

DFDS CR 2015 REPORT



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WE AIM TO ACT RESPONSIBLY IN ALL WE DO – EVERY DAY

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

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

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

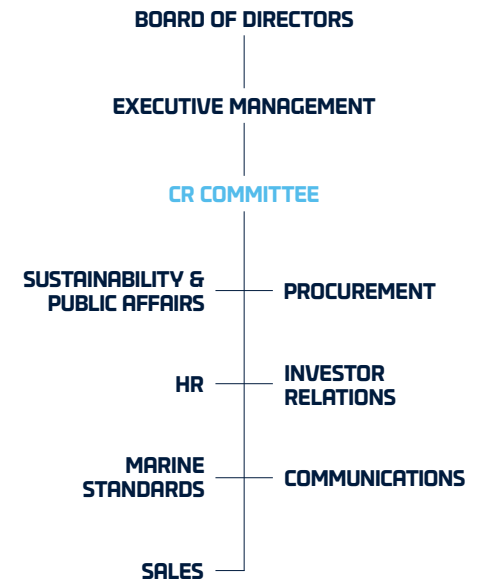
Every year, we strive to make progress in our corporate responsibility work in line with our operating model of making continuous improvements, THE DFDS WAY. In 2015 we decided to join the UN Global Compact – the UN’s guiding principles on business and human rights.

In the following pages, we report on the results of our CR work in 2015, our policies, our processes and systems, and our plans for securing that we are aiming higher in the future.

Niels Smedegaard
President and CEO

The structure of our work on corporate responsibility

DFDS’ work on corporate responsibility is coordinated and governed by a CR Committee that reports to executive management. The committee is headed by our sustainability and public affairs department.



About the report

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

SAFETY AND SECURITY ASHORE

Highlights

- **No fatalities recorded in 2015**
- **Accident frequency decreased**
- **Accident severity decreased**
- **Most accidents caused by individual's actions rather than failure of systems**
- **E-learning tool enhances safety training and raises awareness of safety risks**

Lower accident frequency and less severe injuries

“Safety culture development is complementary to the overall culture of The DFDS Way, which among other things promotes continuous improvement and sharing of best practices.” Richard Baines, DFDS Group HSE Manager

DFDS is an organisation in continuous growth, also in its land-based activities, port terminals, warehouses, offices and transport operations. Therefore, we have decided to measure our land-based safety performance by means of an Accident Frequency Rate (AFR) rather than by the number of accidents. In this way, we will get a true picture of the sa-

fety performance that reflects the actual risk to individual employees and can be compared from year to year.

Overall improvement in safety performance in 2015 from 2014

Overall, safety performance is currently the best it has been since the benchmarking started in 2012. Group Accident Frequency Rate of 5.07 passes the 15% improvement target of 5.80. This improvement is especially pleasing as it is against a back-drop of continued acquisition of new business.

GROUP	2012	2013	2014	2015
LTA's*	39	48	45	40
AFR*	6.86	7.10	6.22	5.07

*AFR (Lost-Time Injury) Accident Frequency Rate

*LTA Lost-Time Injury Accident

Injury severity (represented by average lost working-days per LTA in 2015) also significantly decreased (13.5 days compared to 26 days in 2014).

- **Safety training, via the use of e-learning, has progressed with 1,711 staff now enrolled on the system, and multiple language versions (Dutch and French) available.**
- **'I-care' behavioural safety initiative introduced in Immingham Seaways by the local management team; this is a vanguard example of what is required to drive safety culture improvement.**

Enhanced safety training

The accidents are, by and large, caused by individuals' actions rather than by a failure of safety management systems, which is a continuing trend from 2013 and 2014. Therefore, the solution is to increase individuals' personal awareness of safety as part of the overall development of DFDS' safety culture. In order to raise awareness and knowledge about safety among staff, DFDS has introduced e-learning safety modules so people can receive online safety training. This has greatly improved the number of people who have received safety training. In 2015, 4,706 e-learning modules were completed. That is approximately twice as many as in 2014, largely due to significant take-up by seafarers on board ship. There is a suite of six core safety modules with common applicability across the Group (Risk Assessment, Fire, Manual Handling, Slip/Trip, Display screen Equipment and Environment) plus several site specific modules such as food safety for Belfast – and each module takes approximately 30 minutes to complete. A module is only counted as complete when an 80% pass mark is achieved.

Future steps/Commitments

E-learning tools will continue to contribute to improved safety by raising awareness of safety throughout the organisation. Dutch language versions of the core safety modules have been prepared to make the material more user-friendly. French language modules were generated in 2015 and will be introduced in e-learning during 2016.

OUR APPROACH

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

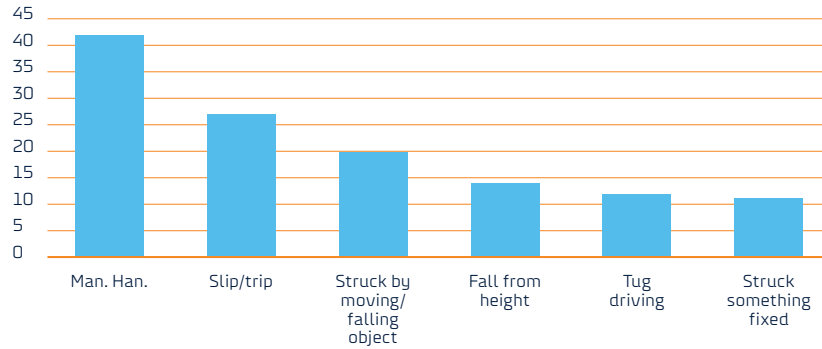
The national and international safety legislation applicable across the DFDS Group has a common basis in EU legislation. This allows for an internal safety management standard for the DFDS group based on a UK model of safety management.

REPORTING

- The reporting system is to not overburden small low-risk units and still allow reporting of injury accident detail and generation of causal analysis.
- The network of 'data responders' covers 57 operational sites
- Causal analysis to inform managers of trends and feed into their 'safety action plans' to ensure proactive management of safety.

Safety performance data is collated into a monthly report made available to management to increase causal understanding.

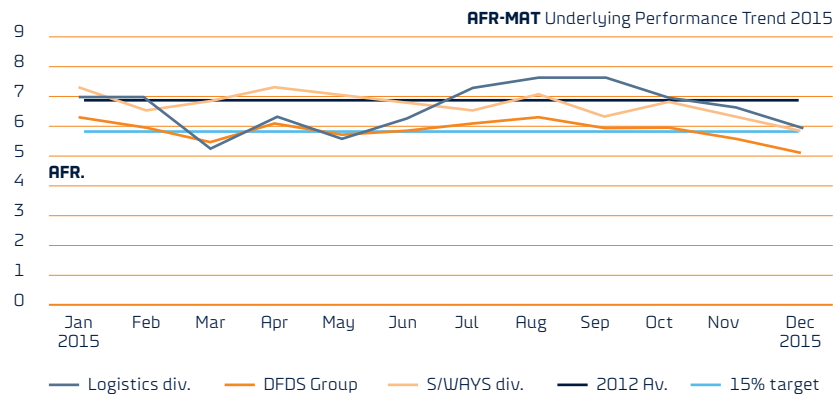
MAIN CAUSES OF ACCIDENTS
Causal Analysis (Top 6, 2015)



INJURY SEVERITY
(Average Lost-Days) for injury events in 2015

Logistics	LDs	Seaways	LDs	Group Servs	LDs
LTA's 2015	17	LTA's 2015	23	LTA's 2015	40
Actual Lost-Days	332	Actual Lost-Days	208	Actual Lost-Days	540
Average LDs per LTA	19.53	Average LDs per LTA	9.04	Average LDs per LTA	13.5
2014 Av. LDs	32	2014 Av. LDs	23	2014 Av. LDs	26

AFR MOVING ANNUAL

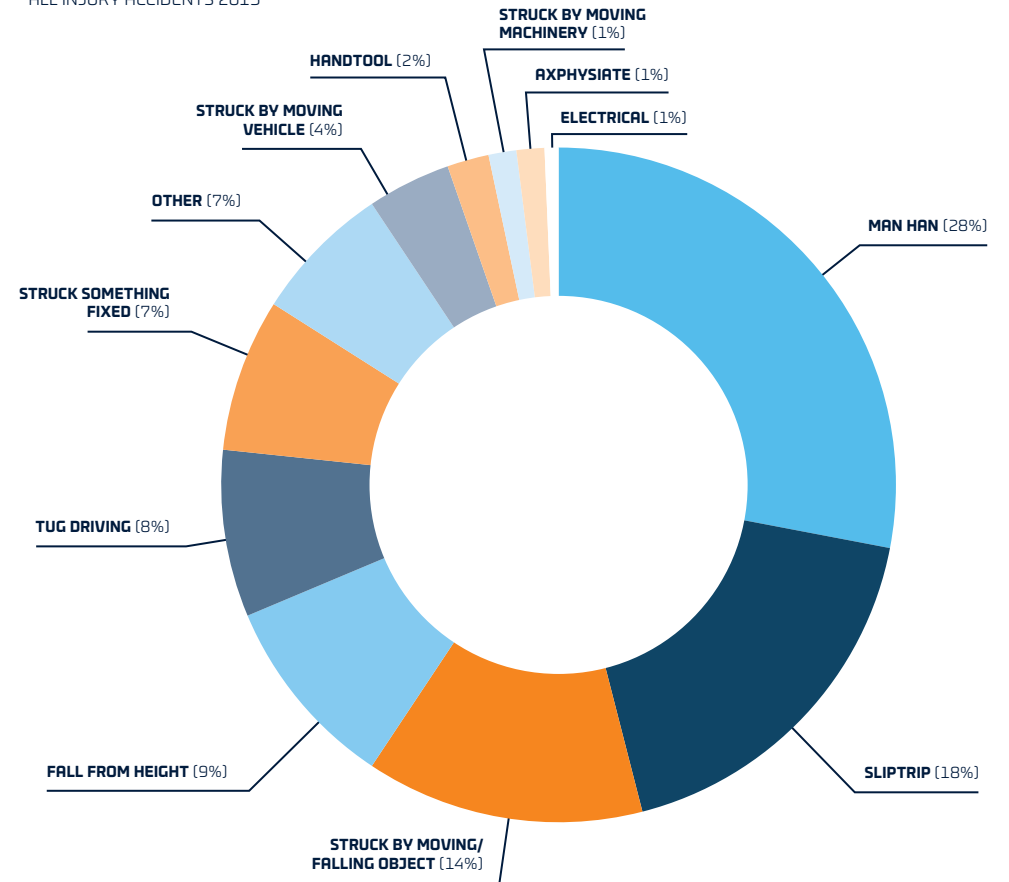


DFDS GROUP SAFETY PERFORMANCE
Jan-Dec. 2015

Group	2012	2013	2014	2015
LTA's	39	48	45	40
AFR	6.86	7.10	6.22	5.07

The new performance improvement target for 2016 will be a further 10% improvement in the AFR from the 2012 baseline.

CAUSAL ANALYSIS
ALL INJURY ACCIDENTS 2015



SAFETY AND SECURITY AT SEA

Continuous improvement and focus on safety training and drills

Highlights

- **Improvement in safety performance**
- **Major difference between regions in level of Lost Time Injuries**
- **Ship grounding in Scotland**
- **Ship collision off Immingham**

The goal of DFDS' safety and security work is to keep people and goods safe. However, achieving this differs between sea and land. Legislation also applies differently.

Training and drills save lives

The DFDS Way is intended to enhance performance through continuous improvements, and we believe that the major tools in achieving continuous improvements in our health and safety standards are training and drills on board our ships. Incidents in preceding years have clearly demonstrated that the training standards and frequent drills are instrumental in the crew's ability to protect people, goods and the ship against the consequences of incidents such as fire on board, collisions and other major incidents.

In line with our strategy, DFDS also aims to participate in drills in cooperation with various rescue and emergency authorities. Such special safety and security drills include advanced training in crisis handling, cooperation and communication between DFDS and the authorities and between the various emergency teams. In 2015, several such safety and security crisis drills were carried out in Dover. Furthermore, our ships on the Copen-

hagen – Oslo route, as well as our passenger ships in the Baltic, served as settings for the authorities' security crisis-handling drills. We believe that these drills are extremely valuable when it comes to improving the safety and security of our passengers and crews.

Lost Time Injuries frequency shows unsatisfactory regional variations

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

The development in 2015 showed a slightly positive trend with a general reduced Lost Time Injuries frequency on board our ships. In 2015, the overall frequency fell to 8.23 from 9.31 in 2014. However, the general level is still unsatisfactory. This is mainly due to an unsatisfactory level on the vessels flying the French flag, which had an average LTI frequency of 32.64 %, whereas the vessels flying the Danish and the UK flags improved

their safety performance and showed a satisfactory average LTI frequency of 3.55 and 1.00 respectively.

However, injury severity hasn't increased. The many injuries reported were, with one exception, of minor severity. Most of the injuries were bruises, sore knees, back pains from lifting, a bruised fingernail and other minor injuries.

Near-miss reports

Near misses are hazardous occurrences that, under different circumstances, could lead to an incident if corrective actions are not taken. DFDS' policy is to support the reporting of near-miss incidents in order to develop best practices in avoiding and reacting efficiently to near misses.

In 2015, 71.2 near misses were reported on average per ship. This is a satisfactory level of reports and in line with the average number of reports in 2014. It is well above our target, which DFDS raised to 48 per ship annually.

Shipping incidents reported*	2015	2014	2013	2012	2011
Near-miss reports (average per ship)	71.2	62.3	64.5	38.5	31.7
Lost time injury frequency (LTIF)	8.23	9.3	7.0	3.3	2.0
Fatalities	0	0	1	0	0

* Data excludes the subsidiaries AB DFDS SEAWAYS (Lithuania) and DFDS Logistics AS (Norway)

Group policy

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

Major incidents in 2015**Grounding of LYSBLINK SEAWAYS**

On 18 February, the side-port vessel LYSBLINK SEAWAYS ran aground off the west coast of Scotland. The grounding on rocks happened at a speed of 12 knots. Luckily, no persons were injured, but the grounding caused major damage to the vessel's hull and, unfortunately, some oil spill could not be avoided. However, as it was not heavy oil, but marine gas oil, it dissolved relatively quickly and no major impact on the environment was detected.

According to a report by the UK's Marine Accident Investigation Branch, a number of deficiencies in the safety routines on board led to the grounding. This included a breach of DFDS' alcohol policy that caused the first officer, who was alone on the bridge, to fall asleep while navigating the ship through the sounds of the Scottish west coast. This violation of DFDS' strict and clearly communicated zero-alcohol policy led to the termination of the first officer's employment contract, which is standard procedure when our alcohol policy is violated.

Following this incident, DFDS carried out extra audits in the fleet, and underlined the captain's duty to enforce the policy on board. In addition to this, we again informed about the alcohol policy and the consequences of violating it. No similar incidents have been recorded in recent years.

Collision with PRIMULA SEAWAYS

On 3 December, the ro-ro vessel PRIMULA SEAWAYS collided with the car carrier City of Rotterdam just an hour off Immingham when entering the Humber River. No persons were injured, but the ships sustained considerable hull damage. PRIMULA SEAWAYS could sail to Immingham powered by its own engine. The UK's Marine Accident Investigation Branch inspected the ship and interviewed the captain and the crew about the incident. Their report is expected later in the year.

Future steps / commitments in 2016

In its marine safety and security work in 2016, DFDS will strive to:

- **Reduce the number of Lost Time Injuries crew accidents on board French-flagged ships**
- **Maintain progress towards zero lost time accidents across the rest of the fleet**
- **Continue improvement in safety-related performance.**

OUR APPROACH

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

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

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

PEOPLE

Focus on training and development in 2015

Highlights

- **The DFDS Way of Selling programme continued**
- **In 2015, we passed the 500 mark for participants in our leadership programme ZOOM**
- **New senior management programme**
- **Changes to staff because of route closures, tonnage changes and changes to business**
- **No fines, lawsuits or breaches of rules were registered in the HR area in 2015**

It is vital for DFDS' continued development to be a preferred employer that attracts, develops and retains employees in all job types, in all the countries in which we have activities.

The purpose of our HR activities is to support people and the business in making the right decisions when it comes to recruitment, employee and management development, talent spotting, performance management, remuneration and benefits, as well as organisational efficiency.

In 2015, this was done with special focus on leadership and personal development by means of increased training and succession planning for those next in line. There was also focus on diversity and our trainee and apprenticeship programmes. In addition to this, DFDS offers an extensive introduction package to new employees. A new programme to identify and train the talents within DFDS was introduced and 22 participants were selected for the Horizon programme.

DFDS' HR policy

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

A Training and Development department was established in 2013 to enhance our training and development activities in a substantial way. The department has since been expanded with new staff and expertise.

The training conducted in 2014 falls into three main categories: leadership training, personal development and sales and service training. THE DFDS Way of Selling was our flagship training programme in 2014 and 2015.

TALENT AND CAPABILITY DEVELOPMENT

“ WE ARE COMMITTED TO HELPING PEOPLE PERFORM AT THEIR BEST AND ACHIEVE THEIR FULL POTENTIAL THROUGH ONGOING TRAINING AND DEVELOPMENT ”

HENRIK HOLCK, EVP, PEOPLE & SHIPS

MAIN LEADERSHIP TRAINING CONDUCTED IN 2015

- ZOOM is our general leadership training programme: 500 managers have participated in the modular (2 x 3 days) training course since it started. It has been extended with training that focuses on Change Management & Cultural Differences.

MAIN PERSONAL DEVELOPMENT TRAINING IN 2015

- FOCUS is our specialist-training programme: 75 specialists participated in 2015
- Train-the-trainer: The course trains the trainers for our passenger service development programme YES WE WILL. 35 trainers were trained in 2015
- talent programme: DFDS has initiated a programme, Horizon, to spot talents and to offer them a special talent development programme.

MAIN SALES AND CUSTOMER SERVICE TRAINING

- As part of our Customer Focus Initiative, DFDS developed The DFDS Way of Selling in 2013: 250 sales people received a certificate in 2013 for going on The DFDS Way of Selling, a further 50 participants in 2014, and in 2015 another 50 participants were certified.
- Furthermore, the Yes We Will passenger service training continued along with other business-related sales and services training.



“

THE RESULTS FROM OUR BEARING
ENGAGEMENT SURVEY WILL BE USED
TO IMPROVE MANAGEMENT AND SATIS-
FACTION AND CREATE OPPORTUNITIES
FOR TRAINING AND DEVELOPMENT ”

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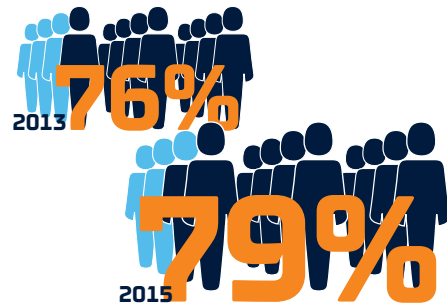
HENRIK HOLCK, EVP, PEOPLE & SHIPS

AMERICAN
LATTE
CAPPUCCINO
MOCHA
HOT CHOCOLATE
TEA
ESPRESSO
THERE'S NOTHING

Improved employee engagement

Bearing 2015 – Employee Engagement Survey to improve satisfaction and leadership and create opportunities for training and development.

During November and December 2015, DFDS conducted our bi-annual **EMPLOYEE ENGAGEMENT SURVEY** with all employees targeted. Compared to our result in 2013 **WE INCREASED THE RESPONSE RATE FROM 76% TO 79%**, which is good as we also increased the participation base by 6%.

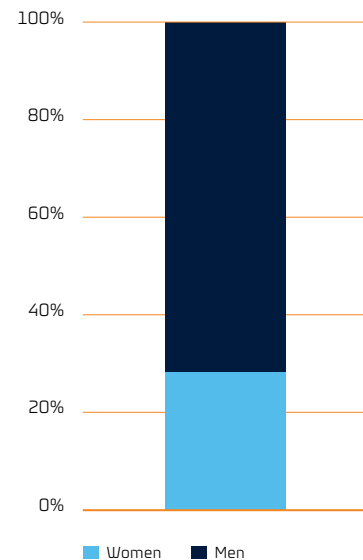


Our 2015 overall satisfaction and motivation has increased slightly, and the overall results are very good. As is the case with any company, DFDS obviously has areas for improvement. These include areas such as careers and possibilities for professional and personal development. We have designed a structured follow-up process for all DFDS managers to work to improve their own results, which will also be reflected in our future training and development.

Diversity development to be improved

Women make up 28% of DFDS’ workforce, which is on a par with our industry. However, only 4% of all employees at senior management level are women. DFDS aims to increase not only the total number of women in DFDS, but we will continue to focus on increasing the number of women in senior management positions in the next couple of years. In 2015, DFDS launched a Talent Development Programme with 40 % female representation. In 2016 we will introduce a ‘Diversity Package’ for all managers with guidelines and tools to increase gender

GENDER DISTRIBUTION
DFDS’ workforce 2015



diversity. In our Board of Directors we have 33% female representation, excluding employee-elected members, which is the minimum required by Danish law. The Board continuously assesses the composition of the Board with regard to further increasing gender diversity.

Aiming higher within HR

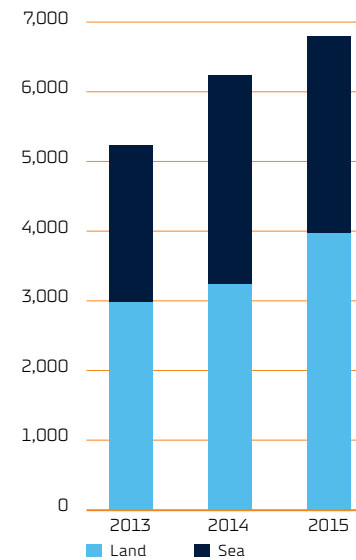
Part of our DFDS Way is performance culture and to do things a little better each day. In 2015 we reviewed many of our HR processes, both locally and on a group level. This has led to new processes and tools for managers to

continue to improve, e.g. an improvement plan which is a dialogue tool to boost performance; a framework for Spot Awards, alignment of exit interviews etc.

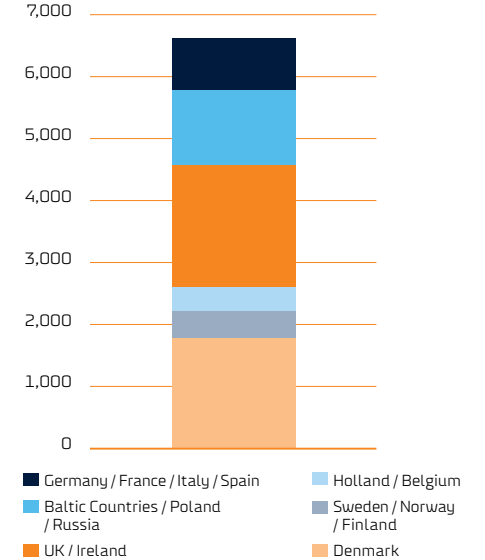
Future steps/commitments in 2016

- new way of onboarding new employees
- recruitment strategy
- further development of internal training programmes
- make progress on diversity policy and targets
- create career paths for employees

DISTRIBUTION OF EMPLOYEES ON LAND AND SEA
(No. of employees)



AVERAGE NUMBER OF EMPLOYEES PER COUNTRY
2015



DFDS' COMMUNITY INVOLVEMENT

DFDS supports people in need through targeted programmes

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

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

Some of the initiatives taken by DFDS in 2015 were:

Helping young people escape crime

In Denmark, DFDS works closely with the High:Five project, which is a community initiative to find jobs in private companies for young people with a criminal record. The aim is to offer a way back to a crime-free life via a normal job. Since DFDS joined the High:five programme, 37 young former criminals have been employed in our offices or on our ships - mainly on our ships on the Oslo - Copenhagen route. On board a ship, the working environment is dedicated and supportive, and about 80% of the participants in the programme permanently leave a life of crime.

DFDS has taken a leading role in this initiative: Henrik Holck, EVP of DFDS' People & Ships Division, has stepped in as Chairman of High:Five. As a result of these and other social initiatives, DFDS has been awarded a seat on the Danish Government's advisory committee for corporate social responsibility,

where we share our experiences and contribute to developing social initiatives.

Employee welfare

In partnership with the Danish union DMMA, we established a joint foundation to provide financial support to employees covered by the agreements negotiated with the DMMA. The foundation enables them to work part-time if they are unable to work full-time for health reasons. In 2015, nine people benefited from the scheme. The agreement is unique in the Danish labour market.

Danish Red Cross

In Denmark there are various ways of supporting people in need via organisations and foundations. And this year DFDS decided to cooperate with the Red Cross.

Kevin Helsinghof, DFDS Country Manager in Denmark and Sweden, visited Kathmandu during the autumn to understand how far the helpers can come with very few resources. And in close connection with the General Secretary of the Danish Red Cross, Anders Ladekarl, DFDS in Denmark launched a large campaign involving its customers and managed to collect close to DKK 250,000 to support the Red Cross in its humanitarian work.

CHRISTMAS LUNCH FOR THE HOMELESS

DFDS offered a free Christmas lunch to homeless people on board our passenger ships in Copenhagen and Oslo before Christmas. The invitations were issued in cooperation with local charity initiatives and the lunch is partly based on voluntary work done by DFDS employees. About 500 homeless people enjoyed a free Christmas lunch at DFDS.

SHIPS ON MISSIONS

Our vessels sometimes participate in spectacular missions, and this year ARK FUTURA was engaged in the Danish Government's effort to combat and halt the spread of the Ebola epidemic in West Africa. The Danish military had requested on behalf of the UN that DFDS activate ARK FUTURA to transport vehicles to West Africa. Just a few weeks after the Ebola mission, BRITANNIA SEAWAYS was sent to Trabzon in Turkey on the Black Sea to collect the last units of the military equipment used by German forces in Afghanistan. In all, BRITANNIA has been in Trabzon five times to collect equipment used in Afghanistan to bring it back to Germany. DFDS' role is to provide ship transport.

Danish community awards

DFDS supported a Danish community awards initiative. The 'Fællesskabsprisen' award was initiated in 2014 by the Danish Government and aims to recognise individuals and groups that put in an extra effort to make their community, their workplace or other social spaces a better place for people to live. DFDS offered to host the awards ceremony again in 2015 on a complimentary basis on our passenger ship, PEARL SEAWAYS. Of the 1,200 initiatives which were nominated for an award, 10 were successful in winning.

HENRIK HOLCK, DFDS' EVP OF PEOPLE & SHIPS, WAS A MEMBER OF THE COMMUNITY AWARDS COMMITTEE. METTE FREDERIKSEN, FORMER MINISTER OF EMPLOYMENT AND LEADER OF DENMARK'S LARGEST POLITICAL PARTY, WAS ALSO A MEMBER, AS WERE OTHER STAKEHOLDERS. THE PICTURE IS FROM THE AWARDS CEREMONY ON BOARD PEARL SEAWAYS



ENVIRONMENT

Reducing our impact on the environment

Highlights

- **DFDS continued to install scrubbers**
- **DFDS is on track with target for reducing CO₂ emissions**
- **Grounding of LYSBLINK SEAWAYS caused minor oil spill**
- **Focus on reducing energy consumption ashore**

In January 2015, **the new sulphur** rules came into force, and the first year of new sulphur regulations has passed without any major issues. While adjusting to the rules we have continued our work to reduce **CO₂ emissions**.

New sulphur rules and scrubbers

From 1 January 2015, new sulphur rules in the Baltic Sea, the North Sea and the English Channel prohibited the use of bunker oil that contains more than 0.1% sulphur. Up until 2015 it was allowed to use bunker oil with 1.0% sulphur.

The overall aim of the rules is to reduce the sulphur dioxide pollution from ships in these densely populated regions. Therefore, other means that can produce the same result are also allowed as an alternative to using low sulphur oil. DFDS has successfully tested a scrubber that efficiently removes sulphur dioxide from ships' exhaust gases since 2009. The scrubber solution can be a financially

better solution for some ships compared to using the more expensive low sulphur fuel, and it has an additional environmental benefit: It reduces the emission of particles from the exhaust gas by about 80%. Therefore, DFDS believes that currently the scrubber solution is the best alternative when it comes to the environment.

DFDS is investing in refitting ships with scrubbers. In 2015, scrubbers were installed on six ships. This increased the number of DFDS ships operating with a scrubber to 17 by end of 2015 and makes DFDS a leader in scrubber re-fitting globally. Other means of reducing sulphur dioxide pollution and complying with the new regulations, such as using LNG, are being considered for the future. In general, we believe the LNG solution is more efficient for new ships.

LAWS AND REGULATIONS AT SEA

Much of our environmental efforts are aimed at complying with regulations and conventions issued by a number of regulators. The most important are the United Nations' International Maritime Organization (IMO), the European Union (EU) and the relevant national governments.

“ OUR ENVIRONMENTAL POLICY:
OUR BUSINESS
ACTIVITIES HAVE
AN IMPACT ON THE
ENVIRONMENT AND
THEREFORE WE
ARE CONSTANTLY
SEARCHING FOR
INNOVATIVE AND
INTELLIGENT WAYS
TO DEVELOP DFDS IN
A GREENER DIRECTION.
IT IS OUR POLICY
TO CONSIDER THE
ENVIRONMENTAL
IMPACT OF EVERYTHING
WE DO.”

NIELS SMEDEGAARD





At the COP 21 in Paris in December, the maritime industry was excluded from the final document. We consider this to be unfortunate and DFDS will naturally continue our own drive to reduce greenhouse gases from our operations.

DFDS on track with target for reduction of CO₂ emissions

More than 95% of DFDS' emissions stem from bunkers consumption on our ships and therefore, an extensive bunkers reduction programme is at the heart of our efforts. In addition to this, DFDS has initiated a structured programme also to reduce our shore-based energy consumption and emissions.

At sea

DFDS is on track to reach our target of further reducing energy consumption at sea by 5% from 2012 to 2017 based on the consumption in grammes per nautical mile per gross tonne. In 2015, the average consumption was 5.22 gramme per nautical miles per gross tonne. This is a 3.5 % improvement from the 2012 baseline to 2015.

In 2015, total consumption was 422,509 tonnes of oil. This is 66,200 tonnes - or 12.4 % - less than in 2014. However, this overall figure can't be used to compare developments from year to year as it is affected by the number of ships in service or sailings carried out.

Our main means of reducing our ships' bunkers consumption and emissions are lower speed at sea, improved route and sailing planning, improvements in our ship-to-shore cooperation, monitoring, behaviour on board and technical solutions.

SCRUBBER PROGRAMME CONTINUED IN 2015

DFDS installed scrubbers on 6 ships in 2015. This means that currently 17 ships operate with scrubbers.

Main means for reducing fuel consumption on board

Ship-to-shore cooperation

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

Technical optimisation

DFDS continuously evaluates and invests in new energy-saving technical solutions. They include:

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

Improved behaviour on board

Individual employees and teams can significantly influence energy consumption through their behaviour on board. Therefore, DFDS is

continuously communicating individual as well as Group efforts in order to share best practices among ships and people.

Monitoring

DFDS continuously monitors fuel consumption for all ships in grammes per nautical mile per gross tonne in order to have a comparable monitoring basis for all ships.

Complying with regulations

DFDS considers it to be a problem that varying legislative bodies like single nations, the EU and the UN (IMO) introduce legislation in the same area. DFDS supports uniform international regulations instead of separate national legislation for the benefit of international trade. Work on implementing the EU MRV Regulation (EU) 2015/757 is underway. According to this regulation all vessels calling at a European port as from 1 January 2018 must report their CO₂ emissions and the related 'transport work'. Two working groups under the EU's ESSF umbrella were formed to discuss and agree the implementation of this regulation. DFDS is represented on one of these working groups.

2015 was the first year in which 'large' organisations needed to do an energy audit under the EU's Energy Efficiency Directive 2012/27/EU. Due to the nature of the legislation this means that the DFDS Group must comply with the individual legislation of the EU countries in which we operate and make separate national reports.





This matter is complicated due to quite varying interpretations of this directive and the entire process is somewhat inefficient from a company point of view. DFDS is naturally complying with the various national legislation and the Audit Report for the Danish activities was completed in December 2015.

Funding and incentives

A number of projects involving various environmental enhancements to ships and port facilities were submitted for funding application under the EU 2014 CEF infrastructure programme. The submission deadline was end-February 2015. In July 2015, four DFDS lead projects were awarded a total of EUR 9 million in co-financing support. All our flow-class vessels achieved the highest classification - Green - in the Clean Shipping Index, which is a 3rd party rating of a vessels environmental performance (<http://www.cleanshippingindex.com/>). This entitles us to certain discounts in port fees.

Other initiatives to enhance DFDS' environmental performance at sea include:

Our waste-handling programme, initiatives to reduce noise and other programmes which are designed to reduce the energy consumption through improved lighting, ventilation and automation.

Incidents in 2015

In February LYSBLINK SEAWAYS grounded in Scotland, causing a minor spill of MGO.

Reducing energy consumption and emissions ashore

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

Future environmental initiatives

There are many environmental initiatives in the pipeline that will affect DFDS in the short to medium term.

In addition to the initiatives required by legislation, DFDS is also working on other initiatives that go beyond these standards.

FREIGHT CUSTOMERS

Greater focus on customers and education in 2015

Highlights 2015

- **Customer satisfaction a high strategic priority**
- **Group-wide Customer Focus Initiative and DFDS Way of Selling continued**
- **DFDS again voted 'World's leading ferry operator' and 'Europe's leading ferry operator'**
- **Continuous monitoring of customer satisfaction via customer surveys**
- **Based on feedback from the surveys conducted across all business units individual and local improvement plans were put in place to secure continuous improvements for our customers.**

Increasing customer satisfaction

In 2015, DFDS continued to focus keenly on customer service by means of the Customer Focus Initiative, CFI.

A successful tool was once again the many local staff and customer meetings, which we see helping both our customers and us in arriving at an improved understanding of the mutual business and challenges. The meetings are held at DFDS locations and at our customers' premises. At those meetings, customer companies are invited to join DFDS staff meetings to present their companies, their products, developments and needs as well as the challenges they face.

Based on the findings, we continued to develop the DFDS Way of Selling, which is a specially developed DFDS sales and service training

programme. The aim is to help our sales force gain a deep understanding of the needs and challenges of our customers' businesses and create solutions to address these needs. This process calls for collective interaction with the customer and investment of time to agree and construct proposals that add value to their business. In order to develop the service quality of our sales force, the programme awards certificates at various stages and is designed to enhance long-term development in the relationship between the customer and DFDS.

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

A desired tool for mobile booking has been developed for some ferry routes with information about services, or the national regulations affecting drivers. It is in the shape of folders in various languages as well as other solutions which support our customers in their business. In our logistics business, it has led to the development of tracking tools so our customers in some areas can track their shipments on-line.

Environment-friendly solutions

In addition to our general environmental efforts, DFDS provides environment-friendly transport solutions via rail and new ships. Apart from using larger units, DFDS seeks to

increase the use of railways in our supply chains, which means that we are moving goods from road to rail. This is among other things an environmental decision. In line with the DFDS Way of operating, we are continuously improving the daily operations of our logistics services through better planning tools and pooling of equipment in order to increase services and reduce empty driving. This reduces costs and our contribution to easing congestion on the roads, not to mention emissions.

OUR APPROACH

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

These five principles are enshrined in the daily working life of all DFDS offices and set measurable targets to:

- Deliver superior reliability and schedules
- Constantly bring new solutions to customers
- Be easy to work with
- Deliver customer service by empowered people with can-do attitudes
- Ensure we provide fast communication when it matters.

DFDS' code of conduct

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

Acknowledgement

DFDS won The Irish Export & Freight Transport & Logistics Award and the Export & Freight International Logistics specialist award in 2015.

Future steps / commitments in 2016

- **Expand cooperation with major customers on health and safety**
- **Launch of new website focused on best practice in health and safety and driver training**
- **New driver training programme to ensure our drivers and subcontractors are both fully conversant with our standards**
- **Introduction of the new planning tool of our operations system Velocity to enhance our ability to operate more efficiently and reduce empty driving and fuel consumption**
- **Continue the roll-out of our mobile tracking tool Truckcom across the Logistics Division**



OUR PASSENGERS

Our passenger travel services include short ferry route services as well as overnight travel on dedicated passenger ships or combined passenger and cargo ships.

In our passenger services, the highest priority is on offering our passengers a safe and secure journey. More information on safety is available on pages 3 and 5.

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

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

Customer surveys and customer service projects

Over the years, strong insights into our customers' expectations have been developed through ongoing and comprehensive **Customer Satisfaction Surveys (CSS)**, and the more recent addition of our customer focus. Through surveys, we ask approximately 20,000 passengers each year for their opinions to gain a deep understanding of our customers' needs. The insight serves as a basis for continuous improvement of day-to-day operations and services on board.

Data protection

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

Passenger rights

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

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



Communication with passengers

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

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

To meet the demands from our customers and to make it easier to find information or book a journey on our websites, DFDS implemented new websites in the passenger markets in 2015. The design is responsive, meaning that the websites can easily be accessed via smartphones and tablets.

Recognition

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

Awards

- **World Travel Awards Winner, 'World's Leading Ferry Operator' in 2011, 2012, 2013, 2014 and 2015**
- **World Travel Awards Winner, 'Europe's Leading Ferry Operator' in 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014 and 2015**
- **Danish Travel Award as the best passenger shipping company operating between Denmark and foreign countries for the 15th time**
- **Norwegian Customer Service Prize: DFDS won the 'journey by boat' category of the Norwegian Customer Service Prize in 2012, 2013 and 2014**

Future steps/commitments in 2016

- **Our customer focus will be continued. Several workgroups are running pilot projects and those results will be used to make both short- and long-term improvements**
- **We will use new marketing tools that will allow us, based on the information that the customer has allowed us to store, to tailor offers to those who find it relevant. This will also limit the amount of information sent to those for whom it is not relevant**
- **DFDS will implement a new booking system in 2016. With a large in-house IT department the implementation and the system requirements will be closely monitored.**



PROCUREMENT

DFDS Implements IMPA ACT

Highlights

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

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

As an objective way of choosing a supplier, whilst still getting the best conditions in favour of DFDS, we started to embrace procurement tools such as e-RFx and e-auctions in 2013. In 2015, new suppliers of major items such as IT services, bunker, fruit and vegetables, dry docking and many more were chosen by means of these tools. The preparation process for e-RFx and e-auctions includes exploring new ways of enhancing cooperation on procurement with the business units in line with our new procurement strategy, which was finalised in 2013.

Next steps/commitment 2015/16

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

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

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

The IMPA ACT builds on the UN Guiding Principles and expectations are fully aligned with the newest and strongest development within the field of CR. In 2016 this framework will be implemented with key suppliers to DFDS.

After a number of successful e-auctions in 2015 DFDS will continue to use e-auctions as an efficient tool for purchasing of products and services that are suited to this method.

We will continue development of efficient procurement tools.

CODE OF CONDUCT

Our suppliers must accept to conform to the DFDS Supplier Code of Conduct and all applicable international conventions and national legislation in the country where production or services are performed. Specifically, our suppliers 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 subcontractors and business partners
- Environmental regulations that apply in the country where the product is manufactured or the service performed.

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



STAKEHOLDER RELATIONS I

THE TABLE SHOWS OUR STAKEHOLDERS, HOW WE COOPERATE, AND TRACKS PROGRESS ON CR RELATED ACTIVITIES

Stakeholder	WHO THEY ARE?	HOW DO WE WORK TOGETHER?	WHAT IS EXPECTED OF US?	PROGRESS DURING 2015	PLANS FOR 2016/2017
Freight 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"> Structured reviews KPIs Contracts Customer surveys Ongoing relationships/account management Feedback forms on ferries Via freight and passenger booking intermediaries Social media, e.g. Facebook, Twitter, LinkedIn 	<ul style="list-style-type: none"> Reliability, frequency and capacity Continuous Improvement initiatives Safety record Easily accessible travel/booking information Staff customer service, including claims management Onboard passenger experience Improved efficiencies, less environmental impact Response to emerging CR requirements 	<ul style="list-style-type: none"> Continued roll-out of Customer Focus Initiative Recurring customer satisfaction surveys Preparation of enhanced digital customers services Training of sales staff Roll out of Velocity Roll out of Truckcom Development and roll out of new passenger booking system 	<ul style="list-style-type: none"> Further digitization of customer services Improved web site New CRM system Continued sales training Customer feedback surveys Continued roll out of Velocity Continued roll out of Truckcom
Employees Unions	<ul style="list-style-type: none"> 6,600 employees across 20 countries Unions Seafarer Associations International Labour Organization (ILO) 	<ul style="list-style-type: none"> Ongoing daily management Employee annual appraisal Weekly employee newsletter Bi-annual employee survey Regular meetings and training courses Training programme aimed at leaders, specialists, talents and senior management 	<ul style="list-style-type: none"> Healthy and safe working environment Fair employment conditions Career development and fair reward Training provision Ethically consistent ways of working Diversity 	<ul style="list-style-type: none"> Whistleblower model implemented Diversity policy development and creation of awareness New training programme for senior managers continued Talent programme rolled out On-line safety training programme for shore-based staff rolled out Bearing survey carried out 	<ul style="list-style-type: none"> Promoting safety culture through continuous training Our Bearing engagement survey findings used to improve employees satisfaction Diversity initiatives, implementation of Talent Programme and Succession Planning Continued training of managers to enable good leadership Additional scrubbers to be installed in 2016
Public-sector and government agencies (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 	<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 emission reductions, introduction of low sulphur fuels, improvements to anti-foul paints, responsible ship scrapping, waste management 	<ul style="list-style-type: none"> Installation of six scrubbers to comply with new sulphur emission rules On going improvement to existing scrubber installations Transition to more environmentally friendly fuel carried out successfully 	<ul style="list-style-type: none"> Additional scrubbers expected to be installed in 2016 LNG studies Analysis of lengthening of ships Implementing the EU MRV regulations (reporting CO₂ emissions for all vessels and transport work)

STAKEHOLDER RELATIONS II

THE TABLE SHOWS OUR STAKEHOLDERS, HOW WE COOPERATE, AND TRACKS PROGRESS ON CR RELATED ACTIVITIES

Stakeholder	WHO THEY ARE?	HOW DO WE WORK TOGETHER?	WHAT IS EXPECTED OF US?	PROGRESS DURING 2015	PLANS FOR 2016/2017
Finance	<ul style="list-style-type: none"> Shareholders, including anchor 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 Continuous dialogue (meetings and business/insurance presentations) with broker/insurers, incumbent and prospective 	<ul style="list-style-type: none"> Transparent, consistent and accurate reporting Access to management Responsibility and reliability Focus on security, safety, operational performance and pro-active risk management/loss prevention 	<ul style="list-style-type: none"> Investor meetings held in Europe and USA New DFDS Review folder, summary folder of annual report New online DFDS Review report DKK 727m distributed to shareholders in accordance with policy HGM performance review and initiating performance based loss prevention measures 	<ul style="list-style-type: none"> Greater frequency of international road shows Continue and further develop targeted loss prevention initiatives, as required
Industry organisations	<ul style="list-style-type: none"> PSS – Ports Skills & Safety European Community Shipowners' Association (ECSA) Interferry Local Shipowner Associations Classification Associations 	<ul style="list-style-type: none"> PSS meetings and involvement in management Informal and formal meetings with peers and industry associations Lobbying/advocacy 	<ul style="list-style-type: none"> Emission reductions Continuous improvement of health and safety practices 	<ul style="list-style-type: none"> Installation of six scrubbers to comply with new sulphur emission rules Preparation of transition to more environmentally friendly fuel DFDS' CEO Niels Smedegaard elected president of ECSA 	<ul style="list-style-type: none"> Meetings, conferences and involvement with among others ECSA, Interferry
Suppliers	<ul style="list-style-type: none"> Catering suppliers Bunker suppliers Hauliers Part suppliers for ship maintenance Dockyards Transport equipment manufacturers Suppliers of goods for sales in the shops on board. 	<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 	<ul style="list-style-type: none"> Accessibility and accountability Safety management systems Risk assessments Emission reductions Best value, including non-financial factors 	<ul style="list-style-type: none"> DFDS joined the ImpaACT to ensure responsible procurement 	
Local communities in which 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 (e.g Rotterdam) Charitable initiatives 	<ul style="list-style-type: none"> Employment opportunities Responsible operations Management of neighbour relations Noise reduction initiatives 	<ul style="list-style-type: none"> High:Five programme Christmas lunch for homeless people in Copenhagen and Oslo Community award in Denmark 	<ul style="list-style-type: none"> Improved engagement with communities where we operate
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 	<ul style="list-style-type: none"> Accessibility Transparent, consistent and accurate information Environmental management and performance, incl. emissions and responsible scrapping of ships 	<ul style="list-style-type: none"> DFDS Connect, social media website Media dialogue Environmental initiatives (see above) 	<ul style="list-style-type: none"> Further develop social media strategy as part of digitization programme



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