that the company set up contingency procedures in the event of takeover bids, from the time that the board of directors has reason to believe that a takeover bid will be made. The contingency procedures should establish that the board of directors should not without the acceptance of the general meeting, attempt to counter the takeover bid by making decisions which, in reality, prevent the shareholders from deciding on the takeover bid themselves.</p>	Compliant	<p>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.</p>
<h2>2. Tasks and responsibilities of the board of directors</h2>		
<h3>2.1. Overall tasks and responsibilities</h3>		
<p>2.1.1. The Committee recommends that at least once annually the board of directors consider the matters that should be included in the board's performance of its work.</p>	Compliant	<p>The Board of Directors will regularly evaluate, including at its annual strategic seminar and in connection with the preparation of the budget and accounts, whether sufficient competencies and time are available to perform its responsibilities.</p> <p>The Board of Directors' rules of procedure will be reviewed once every year, to the extent necessary on the basis of the requirements of the company.</p>
<p>2.1.2. The Committee recommends that at least once annually the board of directors consider the overall strategy of the company with a view to ensuring 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 ensure that the company has a capital and share structure which supports that the strategy and long-term value creation of the company are in the best interest of the shareholders and the company, and that the</p>		<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>

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<p>board of directors explain this in the management commentary and/or on the company's website.</p>	<p>Compliant</p>	<p>The Group has a policy on distribution of dividend and excess liquidity, which is available on www.dfds.com. The policy aim to pay out semi-annual 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> <p>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.</p>
<p>2.1.4. The Committee recommends that the board of directors annually review and approve guidelines for the executive board; this includes establishing requirements for the executive board's reporting to the board of directors.</p>	<p>Compliant</p>	<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</p>

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		hereof, are provided as an integral part of the reporting process to the Board.
2.1.5. The Committee recommends that at least once annually, the board of directors discuss the composition, developments, risks and succession plans of the executive board.	Compliant	At least once a year the Board of Directors discuss the composition of the Executive Board as well as developments, risks and succession plans.
<i>2.2. Corporate social responsibility</i>		
2.2.1. The Committee recommends that the board of directors adopt policies on corporate social responsibility.	Compliant	The company has adopted policies in regard to Corporate Social Responsibility (CSR). The company has adopted a strategy of short and long term goals for improvements and committed partnerships with our stakeholders to achieve these goals. Strategy and goals are available on DFDS' website and by reference thereto in the Annual Report 2018.
<i>2.3. Chairman and vice-chairman of the board of directors</i>		
2.3.1. The Committee recommends appointing a vice chairman of the board of directors, who will assume the responsibilities of the chairman in the event of the chairman's absence, and who will also act as effective sparring partner for the chairman.	Compliant	The Board of Directors have appointed a Chairperson and a Deputy Chairperson. The Deputy Chairperson can act in the event of the Chairperson's absence and in other respects as an effective sounding board for the Chairperson. The tasks, obligations and responsibilities of the Chairperson and of the Deputy Chairperson are set out in the Board of Director's rules of procedure.
2.3.2. The Committee recommends that, if the board of directors, in exceptional cases, asks the chairman of the board of directors or other board members to perform special activities for the company, including briefly participating in the day-to-day management, a board resolution to that effect should be passed to ensure that the board of directors maintains its independent, general management and control function. Resolutions on the chairman's or other board members' participation in	Compliant	The Chairperson of the Board of Directors does not perform other tasks for the company than to attend to his job as Chairperson.

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day-to-day management and the expected duration hereof should be publicly announced.		
3. Composition and organisation of the board of directors		
<i>3.1. Composition</i>		
<p>3.1.1. The Committee recommends that the board of directors annually evaluate and in the management commentary account for</p> <ul style="list-style-type: none"> • the competencies that it must have to best perform its tasks, • the composition of the board of directors, and • the special competencies of each member. 	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, 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 annually discuss the company's activities to ensure relevant diversity at management levels and prepare and adopt a policy on diversity. The policy should be published on the company's website.</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 and inclusion which is published on the company's website with a link thereto in the Annual Report.</p>
<p>3.1.3. The Committee recommends that the selection and nomination of candidates for the board of directors be carried out through a careful and transparent process approved by the board of directors. When</p>	Compliant	<p>The Board of Directors continually evaluate the composition of the Board, which, in particular, includes assessing whether the competencies required by the company are adequately represented on the Board.</p>

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<p>assessing its composition and nominating new candidates, the board of directors should, in addition to the need for competencies and qualifications, take into consideration the need for integration of new talent and diversity.</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 a general meeting where the agenda includes the election of members to the board of directors, include (in addition to the statutory requirements) a description of the qualifications of nominated candidates, including information about the candidates'</p> <ul style="list-style-type: none"> • other executive functions, including positions on executive boards, boards of directors and supervisory boards, including board committees, in Danish and foreign enterprises, and • demanding organisational tasks. <p>Furthermore, it should be indicated if the candidates to the board of directors are considered independent.</p>	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 under "commercial duties" and on the company's website.</p>
<p>3.1.5. The Committee recommends that members of the company's executive board be not members of the board of directors and that a resigning chief executive officer be not directly elected as chairman or vice chairman for the same company.</p>	Compliant	<p>There are no former executives on the Board of Directors of the company.</p>
<p>3.1.6. The Committee recommends that members of the board of directors elected by the general meeting be up for election every year at the annual general meeting.</p>	Compliant	<p>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 5 years and 7 months at the end of 2018.</p>
<p><i>3.2. Independence of the board of directors</i></p>		

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<p>3.2.1. The Committee recommends that at least half of the members of the board of directors elected by the general meeting be independent persons, in order for the board of directors to be able to act independently of special interests.</p> <p>To be considered independent, this person may not:</p> <ul style="list-style-type: none"> • be or within the past five years have been a member of the executive board, or senior staff member in the company, a subsidiary or an associated company, • within the last five years, have received significant remuneration from the company/group, a subsidiary or an associated company in a different capacity than as member of the board of directors, • represent or be associated with a controlling shareholder, • within the past year, have had significant business relations (e.g. personally or indirectly as partner or employee, shareholder, customer, supplier or member of management in companies with corresponding connection) with the company, a subsidiary or an associated company. • be or within the past three years have been employed or been a partner in the same company as the auditor elected by the general meeting, • be part of the executive management in a company with cross-management representation in the company, • have been a member of the board of directors for more than 12 years, or • be a close relative with persons who are not considered independent. <p>Even if a member of the board of directors is not covered by the above criteria, certain conditions may exist that will lead the board of directors to decide that one or more members cannot be regarded as independent.</p>	<p>Compliant</p>	<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>

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<i>3.3. Members of the board of directors and the number of other management functions</i>		
3.3.1. The Committee recommends that each member of the board of directors assess the expected time commitment for each function so that the member does not take on more functions than he/she can complete at a satisfactory level for the company.	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.
<p>3.3.2. The Committee recommends that the management commentary, in addition to the provisions laid down by legislation, includes the following information about the members of the board of directors:</p> <ul style="list-style-type: none"> • the position of the relevant person, • the age and gender of the person in question, • the person’s competencies and qualifications that are relevant to the company • whether the member is considered independent, • the member’s date of appointment to the board of directors, • expiry of the current election term, • the member’s participation in the meetings on the board of directors and committee meetings, • other management functions, including memberships in executive boards, boards of directors, and supervisory boards, including board committees in Danish and foreign enterprises and demanding organisational tasks, and • the number of shares, options, warrants and similar owned by the member in the company and other group companies, as well as changes to the member’s portfolio of the mentioned securities which have occurred during the financial year. 	Compliant	The Annual Report contains the recommended information about the individual board members.
3.3.3. The Committee recommends that the annual evaluation procedure, cf. section 3.5, include an evaluation of what is regarded as a reasonable level for the number of other management functions,	Compliant	The annual evaluation includes a consideration of other positions held by each board member.

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where the number, level and complexity of the other individual management functions are taken into account.		
3.4. Board committees		
<p>3.4.1. The Committee recommends that the company publish the following on the company's website:</p> <ul style="list-style-type: none"> • the terms of reference of the board committees, • the most important activities of the committees during the year and the number of meetings held by each committee, and • the names of the members of each committee, including the chairmen of the committees, as well as information regarding which members are independent members and which members have special competencies. 	Compliant	<p>At present the company has set up an Audit Committee, a Nomination Committee and a Remuneration Committee.</p> <p>The mandate and essential activities of the committees are disclosed in the description of the committees which is available on www.dfds.com. The website also provides information about how many meetings the committees hold, the names and qualifications of its members, who the Chairperson of the committee is, and which members are independent members with specific qualifications.</p>
<p>3.4.2. The Committee recommends that a majority of the members of a board committee be 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.</p>
<p>3.4.3. The Committee recommends that the members of the board of directors set up an <u>audit committee</u> and that a chairman is appointed who is not the chairman of the board of directors.</p>	Compliant	<p>An Audit Committee is established. The committee meets at least four times per year. The Company's independent auditor participates in at least four of these meetings.</p> <p>The Chairperson of the Board of Directors does not act as the Chairperson 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.</p>

Recommendation	Compliance	The explanation for complying partially/not complying with the recommendation
<p>3.4.4. The Committee recommends that, prior to the approval of the annual report and other financial reports, the audit committee monitor and report to the board of directors about:</p> <ul style="list-style-type: none"> • significant accounting policies, • significant accounting estimates, • related party transactions, and • uncertainties and risks, including in relation to the outlook for the current year. 	Compliant	<p>Prior to approval of the Annual Report and other annual financial reporting, the Audit Committee reports to the Board of Directors on:</p> <ul style="list-style-type: none"> • significant accounting policies • significant accounting estimates • related party transactions • uncertainties and risks, including in relation to the outlook
<p>3.4.5. The Committee recommends that the audit committee:</p> <ul style="list-style-type: none"> • annually assesses the need for an internal audit function and, in such a case, presents mandates and recommendations on selecting, appointing and removing the head of any internal audit function and on the budget of the internal audit function, • ensure that if an internal audit has been established, a description of its functions is available and approved by the board of directors, • ensure that if an internal audit has been established, adequate resources and competencies are allocated to carry out the work, and • monitor the executive board’s follow-up on the conclusions and recommendations of the internal audit function. 	Compliant	<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>
<p>3.4.6. The Committee recommends that the board of directors establish a <u>nomination committee</u>, which is at least, responsible for the following preparatory tasks:</p> <ul style="list-style-type: none"> • describing the qualifications required by the board of directors and the executive board and for a given position, indicating the time expected to be spent carrying out a specific position, as well as assessing the competencies, knowledge and experience found in the two governing bodies, 	Compliant	<p>The Board of Directors have established a Nomination Committee chaired by the Chairperson of the Board of Directors. The charter of the committee includes all of the tasks referred to.</p>

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<ul style="list-style-type: none"> annually assessing the structure, size, composition and results of the board of directors and the executive board and recommend any changes to the board of directors, annually assessing the competencies, knowledge, experience and succession of the individual members of management and report to the board of directors in this respect, recommending candidates for the board of directors and the executive board, and proposing an action plan to the board of directors on the future composition of the board of directors, including proposals for specific changes. 		
<p>3.4.7. The Committee recommends that the board of directors establish a <u>remuneration committee</u>, which is at least, responsible for the following preparatory tasks:</p> <ul style="list-style-type: none"> recommending the remuneration policy (including the “General Guidelines for incentive-based Remuneration”) to the board of directors and the executive board for approval by the board of directors prior to approval by the general meeting, making proposals to the board of directors on remuneration for members of the board of directors and the executive board, as well as ensuring that the remuneration is in compliance with the company’s remuneration policy and the assessment of the performance of the persons concerned. The committee should have information on the total remuneration that members of the board of directors and the executive board receive from other companies in the group, recommending a remuneration policy applicable for the company in general and assisting with the preparation of the annual remuneration report. 	Compliant	The Board of Directors have established a Remuneration Committee chaired by the Chairperson of the Board of Directors. The charter of the committee includes all of the tasks referred to.

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3.4.8. The Committee recommends that the remuneration committee do not consult with the same external advisers as the executive board of the company.	Compliant	The Remuneration Committee does not consult with the same external advisers as are used by the Executive Board.
<i>3.5. Evaluation of the performance of the board of directors and the executive board</i>		
<p>3.5.1. The Committee recommends that the board of directors establish an evaluation procedure for an annual evaluation of the board of directors and the individual members. External assistance should be obtained at least every third year. The evaluation should inter alia include:</p> <ul style="list-style-type: none"> • contribution and results, • cooperation with the executive board, • the chairman’s leadership of the board of directors, • the composition of the board of directors (including competencies, diversity and the number of members), • the work in the committees and the committee structure, and • the organisation and quality of the material that is submitted to the board of directors. <p>The evaluation procedure and the general conclusions should be described in the management commentary and on the company’s website. The chairman should account for the evaluation of the board of directors, including the process and general conclusions on the general meeting prior to the election of the board of directors.</p>	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.
3.5.2. The Committee recommends that at least once annually, the board of directors evaluate the work and performance of the executive board in accordance with pre-defined criteria. Furthermore, the board of directors should evaluate the need for changes to the structure and composition of the executive board, in light of the company’s strategy.	Compliant	Every year the Executive Board’s performance is evaluated under the leadership of the Chairperson of the Board of Directors.

Recommendation	Compliance	The explanation for complying partially/not complying with the recommendation
3.5.3. The Committee recommends that the executive board and the board of directors establish a procedure according to which their cooperation is evaluated annually through a formalised dialogue between the chairman of the board of directors and the chief executive officer, and that the outcome of the evaluation be presented to the board of directors.	Compliant	Every year the cooperation between the Board of Directors and the Executive Board is evaluated under the leadership of the Chairperson of the Board of Directors.
4. Remuneration of management		
<i>4.1. Form and content of the remuneration policy</i>		
<p>4.1.1. The Committee recommends that the board of directors prepare a remuneration policy for the board of directors and the executive board, which includes</p> <ul style="list-style-type: none"> • a detailed description of the components of the remuneration for members of the board of directors and the executive board, • the reasons for choosing the individual components of the remuneration, • a description of the criteria that form the basis for the balance between the individual components of the remuneration, and • an explanation for the correlation between the remuneration policy and the company's long-term value creation and relevant related goals. <p>The remuneration policy should be approved by the general meeting at least every fourth year and upon any material amendments and it should be published on the company's website.</p>	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.</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 endeavor to ensure that the remuneration policy is clear and easily understood. The total remuneration of the Chairperson, Deputy Chairperson, Board members and members of the Audit as well as the Nomination Committees respectively is specified in the Annual Report. No separate remuneration for participation in the Remuneration Committee has been paid.</p> <p>The remuneration policy is published on www.dfds.com.</p>
4.1.2. The Committee recommends that if the remuneration policy includes variable components,	Compliant	See section 4.1.1 above. Remuneration agreements provide for repayment of variable components paid out erroneously.

Recommendation	Compliance	The explanation for complying partially/not complying with the recommendation
<ul style="list-style-type: none"> • limits be set on the variable components of the total remuneration package, • a reasonable and balanced composition be ensured between remuneration for members of management and the value creation for shareholders in the short and long term, • clarity be established about performance criteria and measurability for the award of variable components, • it is ensured that variable remuneration not only consists of short-term remuneration components, and that long-term remuneration components must have a vesting or maturity period of at least three years, and • it be ensured that the company has the ability to reclaim, in full or in part, variable components of remuneration that were paid on the basis of information, which subsequently are found to be incorrect. 		
<p>4.1.3. The Committee recommends that remuneration of members of the board of directors does not include share options or warrants.</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 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>4.1.4. The Committee recommends that if, in relation to long-term incentive programmes, a share-based remuneration is used, the programmes should have a vesting or maturity period of at least three years after being allocated and should be roll-over programmes, i.e. the options should be granted periodically.</p>	Compliant	See section 4.1.1 above.
<p>4.1.5. The Committee recommends that the total value of the remuneration relating to the notice period, including severance pay, do</p>	Compliant	Termination does not trigger termination payments amounting to more than two years' annual remuneration.

Recommendation	Compliance	The explanation for complying partially/not complying with the recommendation
not exceed two years of remuneration, including all components of the remuneration.		
<i>4.2. Disclosure of remuneration</i>		
4.2.1. The Committee recommends that the company’s remuneration policy and compliance with this policy be explained and justified annually in the chairman’s statement at the company’s general meeting.	Compliant	In the event that the Board of Directors wishes to amend the adopted policy, or if shareholders have raised queries at the general meeting, the remuneration policy is described in more detail in the Chairperson’s report.
4.2.2. The Committee recommends that shareholders at the general meeting consider proposals for approval of remuneration for the board of directors for the current financial year.	Compliant	The remuneration of the members of the Board of Directors for the current calendar year is presented at the general meeting.
<p>4.2.3. The Committee recommends that the company prepares a remuneration report that includes information on the total remuneration received by each member of the board of directors and the executive board from the company and other companies in the group and associated companies for the last three years, including information on the most important content of retention and resignation arrangements and that the correlation between the remuneration and company strategy and relevant related goals be explained.</p> <p>The remuneration report should be published on the company’s website.</p>	Partially compliant	<p>The company publishes the collective remuneration of the Executive Board including bonuses for the last three years, but the Board of Directors currently hold the view that information regarding individual remuneration and termination benefits of members of the Executive Board are not essential for the assessment of the consolidated financial statements. Stock options granted to the Executive Board including the underlying assumptions are fully disclosed in the consolidated financial statements and in the stock announcements issued when granting the stock options.</p> <p>Information about the severance package for members of the Executive Board is disclosed in the notes to the consolidated financial statements.</p> <p>The consolidated financial statements contains information about the total remuneration which each individual Board of Directors member receives from the company.</p>

Recommendation	Compliance	The explanation for complying partially/not complying with the recommendation
5. Financial reporting, risk management and audits		
<i>5.1. Identification of risks and transparency about other relevant information</i>		
5.1.1. The Committee recommends that the board of directors consider and in the management commentary account for the most important strategic and business-related risks, risks in connection with the financial reporting as well as for 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.
<i>5.2. Whistleblower scheme</i>		
5.2.1. The Committee recommends that the board of directors establish a whistleblower scheme for expedient and confidential notification of serious wrongdoing or suspicions thereof.	Compliant	The company operates a whistleblower scheme.
<i>5.3. Contact to auditor</i>		
5.3.1. The Committee recommends that the board of directors ensure regular dialogue and exchange of information between the auditor elected by the general meeting and the board of directors, including that the board of directors and the audit committee meet with the auditor elected by the general meeting at least once annually without the executive board present. This also applies to the internal auditor, if any.	Compliant	<p>In addition to the Audit Committee's four annual meetings with the auditor, a meeting between the Board of Directors and the auditor is held at least once per year.</p> <p>Usually the auditor twice a year issues a Long-form audit report to the Board of Directors in respect of the audit carried out and the results hereof.</p> <p>In connection with presenting the annual accounts the Audit Committee and the Executive Board will discuss with the independent auditor essential areas within the scope of general</p>

Recommendation	Compliance	The explanation for complying partially/not complying with the recommendation
		<p>accounting standards, including accounting estimates and judgment.</p> <p>The Board of Directors and, thus, the Audit Committee have, in accordance with the rules of procedure for the Audit Committee, found it appropriate that the Executive Board shall attend the meetings of the committee. However, the Executive Board will not attend the agenda point where the Audit Committee discuss the auditors' view on the auditors' cooperation with the Executive Board and the Company.</p>
<p>5.3.2. The Committee recommends that the audit agreement and auditor's fee be agreed by the board of directors and the auditor elected by the general meeting based on a recommendation from the audit committee.</p>	<p>Compliant</p>	<p>The auditor agreement and associated auditors' fees are agreed between the Board of Directors and auditor on the basis of recommendation by the Audit Committee. Prior to that the Audit Committee and the Executive Board have discussed the audit agreement and fees.</p>