

CR REPORT 2011



CORPORATE RESPONSIBILITY AT DFDS

DFDS HAS TAKEN THE FIRST STEPS TO UNITE CORPORATE RESPONSIBILITY (CR) AND OPERATIONS TO **CREATE VALUE FOR OUR STAKEHOLDERS AND OUR COMPANY**

Executive message

“DFDS is responsible for many employees, their working conditions, their safety and their health at work. We help to safeguard the infrastructure and supply of goods. We are responsible for our passengers’ safety, for our customers’ freight, and for operating as responsibly as possible in relation to the environment. We are responsible for managing the investments made in DFDS – and much more”.

“Our responsibility is recognised in a range of policies covering these areas. In this, our first comprehensive report on CR, we present policies, actions, and our progress covering our corporate responsibility efforts. Hopefully our commitment will come through in this report and at the same time improve the transparency of our work. We aim to improve continuously from here, step by step: That is The DFDS Way”.

“We aim to create value for stakeholders through being a good ‘corporate citizen’, and we want all DFDS citizens – from the Board to individual employees – to contribute actively by making responsibility part of their daily working life.”

Niels Smedegaard,
President and CEO

Our new approach to Corporate Responsibility

We have embarked on a journey to manage CR risks and opportunities systematically. A clear strategy has been set, with targets for short and medium-term performance improvements, and we are committed to working with our stakeholders to reach these targets.

Our CR Strategy

The ambition of our CR strategy is to create and protect value for our stake-

holders supporting DFDS’ position as a preferred supplier and employer.

Our ‘roadmap’ to creating value for DFDS and its stakeholders from CR involves working with others. We engage with policy makers, for example on sulphur emissions; we participate in international industry forums on security and safety; we work with suppliers, for example on efficient bunker refuelling; and we are managing community relations such as around our Rotterdam terminal. See below for more information on who we engage with, the issues that are important to them and what we do - and plan to do - about them.

All of our CR efforts depend on the collaboration of our colleagues across the company on land and sea. Without them, little can be achieved. But in order to harness the collaborative energy reliable processes and systems must be in place. Over the past two years, we have strengthened our capacity for CR in our operations by sharing best practices and improving internal communications on CR. An example is the emerging human resources (HR) management system which will allow more systematic management of people, policies and goals. Another example is the new supply chain management database which will allow us to refine our understanding and partnerships relating to key risks and opportunities in the value chain.

An executive CR strategy workshop was held in November 2011. Key topics were the structure CR-work, measurability and transparency, and integrating CR into daily operations while creating business value. There is scope for innovation and we found that we engage with external parties on many issues relating to CR. A comparison with peer companies of performance on five key CR issues showed that DFDS is well positioned for future development of CR.

Governance of CR

To govern DFDS’ CR strategy relating to stakeholder identification, reviewing stakeholder relationships, and an overall CR policy, a new CR corporate governance has been launched with arrangements including:

- a new CR Committee comprising five senior people responsible for driving and managing CR at DFDS
- Niels Smedegaard, CEO is the overall sponsor of the new Committee
- The Executive Management Committee (ECM) sets the long term ambition with our CR Committee driving the programme.

Clear terms of reference for the Committee are being developed. It will meet at least quarterly and will invite external stakeholders to two of these meetings. The Chairman of the CR Committee will report progress twice yearly to the ECM, and annually to the Board of Directors. The members of the CR Committee will

WHAT ARE OUR KEY CR ISSUES?

- Financial resilience and scale to deliver CR
- Health, safety and security of employees, customers and passengers
- Human resource management, including fair employment terms
- Air emissions, including greenhouse gases
- Collaborating with our customers on CR issues

discuss and make decisions on key CR topic areas such as human resources, procurement, environment, health & safety, ethical conduct. The objectives of the Committee will be to drive forward the development of CR policies, commitments and goals, regular stakeholder mapping and engagement, CR issues prioritisation, annual CR reporting and the assessment of signing up to the UN Global Compact, which DFDS expect to do in 2012.

Working with stakeholders

Creating value from CR for DFDS and its stakeholders involves stakeholder engagement processes – working with others and being accountable. A stakeholder is a person or organisation who we influence, or who can influence us, including voiceless ones such as the environment and future generations.

Our new CR governance therefore builds on engaging with external stakeholders. Dialogue and collaboration can help tackle CR challenges such as emissions control and fair labour conditions. Collaboration can create opportunity: systematically understanding the changing requirements of customers regarding wider issues can help differentiate a transport supplier, for example. Open engagement with employees can yield productivity improvements. Consideration of the way we interact with ports, logistics hubs and local communities can protect commercial value and reputation.

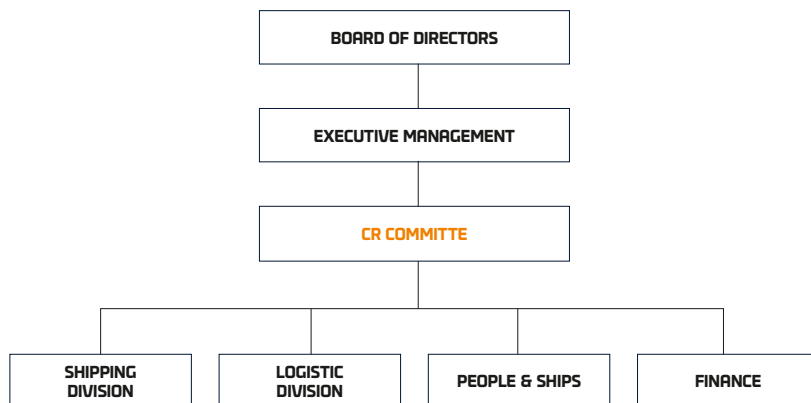
Who are DFDS' stakeholders and what do they expect of us? The table below lists our stakeholder groups, the ways we engage with them and our opinion of the key outcomes relevant to CR.

What's material to our CR Strategy and Report?

Through workshops and benchmarking we identified a range of issues

WORKING WITH OUR NEIGHBOURS

Our Rotterdam terminal is next door to a residential area. We used to receive about 30 complaints a month from local residents. Noise and road traffic movements can be a nuisance. We set out to explain more about our role in the port and what we are doing. We launched a local community newsletter in 2010 for some 2,000 residents to keep them informed of our latest developments. As a result, across 2011, complaints dropped from around 30 per month to just a handful, and some months none at all.



The table below lists our stakeholder groups, the ways we engage with them and our opinion of the key outcomes relevant to CR.

Stakeholder	Who they are	How we engage
Customers/ Passengers	<ul style="list-style-type: none"> Forwarding, haulage and transport companies Manufacturers of industrial goods Retailers and food producers Individuals, families and groups Coach operators 	<ul style="list-style-type: none"> Customer surveys Ongoing relationships/account management Feedback forms on ferries Via freight and passenger booking intermediaries
Employees/ Unions	<ul style="list-style-type: none"> 5,096 employees across 20 countries Unions Seafarer Associations International Labour Organisation (ILO) 	<ul style="list-style-type: none"> Ongoing daily management Employees annual appraisal Weekly employee newsletter Annual employee survey Regular meetings and training courses Zoom leadership programme
Regulators and government (land & sea)	<ul style="list-style-type: none"> IMO Marine Accident and Fire Investigation Organisations Health & Safety Agencies Maritime & Coastguard Agencies Environment Agencies Local Authorities Customs & Excise, Immigration dept. Various Port Authorities Highways agencies National tourism bodies 	<ul style="list-style-type: none"> Meetings via industry groups Compliance related communications Policy advocacy work Investigations relating to incidents arising National government meetings and ministerial receptions Promote attractions of regions/countries to tourists
Financial	<ul style="list-style-type: none"> Shareholders, including majority shareholder Lauritzen Foundation Investors Financial institutions Insurers and brokers 	<ul style="list-style-type: none"> Quarterly financial reporting & public conference calls Company announcements Investor meetings International road shows Dialogue with analysts Updates posted online Ongoing dialogue with broker/insurers, site visits
Industry organisations	<ul style="list-style-type: none"> PSS – Ports Skills & Safety PSA – Passenger Shipping Association European Community Shipowners' Association (ECSA) INTERFERRY Local Shipowner Associations Classification Associations 	<ul style="list-style-type: none"> PSS meetings and involvement in management PSA Ferry section meetings PSA Safety, security, health, hygiene, environment, welfare meetings Other informal and formal meetings with peers and industry associations Lobbying/advocacy
Suppliers	<ul style="list-style-type: none"> Catering suppliers Bunker suppliers Hauliers Part suppliers for ship maintenance Dockyards Transport equipment manufacturers Other suppliers 	<ul style="list-style-type: none"> Ongoing dialogue Audit of major road haulage contractors Mentoring of smaller road haulage contractors In-house safety training spaces offered to business partners
Communities where we operate	<ul style="list-style-type: none"> Communities by our ports, terminals and routes, our warehouses, offices and other facilities 	<ul style="list-style-type: none"> Through employees Site offices and local contact numbers Newsletters (eg Rotterdam) Charitable initiatives
Media, NGO's and others	<ul style="list-style-type: none"> Media NGO's (national/ International) International organisations Lauritzen Foundation 	<ul style="list-style-type: none"> Memberships of organisations Work with specialist organisations like the Carbon Trust Press Office Range of publications and engagements

Key engagement issues	Progress during 2011	Plans for 2012/2013
<ul style="list-style-type: none"> • Reliability, frequency and capacity • Strong safety record • Clear travel/booking information • Integrated solutions • High level of customer service from staff • Onboard experience of high quality • Improved efficiencies, less environmental impact • Response to emerging CR requirements 	<ul style="list-style-type: none"> • Central passenger competency centre created • Enhanced service online • Varied efficiency/environmental initiatives • Decision and planning of a comprehensive customer satisfaction survey and analysis in 2012 	<ul style="list-style-type: none"> • Customer Focus project • Upgrade of InfoBridge, freight customer booking and information system • Upgrade of passenger areas on passenger ships when docking • Improved reporting
<ul style="list-style-type: none"> • Healthy and safe working environment • Fair employment conditions • Career development and fair reward • Training provision • Ethical, consistent ways of working • Diversity 	<ul style="list-style-type: none"> • Code of Business Conduct introduced • Developing Group wide Safety Management system (SMS) • Planning of group wide HR system • "The DFDS way" launched 	<ul style="list-style-type: none"> • Enhancing safety culture, through continuous training • Implementation of group wide HR system • Diversity programme
<ul style="list-style-type: none"> • Compliance and risk reduction • Security and immigration control information • Accessibility • High quality of Health and Safety practices • Ongoing reduction of environmental impact, including emissions reductions, introduction of low sulphur fuels, improvements to anti-foul paints, responsible ship scrapping, waste management 	<ul style="list-style-type: none"> • Ongoing testing after introduction of sulphur scrubber on TOR FICARIA • DKK 69m investment in environmental technologies 	<ul style="list-style-type: none"> • Initiation of scrubber survey
<ul style="list-style-type: none"> • Transparency and clarity in reporting • Accessibility to management • Accountability and reliability • Safety and broader risk Management 	<ul style="list-style-type: none"> • In 2011 DFDS was awarded an information prize by the Danish association of financial analysts 	<ul style="list-style-type: none"> • Increase frequency of international road shows
<ul style="list-style-type: none"> • Emissions reductions including introduction of low sulphur fuels in shipping fleet • Health and Safety 	<ul style="list-style-type: none"> • Introduced new propellers on some of fleet, eg. PEARL SEAWAYS • Introduction of sulphur scrubber on FICARIA SEAWAYS • Testing a bilge water cleaning system on PEARL SEAWAYS 	<ul style="list-style-type: none"> • New goals for marine and logistics fuel consumption reductions to be decided in 2012 • Development of data recording system to include DFDS Logistics CO₂ emissions • Additional EURO 5 trucks • Investing in onshore power supplies • Board member ECSA
<ul style="list-style-type: none"> • Accessibility and accountability • Safety management systems • Risk assessments • Emissions reductions • Best value including non-financial factors 	<ul style="list-style-type: none"> • Improved supply chain organisation implemented in 2011 • Improved supply chain systems implementation begun in 2011 • Ethical code for suppliers profile increasing 	<ul style="list-style-type: none"> • Fully implement new supply chain systems
<ul style="list-style-type: none"> • Employment opportunities • Responsible operations/being a good neighbour • Noise reduction initiatives 	<ul style="list-style-type: none"> • Enhanced port services developed in conjunction with ports incl. land connections for electricity so engines can be shut down in port to reduce noise and emissions 	<ul style="list-style-type: none"> • Improved engagement with communities where we operate
<ul style="list-style-type: none"> • Accessibility • Good quality, transparent information • Environmental management and performance incl. emissions and responsible scrapping of ships 	<ul style="list-style-type: none"> • Increased frequency of media dialogue • Environmental initiatives • (see above) 	<ul style="list-style-type: none"> • Environmental initiatives • (see above)

IMPORTANCE TO STAKEHOLDER	HIGH		<ul style="list-style-type: none"> Emergency response 	<ul style="list-style-type: none"> Employee H&S (and security) Customer H&S and security Fair employment/Provide good jobs Greenhouse gas emissions Compliance
	MEDIUM	<ul style="list-style-type: none"> Noise 	<ul style="list-style-type: none"> Business ethics Community donations CR governance Employee training/career dev't Local air emissions Marine pollution Resource efficiency (waste, energy, water etc) Responsible policy advocacy Responsible procurement Ship disposal Accessibility to stakeholders Internal and external communication 	<ul style="list-style-type: none"> Financial results Global air emissions Financial reporting Employee Diversity Collaborating with Customers on CR issues Efficient and effective infrastructure
	LOW	<ul style="list-style-type: none"> Ship registry (GRI LT1) Smuggling (people and goods) Biodiversity/ecological protection 		
		LOW	MEDIUM	HIGH
		IMPORTANCE TO DFDS		

that matter the most and that may influence the decisions, actions and performance of employees, customers and other stakeholders. The relative importance of these issues was then assessed internally (meeting business strategy) and externally (stakeholders' positions on issues). Corporate risk was also taken into consideration in this review. The grid below shows the most important issues identified as a result of this work.

Determining CR priorities is a dynamic process and we are committed to improving our understanding of where focus should be and how CR issues should be

managed. Processes are being developed to invite and gather feedback to help refine the understanding of material issues.

About this Report

The scope of the information and data in the CR section of this Annual report ("CR Report") covers DFDS' operations in Northern Europe, including 47 ships, port terminals and offices. CO₂ data are based on bunker documentation and does not currently include energy or CO₂ data from logistics operations and offices. The CR Report does not cover any joint venture operations or activities of partner organisations. The information

in this CR Report meets the requirements of the amendments to the Danish Financial Statements Act 2009 and is subject to internal data management systems and audit. The data covers the financial year January to December 2011. We did not seek external independent assurance for the CR Report content and will review options for the next CR Report. The report is guided by the principles of report content and quality from the Global Reporting Initiative (GRI) Sustainable Development Reporting Guidelines (version 3.1).

SAFETY AND SECURITY

THE SAFETY OF PASSENGERS, CREW AND FREIGHT, AND THE SECURITY OF SHIPS AND PORT FACILITIES, IS OF PARAMOUNT IMPORTANCE TO DFDS

Highlights

- No incidents with a high severity rating recorded in 2011
- Significantly improving safety incident reporting
- Better integration of safety data systems
- Emergency response capability maintained

Our approach

Part of DFDS' customer service is to ensure systematic implementation and monitoring of safety standards. Safety processes build on continuous improvement and sharing of best practices. In our approach to managing health and safety (H&S), employees, passengers, freight customers and regulators are key stakeholders.

Corporate safety and security objectives and requirements are determined by national and international regulations. Under the International Safety Management (ISM) code and the International Ship and Port Facility Security Code (ISPS), 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 anonymously under a 'no blame' policy according to safety guidelines. In our logistics business we are guided by industrial and highways regulations as standard.

The ISM code aims to ensure that all relevant standards are respected, and that safety contingency plans work. This applies to safety equipment, safe ship construction, management procedures, training of the crew, drills, document control, and formal safety monitoring, structured management reviews and auditing.

The ISM code also requires a designated person ashore to ensure safe operations and a link between the shore-based management and the captain and crew onboard. Safety and security audits are held on all ships in the fleet at least once a year. Findings are shared to promote best practice. In addition inspections are also carried out as a separate task during the year.

DFDS' Health, Safety and Environment Policy, revised in 2009, strives to deliver improvement through active demonstration of commitment and leadership at all levels in the shipping and logistics businesses. This means practicing what we preach, where all managers behave in a way that demonstrates safety and accountability.

Our security management is governed by the International Ship and Port Facility Security (ISPS) Code, which helps protect against terrorist attacks and other disruptions. Shipping and logistics are subject to security inspections on a regular basis. Audits are held in conjunction with safety audits. The fleet regularly takes part in exercises with different countries' emergency services, in order to train staff, exchange experiences and ensure the ships are prepared for any eventuality.

We monitor accidents, incidents and near-misses at sea and discuss the outcomes of regular audits on a monthly basis. This approach involves clear targets for shipping safety at business unit level. Our Marine Standards experts, People and Ships VPs and CEO meet to formally review H&S and security once a month. Core to this process is to review H&S data collected from ships in readiness for inspection by maritime authorities.

We engage on safety and security with relevant national and international stakeholders, National Maritime and Port Authorities, the Danish Shipowners' Association, British Chamber of Shipping, International Chamber of Shipping's Passenger Ship Panel and the Nordic Committee for Passenger Ship Safety ("Nordkompass"). DFDS employees sit on H&S meetings of Work Councils and work with suppliers to identify safety opportunities.

Progress in 2011

All vessels and logistics operations are surveyed and certified according to international, EU and national legislation, including internal audits and inspections on safety and security according to company procedures.

In 2011 the Lost Time Injury Frequency (LTIF)¹ was 2.9, down from 6.6 in 2010. 31.7 near misses on average per vessel was recorded, up from 13.4 in 2010. This increase reflects a higher level of awareness on safety and the number of near misses reported is expected to continue to increase in coming years based on more focus in this area. There were zero fatalities in 2011 in either our land or sea based operations. Following integration of Norfolkline, H&S systems were merged by April 2011.

DFDS Logistics' operations are also getting safer as the Lost Time Injury Frequency (LTIF) was 13.9, down from 16.4 in 2010. On several sites greater emphasis is placed on accident potential, near misses, safe work operating procedures and daily personal awareness tours carried out by Supervisors and Team Leaders.

¹ Lost Time Injury Frequency is the frequency of lost work days per one million exposure hours. A lost work day is time lost from an injury which results in an individual being unable to carry out any of their duties or to return to work on a scheduled work shift on the day following the injury.

Shipping incidents reported ²	2011	2010	2009
Near miss reports (average per vessel)	31.7	13.4	4.8
Lost time injury frequency (LTIF)	2.9	6.6	8.0
Fatalities	0	0	0

Logistics incidents reported ³	2011	2010	2009
Lost time injury frequency (LTIF)	13.9	16.4	n.a.
Fatalities	0	0	0

The following vessels recorded no lost time accidents for 180 days or more by the end of December 2011:

	Days
Britannia Seaways	908
Primula Seaways	796
Ficaria Seaways	605
Petunia Seaways	413
Ark Futura	373
Anglia Seaways	314
Flandria Seaways	278
Delft Seaways	274
Dover Seaways	190
Dunkerque Seaways	189
Princess Seaways	183

For 2011 two separate fires during dock stays were reported, one on PRINCESS SEAWAYS and a second on FICARIA SEAWAYS. The incidents showed the effectiveness of the automatic extinguishing system, the crew's preparedness, and the collaboration with the local fire service.

A 23-year-old woman fell overboard from PRINCESS SEAWAYS, UK rescue services were scrambled but the ferry's own rescue team saved her within minutes. She was checked for hypothermia and kept overnight before being released to a hospital on shore for observation. "Incredibly professionally, DFDS managed to turn the vessel around, using their man overboard drill, and find her quickly" Flight Sergeant Rick Jones, RAF Search and Rescue⁴.

In early 2012 LIVERPOOL SEAWAYS was detained in Karlshamn, Sweden until deficiencies were corrected, including evacuation ladders that were too short.

Immediate safety management meetings were completed to learn from this and improve safety processes.

In our logistics business, an internal H&S audit at DFDS Belfast Logistics in 2011 showed a 30% year on year improvement from the benchmark standard. We continued our programme of H&S training to deliver such performance elsewhere. The overall target is to reduce accidents to zero.

We recorded that the port terminals of Dover and Dunkirk had not had a Lost Time Accident in the previous 12 months from January 2011. We attribute this to regular 'drip feed' H&S training by all 160 staff regularly via the internet and face-to-face. Tailored training is also offered to deal with safety in proximity to moving vehicles. Reporting of near misses is also at a high at Dover, showing strong awareness and proves that training is vital. Our DFDS Scandic Terminal in Esbjerg achieved 180 days without a serious work accident or LTA in April 2011, which is supported by focused training on minor accidents.

Training for situations requiring first aid is also maintained. For example, each year, hundreds of officers and all crew are trained to various levels in paramedic care and basic or advanced first aid. On all passenger and cargo ships extensive drills are conducted each week based on around 15 different scenarios such as marine evacuation.

With regard to security arrangements, the tragic Norwegian shooting incident in July 2011 required activation of our security alert and corporate response which worked according to plan. Ship Security Plans deal with all security related processes, including risks such as piracy. The security audit programme also showed that systems are in compliance with International and EU regulations.

Future steps / Commitments 2015

- Maintain progress towards zero lost time accidents
- Report group wide safety data in 2014

² Data exclude local operating subsidiaries AB DFDS SEAWAYS (Lithuania) and DFDS Logistics AS (Norway)

³ Former Norfolkline operations' data are included in the calculations from July 2010

⁴ www.telegraph.co.uk/news/uknews/8744567/Woman-rescued-from-North-Sea-after-falling-from-ferry.html

PEOPLE AND COMMUNITY

OUR AIM IS TO BE A PREFERRED EMPLOYER, TO BE VALUED BY OUR EMPLOYEES AND TO BE TRUSTED BY THE HOST COMMUNITIES WHERE WE OPERATE

Highlights

- 5,100 employees in 20 countries
- 3,888 employees in shipping, 936 employees in logistics
- In-house senior management course Zoom with 340 participants since 2009
- 74% of employees are satisfied with DFDS and 84% feel a strong sense of loyalty to DFDS

Our approach

Our approach to people management is guided by the values of The DFDS Way. Human resources (HR) and CR are closely linked, focusing on a number of issues: attraction and retention, health, safety and security, training and career development, diversity, and fair labour conditions.

Our People & Ships corporate function covers all HR for shipping and logistics operations, including the people in the Technical organisation. Personnel at sea and on land work under numerous collective bargaining agreements (CBA) which differ according to seniority, crew rating/pay grade, and flag flown. DFDS Logistics uses many subcontractors who are subject to terms and conditions to help manage quality, efficiency and safety at work.

Many common policies are in place for all business units, covering areas such as international leadership, staff appraisals, training and development, pay and bonuses, working time, employee wellbeing, recruitment, labour standards, ethics, grievance and company cars. Specific policies are in place in shipping to cover alcohol/drugs, crew development and officer succession. Where policies are not yet aligned across the group programmes are underway, for example for diversity and retention.

We actively connect HR to corporate responsibility: our new Director for Environment and Sustainability, who's also the Chair of the new CR Committee, reports to the Executive Vice President of People and Ships. By doing so, we aim to deliver high quality H&S management at sea and on land which respects The DFDS Way. There are three HR directors reporting to EVP People & Ships working in partnership with local managers.

DFDS is responsive to local HR management needs based on good levels of engagement and sensitivity to local conditions. Employees are a key stakeholder and our satisfaction survey is an important tool. Other engagement includes working with employees on H&S committees, on work councils and union representation.

Each business unit develops its own training plan for career development and safety training, for example. Many will include contractors, particularly in our logistics business.

With respect to community relations, our activities are mainly localised, taking root through the energy of the volunteers involved, and achieving their own momentum. DFDS' weekly newsletter informs about the community relations projects carried out across the company for all to see. Often flourishing from grass roots levels, these activities demonstrate our values and inspire others to act similarly. This is accompanied by a number of corporate initiatives as well as support from the Lauritzen Foundation.

PROGRESS IN 2011

People

We employ 5,100 people, up from 4,862 in 2010. The headcount has grown

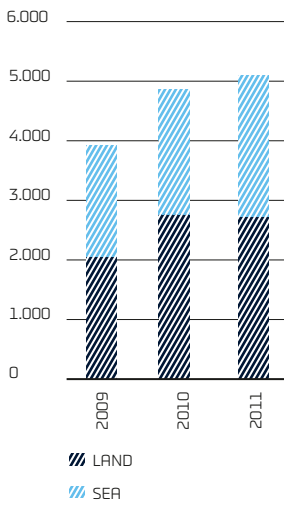
mainly as a result of the full-year effect of the Norfolkline acquisition. Around 46% of these are at sea. Our head office is in Copenhagen. Across Northern Europe we operate more than 50 offices. We employ 600 officers, more than 100 navigators, a similar number of engineers and electricians and 1,799 ship assistants. In our logistics business we employ 1,049 people including more than 25 business managers, 60 sales and marketing staff and 150 drivers. We make use of over 1,000 freight transport subcontractors every day.

Our priorities are identified as managing retention, attracting talent, leadership development, and diversity. Progress is being made with a new HR management system, supported by an integrated IT database. It will support tracking of employees, profiles, skills, succession, pay and benefits. We continue to participate in industry and governmental programmes to attract employees, including recruitment programmes with universities and through social media. DFDS is well regarded by its labour relations stakeholders, which is important to attracting and retaining talented people.

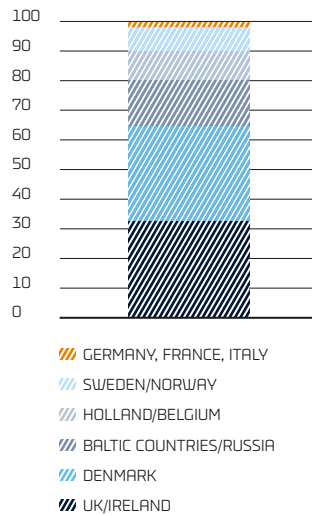
We invest in training and development as a core part of what we do. A total of 340 employees have since 2009 completed the group-wide Zoom management training course. Also, business units have 'tool-box' safety training talks on a regular basis according to local requirements. And DFDS Logistics in Peterborough, UK, for example, is an approved centre for Driver Training.

The growth of The DFDS Way comes with training on it, during which feedback is gathered on how we manage business ethics and the emerging Code of Conduct. Also launched in 2011, The DFDS Way

DISTRIBUTION OF EMPLOYEES ON LAND AND SEA
NO. OF EMPLOYEES



EMPLOYEES PER COUNTRY, 2011
[%]



GENDER DISTRIBUTION EMPLOYEES, 2011
[%]



TRACKING EMPLOYEE SATISFACTION

Staff satisfaction surveys was started in 2008. The 2011 employee satisfaction survey closed with a response rate of 74%. Overall, employees say they are satisfied with DFDS but improvements can be made. Out of a possible 7 points we scored 5.2 overall (74%), no change from 2009 (no survey was made in 2010 due to the integration of Norfolkline). Overall DFDS employees feel a strong sense of loyalty to the company with a score of 5.9 (84%), up from 5.8 in 2009. Each Executive Management Team member received survey results for his area of responsibility, which will be cascaded to managers at the next level and so on through the organisation.

“Our employee survey achieved a record response rate, helps engagement with colleagues, and contributes to the stakeholder and risk management processes we are developing”

Henrik Holck, EVP HR.

Award rewards initiatives, projects and actions that embody The DFDS Way in practice.

On diversity, we have no women in post at the level of Vice President and above. We are setting up projects to understand more about gender and other factors affecting diversity at DFDS and how to encourage women and others in management and leadership. The emerging HR management system will provide baseline data for managing diversity. We expect to report on developments in the next CR report.

A thriving workforce is helped by a healthy lifestyle. DFDS promotes and supports initiatives on wellbeing at work. In 2011, the DFDS House exercise-at-work campaign encouraged daily exercise and the TOR FUTURA was the overall winner in the Danish Government Seamen’s Service Seafarer Fitness campaign.

Whilst we strive to develop and reward the workforce, DFDS is always subject to the economic and market forces affecting operations. In case of redundancies we adopt a sensitive and professional approach guided by the values in The DFDS Way. The closure in 2011 of the Dublin-

Birkenhead and Dublin-Heysam Routes in the Irish Sea directly affected 50 colleagues in Dublin. We worked to mitigate the consequences of the redundancies. We consulted the Dutch Works Council and the Trade Union representing the Officers of one of our ships that was moved between routes and re-staffed. Similarly we re-flagged the FLANDRIA SEAWAYS and consulted in an open manner with the Works Council and Nautilus during 2011 to resolve outstanding issues..

Due to challenges relating to growing competition and increasing oil prices for example, business activities have been adjusted. In 2011, this required us to make 31 redundancies in the English Channel business unit, and 34 in the logistics site in Ghent. In both cases we formally advised unions of our analyses. Engagement with the unions has been very open and we are committed to engaging with the unions and staff affected. Those affected were invited to discuss any questions with the HR Director concerned.

No fines, prosecutions or breaches of regulations relating to HR, including equal opportunities and human rights, were recorded in 2011.

Community

It is the compelling energy of our people which is at the heart of our community relations work. At the corporate level we complement their efforts with corporate initiatives such as High:Five, the Christmas lunch for the homeless and the contribution to Denmark's National Fundraising Day.

Our commitment to employing selected young offenders continued in 2011 with our partnership with High:Five (highfive.net). The aim is to give participants an opportunity to return to normal life. Currently five young people are employed by DFDS. High:Five is part subsidized by government and to date DFDS has worked with around 25 young people, 60% of whom find permanent employment.

Christmas lunches for homeless people were held again in December and attracted a high level of participation. Colleagues from the office in Oslo and

CROWN OF SCANDINAVIA invited 216 homeless people for a lunch and along with a lottery of 234 practical gifts paid for by DFDS. Meanwhile in Copenhagen nearly 200 homeless people came aboard PEARL SEAWAYS to enjoy a Christmas lunch. The crew served the free lunch and also raised 8,000 DKK (1,100 Euros) for gifts for the guests. The event was organised with Netbuss and The Mission Among the Homeless, from Copenhagen. As part of Denmark's National Fundraising Day in aid of Africa in 2011 we donated DKK 50,000 (6,700 Euros) in addition to DKK 3,800 (500 Euros) collected from staff in two days.

As described in the stakeholder engagement section, the Rotterdam terminal management adopted an active approach to community relations by publishing and distributing a tailored newsletter for their neighbours. The aim was to inform local residents and help reduce complaints. Following its launch in 2010, the number of complaints each month dropped from around 30 per month to just a handful, and sometimes none at all. "By communicating clearly and on time about what residents can expect from us, we can manage a lot of complaints in advance" Rob Olbertz, Route Director Netherlands-UK.

Finally, the Lauritzen Foundation provides an invaluable support to DFDS employees past and present. The Foundation awards grants to former and present employees of DFDS and for a variety of cultural, entrepreneurial, educational and charity projects (lauritzenfonden.com).

Future steps / Commitments 2015

- Establish a new HR management information system across the Group
- Achieve Group alignment on policies relating to Diversity and Retention, 2012
- Report in 2012-13 on DFDS Diversity programme

ENVIRONMENT

OUR PRIMARY GOAL IS TO REDUCE EMISSIONS AND BUILD PARTNERSHIPS WITH STAKEHOLDERS TO ENSURE THAT ENVIRONMENTAL REGULATIONS DEVELOP EFFECTIVELY AND SENSIBLY

Highlights

- DFDS is on track to cut CO₂ emissions by 10% over a five year period
- New Director of Sustainability and Environment chairs new Corporate Responsibility Committee
- DKK 69 million of environmental investment in 2011
- Bunker prize promotes eco-efficiency by incentivizing employees

Our approach

DFDS' Environmental Policy, formulated in 2007, commits to the protection and conservation of the environment. Key commercial risk factors include environmental regulation and energy price inflation and volatility. The Environmental Policy guides on analysis of compliance costs, innovation, and the corporate response to regulatory change. For example, with respect to the IMO MARPOL Annex VI regulations on reducing sulphur oxide emissions from ships to 0.1% by 2015, we are working hard to come up with a technical solution as well as a more balanced political outcome.

On land we are obliged to meet climate change legislation, such as the Carbon Reduction Commitment (CRC) in the UK, a Government scheme to encourage energy efficiency by medium to large sized electricity users. At port facilities and terminals we are improving the energy efficiency of buildings, plant and equipment and reviewing on-site renewable energy sources.

Our teams follow procedures to implement environmental management day-to-day. As part of customer service we renewed the ISO 14001 EMS certification at Belfast, Brugge, Ghent, Gothenburg and Helsingborg logistics operations.

Specifically, the Environmental Policy included a commitment to a 10%

reduction in CO₂ emissions 2008-2012, based on a per capacity unit consumption per nautical mile. Compliance with all applicable regulations is constantly ensured where we operate. We also commit to eliminating environmental pollution spills completely. We are aiming to maximise resource efficiency, cut waste, and assess precisely which environmental investments will be practicable. The Policy also commits to enhancing a culture of environmental awareness where colleagues are comfortable to highlight opportunities to innovate, or where things are not going to plan.

DFDS' new Sustainability and Environment department directs environmental efforts at Group and local levels, ensuring a common quality and The DFDS Way for working on sustainability and corporate responsibility at sea and on land.

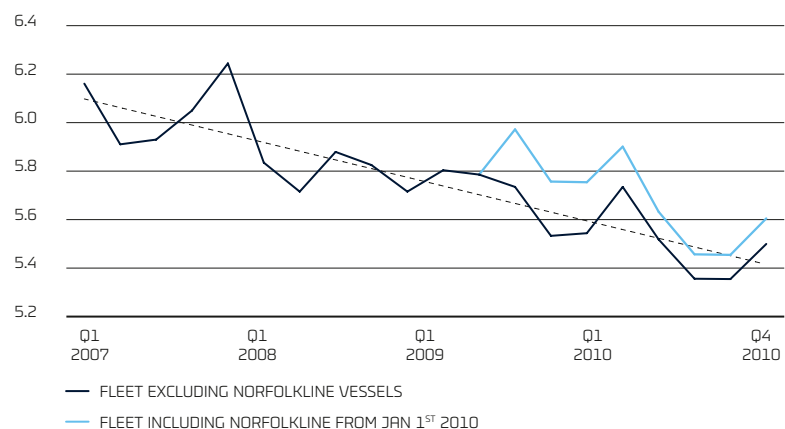
Where we instigate commercial management initiatives we seek to understand and maximise the environmental benefits, for example through SeaPlanner and Project Headlight. In 2011 environmental technology investments amounted to DKK 69 million.

PROGRESS IN 2011

Carbon intensity

We have achieved the CO₂ emissions goal one year ahead of schedule. The main source of CO₂ emissions is burning marine fuel oil, known as bunker. It is measured in grams per gross tons per nautical mile (g/GT/nm). In 2007, the base year, a five year target was set for the end of 2012 to cut CO₂ emissions by 10%. In 2011 the average consumption in g/GT/Nm was 9.3% lower than in 2007 for the entire fleet including Norfolkline vessels. Excluding Norfolkline vessels the average con-

FUEL CONSUMPTION FOR DFDS FLEET 2007 - 2011
(AVERAGE FUEL CONSUMPTION G/GT/NM)



sumption decreased by 11.4% from 2007 to 2011. New goals regarding marine and logistics fuel consumption reductions will be decided during 2012.

In 2011, average fuel consumption was 6.3% lower than in 2010 including Norfolkline vessels (4.3% lower excluding Norfolkline vessels). Total absolute consumption changes over time as the fleet grows or shrinks, or according to changing weather conditions on a route, for example. A relative figure is used to measure consumption to express performance per unit of capacity. See p 124 for the DFDS fleet list for 2011. The data recording system is being developed to include DFDS Logistics CO₂ emissions.

DFDS' bunker saving programme comprises various projects. Core to it is ship speed; while keeping to sailing schedules. Work is also focused on faster loading and unloading, equipment power efficiency, ballast and ship's trim control, new energy-efficient propellers, waste heat recycling, hull cleaning for improved hydrodynamics, as well as more efficient heating, ventilation, air-conditioning and lighting on board. Energy-efficient route calculation is helped by 'SeaPlanner', specialist software, now installed on 23 DFDS ships and which recommends the most energy efficient speed and route. New propellers on PEARL SEAWAYS, for example, have shown fuel savings of up to 9.6% in the testing period. The design is being installed on other vessels to reduce fuel use. Such initiatives are major investments but the payback period is relatively short due to high oil prices.

Benefits are also derived from working with suppliers to find synergies and improve efficiency. Our Vendor-Managed Inventory (VMI) project aims to improve the efficiency of bunker delivery. The supplier can save on fuel, by optimising its barge movements. This partnership project will share information and responsibility with the supplier. If the supplier can choose the delivery schedule, this will allow flexibility and lower costs for DFDS and the supplier.

On land, the port and terminal facilities and distribution hubs are also becoming more energy-efficient. We continue to benefit from Energy Management Teams (EMT): at Larkhall and Belfast for example, new, more efficient refrigeration was installed with anticipated annual electricity savings of 30%. We continue

CUT FUEL, GET FIT!

In October 2011 VILNIUS SEAWAYS won the DFDS Bunker Prize for reducing fuel use and emissions. The prize motivates the crew to save fuel - the vessel with the best performance wins a cash prize to improve crew facilities onboard. The crew decided to use the prize money to upgrade their gym equipment amongst other appliances. "I think that crew members here and on other ships will be motivated to achieve even more fuel savings in the future," said the ship's Captain Konstantin Telik.

to use more environmentally-efficient trailers and reefers, and work with customers such as ASDA supermarkets in the UK to run double-decker trailers for improved greenhouse gas emissions per carried pallet.

Collaboration continues with suppliers in order to introduce more fuel-efficient trucks. In Ireland for example, EURO 5 trucks will cut CO₂ emissions further compared to the EURO 3 vehicles. We are working to replicate this throughout the logistics business.

Air emissions

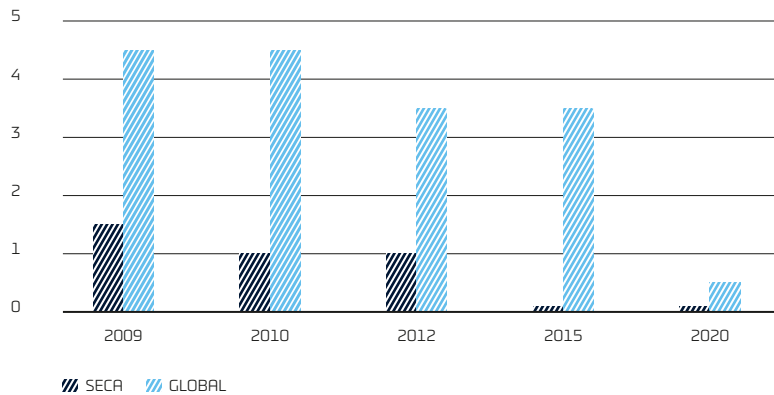
The shipping industry is subject to very active legislative developments on air emissions, and in particular sulphur content in marine fuel oil is subject to international regulatory controls. The North Sea and the Baltic Sea, where DFDS operates, are a so-called Sulphur Emission Control Areas (SECAs). In 2015, the IMO (and the EU) will introduce new limits for sulphur levels in bunkers oil in SECAs, reducing the sulphur content from a maximum of 1.0% to 0.1%. Bunkers oil with maximum 0.1% sulphur content is between 40% and 70% more expensive than bunker oil with 1.0% sulphur implying a potential price increase on seafreight of 20-30% which could have a substantial impact on sea traffic in Northern Europe, particularly on routes in direct competition with land based traffic. This could lead to a modal shift, where sea traffic to a greater extent is replaced by road traffic causing further congestion

on European roads, thus contradicting the EU policy of moving traffic "from road to sea". The shipping industry supports stricter regulations, but is also exploring opportunities to adapt a modified policy. A solution could be to allow the use of bunker with a 0.5% sulphur level as studies show that the environmental impact of 0.5% vs 0.1% is insignificant.

Nevertheless, DFDS is taking a pragmatic and innovative course and also exploring solutions using new technology. DFDS teamed up with specialist supplier Alfa Laval to trial new scrubber technology in 2009, and became the first company to fit a large sulphur scrubber in a ship. Scrubbers remove Sulphur dioxide and particulate matter from ship exhaust gases. The wash-water is discharged harmlessly under licence. The project is led by our Technical Organisation with close involvement of the ship's crew and the Danish EPA. The test project on FICARIA SEAWAYS shows good results. There are some limiting factors affecting how and where such scrubbers can be used. These include scrubber size and weight, installation complexity, ship stability and age. We are actively engaging with the EU on assistance to fund environmental investment. The European Maritime Safety Agency and other relevant authorities are involved in the testing and audit of the results of the equipment.

"Operators will not be able to pass on higher fuel costs to customers with a choice of transport modes, which will inevitably

LIMITS FOR PERMITTED SULPHUR CONTENT IN BUNKERS
[%]



push up to 50% of cargo off short-sea ships and back on to the road network. It's also clear that the ongoing revision of the EU Directive must put provisions in place as to what should happen if low-sulphur fuel is simply not available to operators in 2015"

Johan Roos, Executive Director, Interferry European Office¹.

Alternative fuels are also being considered. Liquefied Natural Gas (LNG) may be appropriate on some new vessels, although the supply chain, pricing and the actual implementation needs further investigation and development. Whilst we are ready to invest, we and our peers fear that a switch to alternative scenarios for our fleet will take longer than the EU Directive deadline allows.

To combat local air emissions in ports, shipping companies since 2010 have not been permitted to use oil with sulphur content greater than 0.1% when in port. Local sulphur air pollution levels have reduced by 90% as a result. In some ports we also remove nitrogen oxides (NOx) using catalytic converters. Now we are going further by investigating installation

of on-shore power supply (OPS) so that the auxiliary engines can be stopped completely when the ship is in port. We are analysing and considering investments up to DKK 140million (19m Euros), including options for EU funding, to install OPS equipment in Vlaardingen, Immingham, Ghent, Esbjerg and Gothenburg, and on the ships that use these ports.

Managing waste, recycling ships

Almost every activity on board and in a logistics centre generates waste. The oil, chemicals and water used for cleaning purposes must be handled in accordance with environmental regulations. On board a ship, such discharge is collected as bilge water below the engine room. Before it can be released, it must first be decontaminated to meet environmental standards. We are in the final phase of testing a new bilge water cleaning system on PEARL SEAWAYS. Not only is it successful, it is more efficient, more reliable, faster, cheaper to run and certified to IMO rules.

Scrapping a vessel is a regulated process, guided by IMO's proposed Hong Kong Convention 2009. DFDS is committed to responsible scrapping. The TOR ANGLIA was scrapped using a certified shipyard in China in 2010. In 2011 LISCO GLORIA was declared a total loss following an extensive fire the previous year. The ship, a 20,600 ton ferry under a Lithuanian flag, will be recycled at Klaipėda in Lithuania.

Future steps / Commitments 2015

- New goals regarding marine and logistics fuel consumption reductions to be decided during 2012
- Data recording system is being developed to include DFDS Logistics CO₂ emissions
- Additional EURO 5 trucks
- Analysis of investing in onshore power supplies

¹ DFDS is member of Interferry European Office.

CUSTOMERS

OUR AIM IS TO CREATE AND PROTECT VALUE FOR OUR FREIGHT CUSTOMERS AND PASSENGERS, AND TO BE THEIR PREFERRED SUPPLIER

Highlights

- DFDS transports more than 1.5m trailers, containers, and other cargo every year on 25 routes
- 4.4m passengers served on 13 routes
- DFDS operates 8 port terminals
- Six customer service related awards won in 2011
- Prize winning passenger customer service

Our approach

DFDS constantly strives to deliver the right solutions to customers through continuous improvement of our network in co-operation with carefully selected partners.

DFDS' staff work hard to understand customers' experiences of how we work. Our customer ethics is a key value of The DFDS Way. Delivery of this ethos is helped by training such as the 'Zoom' course for managers. Zoom allows colleagues from across the business to meet, share best practices and to learn from each other.

Customers increasingly expect us to be accountable for our social and environmental responsibilities; this is evident from tenders for example. We respond to this by using specialists across DFDS for their expert knowledge of certain industries. Cost and service levels are the main focus areas; environmental and social issues are also discussed. For freight customers, we provide clear and up-to-date information on freight services online (freight.dfdsseaways.com). This includes routes and schedules, terminal services, customer service, and specific supply chain solutions for example relating to chemicals, forest products, metals or automotive customers.

Recently, a new online customer satisfaction reporting system has enabled the creation of reports for each ship over any time period. Management teams now have the latest customer feedback sent to them by email every week. We operate

to a wide range of service standards and know that customer demands differ across different sectors as diverse as seafood, metals, beverages, forest products and project cargo. At the heart of the service at DFDS are specialist teams designing bespoke solutions to meet customer expectations through quality and innovation.

Our freight safety management system is designed for best practice and continuous improvement. The high quality of our products and services is guaranteed by regular customer surveys and continual improvement schemes. We ensure that shipping schedules and other performance KPIs are met. We test our operations through internal and independent audit and certification. As an example, we regularly have food hygiene inspections from Port Health Authorities, and pride ourselves on the safety of our food.

For our passengers we put together different teams in DFDS to share benefits of collaboration on working practices in response to changing expectations of our services. For example, our joint Passenger Competence Centre aims to identify, develop and disseminate best practices, taking into account customers' specific local needs. We offer information online in 14 languages.

Travel information, contact points including 'instant chat', passenger terms and conditions, credit card policy, brochures and guides, restaurant reservations and tips on driving abroad are all provided for passengers via our websites.

PROGRESS IN 2011

Our business-to-business customers

DFDS offers more than 350 shipping departures each week. Our comprehensive network of strategically placed terminals and hubs operates around 8,000 trailers, containers, cassettes and swap

bodies and a total warehouse capacity of 120,000 m². DFDS integrates with rail services and runs computerised solutions to maximise efficiency.

Our challenge is to increase customer service without increasing costs. We are introducing common IT systems for passenger and freight, and we are simplifying our contact procedures. We invested DKK 60m (€8.1m) in our Logistics fleet in 2011 and we work continuously with our customers to develop initiatives that save costs and increase efficiencies. One example is 'back-hauling', where every effort is made to fill capacity in return journeys.

We are proud of the awards we have won including:

- Europe's Leading Long Sea Ferry Operator 2010 awarded to DFDS Seaways by The World Travel Awards for the fifth year in a row
- International Produce Logistics (IPL) award for Best Intermodal Provider. The judges were particularly impressed by our environmentally-efficient solutions
- Rijkswaterstaat, the executive arm of the Dutch Ministry of Infrastructure and the Environment, awarded our Rotterdam operation a 10,000 Euro prize for the most innovative solution to reduce the number of tyre breakdowns with trucks and trailers. Our service offers customers regular tyre checks and inflating services for trailers, thereby improving safety and reducing emissions.

DFDS' focus on customer service and responsible operations helps ensure continuity of supply during any extreme weather such as the unusually cold and snowy conditions across the UK at the end of 2010 and the succession of severe storms that hit the North Sea region in autumn 2011. Maintaining a safe service meant there would be some delays and

so our Logistics teams kept in close contact with our customers to agree shipping volumes and prioritise deliveries. Our performance has also been recognised by awards and commendations from a number of key customers including Opel and ASDA.

Our passengers (B2C)

Around 4.4m people travel with DFDS every year. Sea travel is convenient for travelling by car and a relaxing part of a journey. Overnight cruises also offer a maritime experience and good value for money.

Passenger service awards won include:

- DFDS Seaways won the prestigious 'World's Leading Ferry Operator Award 2011' at the World Travel Awards in Doha on 11 January
- Norwegian Customer Service prize, based on an extensive survey of 82 of the country's biggest customer service centres. DFDS won the "ship travel" category for the second year running, and finished overall in third place
- Which? in the UK named DFDS Seaways as its Recommended Provider for ferry travel. DFDS scored above average in all aspects, especially ease of booking and value for money
- DFDS Seaways was named 'Best ferry operator' in the Virgin Holidays Responsible Tourism Award 2011. The International Centre for Responsible Tourism recognised DFDS's commitment to setting up and funding a collaborative project with whale and dolphin conservation charity, ORCA, to monitor wildlife and develop marine protection zones in the North Sea.

Passenger engagement is encouraged using online questionnaires. We recently saw an increase of more than 400% over the traditional paper version on one route alone, with over 20,000 responses. We want to understand further, and improve, the customer experience. Fostering open and transparent dialogue is crucial to this. We welcome the chance to show how we work. Indeed, a BBC documentary 'Food Fighters' filmed on PRINCESS SEAWAYS showcased the processes that goes into making food safe. Our kitchens and restaurants were hailed as an example of best practice.

Customers receive messages on important issues such as safety, both onboard and ashore. DFDS transports tens of thousands of people going on skiing holidays in Norway. With the Danish national skiing club and other partners we offered a 24-page booklet on ski safety to all skiing passengers when they check in. The booklet provides practical advice to reduce the risk of injury and a smartphone application to access safety information and to test safety knowledge.

With respect to our ferry business, we note that other varied projects make a valuable contribution to the wider customer experience. The ORCA initiative, over three years, involved more than 100 marine wildlife surveys onboard and a new Wildlife Watching mini-cruise. We wanted to go beyond our statutory obligations and find where we could make a difference to marine conservation.

DFDS Seaways also funded two Wildlife Officers to raise awareness of whales, dolphins and porpoises in the North Sea, while collecting information to support sightings undertaken by a team of ORCA surveyors each month. They run deck watches with customers on wildlife mini-cruises using the Newcastle-Amsterdam ferry route, and provide a range of educational information.

An educational service was started by our Lithuania office to introduce reading corners on REGINA SEAWAYS and LISCO MAXIMA. Shelves for books and frames for magazines were mounted; Klaipeda city libraries and some employees donated the books and the Magazines Printing Group offered magazines for free.

Future steps / Commitments 2015

- Project Customer Focus to be launched beginning of Q2 2012 to run for the rest of 2012
- An 'app' to permit customers to track their journey on a map of Northern Europe showing real-time position of ships, including arrival information
- Upgrade of customer relationship management system to provide more information such as energy efficiency per unit shipped to help measure and reduce the carbon footprint of customer and own operations.

SUPPLIERS

OUR AIM IS TO MINIMIZE RISK AND MAXIMIZE SECURITY IN THE SUPPLY CHAIN. ROBUST RELATIONSHIPS WITH SUPPLIERS ENSURES RESPONSIBLE AND EFFICIENT SERVICES TO CUSTOMERS

Highlights

- DFDS sources goods and services for 47 vessels: around 5,000 purchase orders each month
- 20 logistics offices, managing 3,100 trailers
- New supply chain information management tools in place, and under development
- All supply contracts include our ethical Code of Conduct

Our approach

DFDS' supply chain connects many suppliers, modes of transport and countries. Within it we strive to create and protect commercial value affected by issues relating to security, product safety, quality, environmental protection and social responsibility. DFDS' Supply Chain Management (SCM) teams aim to help minimize the risk and maximize the security of the supply network and reduce acquisition and administration costs through working together across the DFDS Group.

The SCM function sits within the Finance division of DFDS. SCM comprises procurement, demand and supply and special project functions. Its day-to-day work directly affects the profitability of DFDS and suppliers: it involves price negotiations, contractual arrangements, risk management, working with business units, inventory management and monitoring. To ensure regulatory compliance, we revise our supply chain policies and our ethical code for suppliers.

We assess our supply base for its cost-effectiveness, resilience, safety and other risks. On land and at sea, DFDS demands that suppliers operate in a decent and respectful manner. In the shipping business, for example, our audit programme checks that a supplier is on the relevant maritime authority database as required under the EU Marine Equipment Directive 1996. A supplier will achieve the Wheelmark and be included in the

database if it satisfies the criteria. DFDS follows the Global Ship Management System approach to check that a supplier meets safety and environmental requirements – that it has achieved its Wheelmark.

Since 2009, the DFDS Supplier Code of Conduct has been a part of all DFDS' purchasing and business agreements. Ultimately, when a contract is signed with a supplier in our shipping and logistics businesses, the DFDS Supplier Code of Conduct is attached to it. This outlines DFDS' commitments to applying ethical principles in business and respecting human rights.

The DFDS Supplier Code of Conduct

To do business with DFDS a supplier must comply with all applicable international conventions and national legislation in the country where the work or service is being performed, and specifically it must respect the following:

- Laws relating to child labour, coercion or involuntary labour
- Rules regarding safety and the workplace
- ILO Declaration on Fundamental Principles and Rights at Work
- Rules relating to employee discrimination on grounds of race, religion, age, nationality, sexual orientation or gender
- Regulations on anti-corruption and anti-bribery, including all sub-contractors and business partners
- Environmental regulations that apply in the country where the product is manufactured or the service performed.

During the discussion on DFDS' strategic approach to CR and the identification of our key material issues, responsible procurement is identified as having potential impact on brand, reputation, relationships and customer orders. Our supply chain teams work closely with suppliers on a

day-to-day basis and suppliers' feedback and innovations are valued by DFDS.

Progress in 2011

In 2011 the SCM team numbered 17 people working out of Denmark, UK and Lithuania. In 2011 we established a new centralised SCM operation and a new integrated purchasing system is under development. Whilst contracts are managed locally, a corporate SCM database will allow detailed corporate-level analysis of supplier profiles, numbers, issues, feedback and benchmarks, for example. The database is due for release in 2012 and 2013.

Alongside The DFDS Way, collaboration and engagement are central to responsible procurement. We can report a good start on a new shared approach to how we work with suppliers on bunker delivery. Our Vendor Managed Inventory (VMI) pilot project intends to reduce costs, improve service, share risks and rewards, exchange information openly and enhance transparency and trust. It's a strategic alliance where the supplier makes re-fuelling decisions for the buyer. As well as cost and sales benefits it will help improve punctuality and security of supply.

In 2011 we adopted a new 'efficient trailer working group' in our logistics business. The group has ensured that the policies, procedures, investments, efficiency and cost associated with our 3,100 trailers are consistent and appropriate for DFDS' needs. Policies for review will cover purchase and disposal, trailer mix, standardising equipment, maintenance. The group coordinates with our Project Headlight, which is reviewing all aspects of equipment operation, supplier agreements and trailer procurement in 2012.

Future steps / Commitments 2015

- Implement new supplier database in 2012 and 2013
- Develop procurement policy for internal agreement