

DFDS DECARBONISED SOLUTION

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1. Introduction

This document describes the accounting policies on how DFDS is registering, measuring, storing, and selling CO₂e (CO₂ equivalents) reductions to customers. Only emissions that originate from vessels or trucks where DFDS or subsidiaries have the full operational and financial responsibilities can be allocated under this insetting model for CO₂e reductions and allocation policies. The approach excludes any operation that cannot provide data of sufficient quality according to set requirements under these accounting policies.

2. Product definition and Scope

DFDS offers one decarbonisation product to customers: a CO₂e reduction certificate stating the CO₂e reduction realized from DFDS using biofuels or renewable electricity instead of fossil fuels when transporting or handling goods for customers.

When customers purchase a reduction from DFDS, they will receive a CO₂e reduction certificate stating the number of tonnes of CO₂e that DFDS, when servicing the customer in question, has realized by replacing fossil fuels with energy from sustainable sources. These savings are based on the equivalent emissions that would have been emitted, had the customer's goods been transported with use of conventional fossil fuels. The certificate will also include information on the type of fuel used, the distance and volume of goods transported, as well as the CO₂e savings on a well-to-wake/wheel and tank-to-wake/wheel basis. The customer will receive separate certificates for Direct and Indirect reductions.

Direct reduction: With “direct reduction”, the emission reduction is obtained within the customers’ own transportation flow. This means that the customer’s goods are located on the very asset – truck or vessel – where the reduction is made.

Indirect reduction (mass-balance): With “indirect reduction”, the emission reduction is obtained within the DFDS network but not necessarily directly in the customers' own transportation flow. This means that the customer’s goods will not necessarily be located on the truck or vessel where the reduction is made.

For DFDS the reductions from replacing fossil fuels with sustainable energy qualify as Scope 1 emissions reductions in accordance with the Greenhouse Gas Protocol (WRI and WBCSD, 2001) while at the same time serving as Scope 3 reductions in CO₂e emissions for customers when buying services from DFDS.

In DFDS we acknowledge our responsibility through our full value chain – this also applies to how we work with carbon emissions where both upstream (Well-to-Tank) and downstream (Tank-to-Wheel/Wake) perspectives are taken into consideration when reduction impact is calculated.

This policy applies to the sourcing of all energy (sustainable fuel, electricity and PtX fuels) that will go into DFDS Decarbonised Solutions. Sourced energy must come with documented attributes for being sustainable (certification for production under EU approved scheme for biofuel and Guarantee of Origin (GO) with respect to renewable electricity) to be used for issuing a DFDS insetting Reduction Certificate.

3. Method

3.1. Ferry – CO₂e Reduction Supply Chain

This section describes data inputs that are used in relation to the reduction calculations for issuing Reduction Certificates for Ferry services.

For this policy, only DFDS' emissions reductions are included, resulting from the use of fuels enabling GHG reductions in DFDS owned and BareBoat (BB) chartered vessels where DFDS, including subsidiaries, is the DOC holder.

Alternative fuels are purchased in line with the DFDS Policy for fuels enabling GHG reductions, and documentation (Proof of Sustainability and other relevant documents) are stored by the Technical Organization team for Ferry.

When a vessel's voyage using alternative fuels is completed, a voyage report with information on distance sailed, transported units, fuel type and fuel consumption is created. The voyage report is the foundation for the calculations of emissions reductions that go into the CO₂e reduction balance sheet.

Emission calculations are based on fuel-type specific Well-to-Wake carbon emissions factors in accordance with the framework by Global Logistics Emissions Council (GLEC). Emissions per transport unit are based on each unit's share of the combined cargo and carrier weight.

Regarding the emission factors, an estimated emission factor based on historical ISCC/RSB Proof of Sustainability certificates and bunker sample reports is used since the Proof of Sustainability certificates are not available at bunker delivery. This is based on a weighted average per fuel type of the biofuel bunker deliveries from the previous year. At the end of the period, a yearly reconciliation will be done with the actual emission factor for the period and the stock in the Ferry CO₂e balance sheet will be updated. Therefore, a 10% buffer of completed CO₂e Reduction will be kept in stock to not oversell.

CO₂e emissions reductions are calculated as the difference between CO₂e emissions from fossil fuels (HFOe) and CO₂e emissions from biofuels. The reduction calculation follows 3 steps:

1. Calculate biofuel Well-to-Wake (WTW) CO₂e emissions by multiplying biofuel amount with emission factor for biofuel.
2. Calculate HFOe WTW CO₂e emissions by multiplying the HFOe fuel amount with default emission factors for HFOe.
3. Subtract biofuel WTW CO₂e emissions from HFOe WTW CO₂e emissions.

This is done on a voyage and customer level to keep track of the maximum amount of reductions a given customer can buy.

Based on aggregated input on consumption and sales of CO₂e reductions, the Ferry CO₂e balance sheet is updated monthly. Before entering the information in the CO₂e balance sheet, it is reconciled with the bunker consumption determined by the Financial Service Center, where the monthly consumption is based on opening stock plus purchased fuel during the month minus the closing stock. If a CO₂e reduction is more than 24 months old it will expire and cannot be sold.

3.2 Logistics – CO₂e Reduction Supply Chain

For this policy, only emissions that originate from consumption of energy in DFDS' own assets (trucks), including subsidiaries, can be allocated under the reduction calculations and allocation policies.

Emissions reductions are realised when an eTruck is deployed. The eTruck can be deployed in the customers' own transport flows (direct reduction) or in the DFDS network but not in the customers' own transport flow (indirect reduction).

DFDS ensures that the electricity provided for charging eTrucks is 'green' electricity (i.e. with a zero WTW emission intensity factor) when it is directly paid by DFDS. The electricity is certified to be zero emission via Renewable Energy Credits or Guarantees of Origin (proof provided by Group Procurement).

In the case the eTruck is charged at a customer's location or other external location, there is no evidence of the type of electricity used for charging the asset, therefore DFDS cannot do a Well to Wheel calculation, however a Tank to Wheel analysis is done and the electricity Well to Tank emissions are calculated based on International Energy Agency (IEA) factors.

Local Business Units collect information about the use of such eTrucks in their respective Planning System, which provides a detailed view of the customer associated with the electrified flow.

The transport consumption per eTruck is an estimation of kilowatt hour per kilometer driven (kWh/km). The customer's contract information, available in the contract for the Decarbonised Solutions, is matched with the emission reduction calculation to identify the customer's emissions savings. TTW emissions reduction calculation is done when the eTruck is charged at a customer's location or other external location, due to no evidence on the type of electricity used. WTW emissions reduction is calculated in all the cases where DFDS has visibility on the type of electricity.

Based on input from DFDS Logistics, the Logistics CO₂e balance sheet is updated monthly. The monthly consumption of electricity and the related CO₂e reduction compared to a default emissions calculation, had diesel been used, is entered into the Logistics CO₂e balance sheet. For every entry the balance sheet will hold information on truck, customer, mode of transport (land), the specific fuel type (i.e. electricity) and default fuel, and respective CO₂e emissions factors. If a CO₂e reduction is more than 24 months old it will expire and cannot be sold.

4. Summary of DFDS Decarbonised Solution - the CO₂e balance sheet
Reporting period: 1st September 2022 - 31st August 2023

Ferry:

	Biofuel Consumed in Tonnes	Tonnes of CO₂e Emissions saved (TtW)	Tonnes of CO₂e Emissions saved (WtW)
Opening Balance	0	0	0
Purchases in the reporting period	2,143	6,096	5,420
Sold and allocated to customers in the reporting period	0	0	0
Cancellations due to expiration	0	0	0
Closing balance	2,143	6,096	5,420

Truck:

	Electricity Consumed in kWh	Tonnes of CO₂e Emissions saved (TtW)	Tonnes of CO₂e Emissions saved (WtW)
Opening Balance	0	0	0
Purchases in the reporting period	868,253	472.5	583.5
Sold and allocated to customers in the reporting period	813,131	442.5	546.2
Cancellations due to expiration	0	0	0
Closing balance	55,122	30.0	37.3

Conclusion:

Based on the data in the tables above, DFDS can confirm that CO₂e emissions reductions sold to customers in the period from 1st September 2022 - 31st August 2023 have not exceeded CO₂e emissions reductions in stock and obtained in the same period from consumption of sustainable energy replacing fossil fuels in DFDS controlled assets.

Statement of the Management:

The DFDS A/S Decarbonised Solution report for 2022/23 has been prepared in accordance with the stated accounting policies on pages 3 - 5 of this report.

In our opinion, the Decarbonised Solution report for 2022/23 gives a fair presentation of DFDS A/S decarbonisation activities and results of the company's efforts to provide Scope 3 emissions savings to customers in the reporting period.

Copenhagen, 1 March 2024

Hans-Henrik Pedersen
Divisional CFO & Vice President



Independent Practitioner's Report on the Summary of DFDS Decarbonised Solution - the CO₂e balance sheet - for 2022/23

To the Management of DFDS A/S

We have been engaged by DFDS A/S to provide limited assurance on whether the reporting in the DFDS A/S Decarbonised Solution report for 2022/23, is prepared and presented in accordance with the stated criteria, referring to the accounting policies on page 3 - 5 of this report, hereunder:

- that all biofuels were purchased from ISCC certified suppliers,
- that green certificates are purchased for the electricity used,
- that the services sold as using biofuel or sustainable electricity through the DFDS A/S Decarbonised Offering covering the period of 1 September 2022 - 31 August 2023, can be balanced against the total amount of energy from consumption of biofuels on DFDS ferries and consumption of electricity for e-trucks,
- and that the saved Tank to Wake (TTW) emissions and Well to Wake (WTW) emissions are calculated in accordance with the criteria stated on pages 3 - 5.

Our conclusion

Based on the procedures we performed and the evidence we obtained, nothing came to our attention that causes us not to believe that the data included in the DFDS A/S Decarbonised Solution report for 2022/23 are prepared, in all material respects, in accordance with the stated criteria. This conclusion is to be read in the context of what we state in the remainder of our report.

Further, nothing has come to our attention causing us not to believe:

- that all biofuels were purchased from ISCC certified suppliers,
- that green certificates are purchased for the electricity used,
- that the services sold as using biofuel or sustainable electricity through the DFDS A/S Decarbonised Solution covering the period of 1 September 2022 - 31 August 2023, can be balanced against the total amount of energy from consumption of biofuels on DFDS ferries and consumption of electricity for e-trucks,
- and that the saved Tank to Wake (TTW) emissions and Well to Wake (WTW) emissions are calculated in accordance with the stated criteria stated on pages 3 - 5.

Professional standards applied and level of assurance

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits and Reviews of Historical Financial Information' and, in respect of the greenhouse gas emissions, in accordance with International Standard on Assurance Engagements 3410 'Assurance engagements on greenhouse gas statements'. The quantification of greenhouse gas emissions is subject to inherent uncertainty because of incomplete scientific knowledge used to determine the emissions factors and the values needed to combine emissions of different gasses.



A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks; consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our Independence and quality Control

We have complied with the independence requirements and other ethical requirements in the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour and ethical requirements applicable in Denmark.

PricewaterhouseCoopers applies International Standard on Quality Management 1, ISQM 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our work was carried out by an independent multidisciplinary team with experience in sustainability reporting and assurance.

Work performed

We are required to plan and perform our work in order to consider the risk of material misstatement in the DFDS A/S Decarbonised Offering Solution report for 2022/23. In doing so and based on our professional judgement, we:

- Performed an assessment of materiality,
- Read and evaluated reporting guidelines and selected internal control procedures regarding the DFDS A/S Decarbonised Solution report, which includes assessing the methodology used,
- Conducted interviews with Management responsible for the data related to the DFDS A/S Decarbonised Solution report,
- Checked data on a sample basis to underlying documentation,
- Conducted analytical review of the data and trend explanations, and
- Evaluated the obtained evidence.

Management's responsibility

Management of DFDS A/S is responsible for:

- Designing, implementing and maintaining internal control over information relevant to the preparation of the DFDS A/S Decarbonised Offering Solution report for 2022/23 that are free from material misstatement, whether due to fraud or error;
- Establishing objective accounting policies for preparing the DFDS A/S Decarbonised Offering Solution report for 2022/23;
- Measuring and reporting the information in the DFDS A/S Decarbonised Offering Solution report for 2022/23 based on the accounting policies; and



- The content of the DFDS A/S Decarbonised Offering Solution report for 2022/23.

Our responsibility

We are responsible for:

- Planning and performing the engagement to obtain limited assurance about whether the DFDS A/S Decarbonised Solution report for the period 1 September 2022 – 31 August 2023 is prepared, in all material respects, in accordance with the accounting policies;
- Forming an independent conclusion, based on the procedures performed and the evidence obtained; and
- Reporting our conclusion to the Management of DFDS A/S.

Hellerup, 1 March 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR-no. 33 77 12 31

A blue ink signature of Thomas Wraae Holm.

Thomas Wraae Holm
State Authorised Public Accountant

A blue ink signature of Jens Pultz Pedersen.

Jens Pultz Pedersen
M.Sc.(engineering)