

Progress Report 2010



Jens Bjørn Andersen
CEO
DSV A/S



Message form the CEO

In DSV we are highly committed to improve our CSR performance, and we believe that this positive approach creates value for and is relevant to our business and reputation. Furthermore, we are convinced that our approach to CSR will have a positive impact on the quality of our services and help our business to a continued growth in a responsible way.

DSV has always been aware of and acknowledges its social responsibility as one of the world's largest transport and logistics providers. We find it natural to take good care of our employees and the environment and to ensure that our work is based on an ethical business model. That is the reason why we joined United Nations Global Compact initiative in 2009.

By joining this initiative, DSV has made a clear commitment to support and advance the ten principles of human rights, labour standards, minimizing strain on the environment and anti-corruption. Furthermore it reflects DSV's desire to join a universally respected and accepted initiative that provides a common framework for decent conduct and to assume our share of the responsibility for helping to solve the major global issues concerning the areas mentioned. We also believe that Global Compact represents a possibility for DSV to

communicate and be transparent about our engagement, commitment and progress on CSR activities.

Global Compacts ten principles have formed the basis for developing DSV's CSR policy which during 2010 was distributed to all group companies. This and other findings of our work can be read on the following pages.

With this first COP report DSV wish to reconfirm its support to United Nations Global Compact initiative and urges all its cooperation partners to support this initiative too.

Best regards
DSV A/S

Jens Bjoern Andersen
CEO



Corporate Social Responsibility

As DSV is one of the world's largest providers of transport and logistics services, corporate social responsibility (CSR) is essential to the organisation, and DSV has therefore opted to join the United Nations Global Compact. It seems obvious to DSV to care for employees and the environment and to ensure that all corporate activities are based on an ethical business model.

Efforts are targeted at creating a strong basis for DSV's approach to the individual principles. This work was formalised and structured to a much greater extent in 2010, leaving DSV better equipped to continuously meet strategic challenges in a financially and socially responsible manner and to follow the national legislation of the individual countries and communities, also in future.

The CSR policy of DSV is based on the ten principles of the Global Compact. The ten principles are based on universally accepted principles and conventions within four main areas: human rights, labour standards, environment and anti-corruption. Each of the general policies is further substantiated by a code for each of the areas of human and labour rights, environment and business ethics.

The CSR policy and the individual codes give clear guidelines of good conduct in the daily work of both management and staff, and the documents also provide the framework for the way in which the organisation addresses CSR issues. DSV makes targeted efforts within all areas of CSR, but gives priority to areas relating to the core business of DSV. The three most essential areas are: employees and working environment, environment and climate, and business ethics and anti-corruption.

Employees and working environment

Our employees are an essential asset of our organisation, and it is crucial for the success and future of DSV that they experience job satisfaction and feel appreciated for their work.

The managements of all DSV enterprises are responsible for observing the Code of Human and Labour Rights of the DSV Group. They are moreover to partner with their staff to maintain a good physical and psychological working environment that contributes to general content and job satisfaction. The managements are also responsible for taking initiatives intended to counter occupational diseases and prevent occupational accidents.

Environment and climate

DSV wants to assume its share of the responsibility for reducing the environmental impact of transportation. DSV therefore constantly works to improve the geographical balance in the market and improve the capacity utilisation of the Group's equipment.

Most transports organised by DSV are, however, carried out by subcontractors, and DSV can therefore mainly exer-

cise influence through dialogue with and requirements of these subcontractors. In addition to improved competitiveness, these efforts, whether direct or indirect, also entail less empty running and reduced environmental impact from each shipment.

Various local activities have also been launched to reduce the environmental impact from the activities of DSV.

Business ethics and anti-corruption

DSV has grown considerably in recent years, now offering activities and services all over the world. This implies several business partners with very different cultural backgrounds, and therefore it becomes ever more important for the Group to have a set of common values and guidelines. DSV considers it crucial that all its employees maintain a high level of business ethics in their relations with customers, shareholders, suppliers, partners and public authorities. DSV therefore made targeted efforts in 2010 to lay down principles of business ethics for DSV in its formal Code of Conduct.

The Code is based on the values of DSV and comprises guidelines and expectations of the Group relating to subjects such as anti-corruption legislation, legislation on competition and conflicts of interest, and general principles on good ethical conduct of all DSV employees, including senior and middle managers.

Implementation of CSR policy

In the autumn of 2010, the CSR policy of DSV was communicated globally to all employees of the Group through the national managements of all subsidiaries, who were responsible for presenting and sharing the CSR policy among their staff. Almost two-thirds of all subsidiaries have also opted to implement procedures on the introduction of new employees to the DSV Code of Conduct.

Outcome of CSR initiatives

All companies of the DSV Group made extensive work in the autumn months to convey the CSR policy of DSV to their employees. Accordingly, 85% of all employees have now received information about anti-corruption procedures, and 80% of all employees have received information about the Group's human rights policies and procedures. Moreover, 78% of all Group companies have evaluated national policies and procedures and concluded that they are in accordance with the new CSR policy of the DSV Group.

Environment

The Group emitted 3.2 million tonnes of carbon dioxide in 2010, which is almost the same as in 2009 despite increasing activity level. Developments in the individual divisions and modes of transport applied by DSV show that DSV moves an ever increasing proportion of goods by aeroplanes and container ships. Since 2008, the largest increase has been seen in containerised sea freight, and since this mode of transportation is among the least polluting, total carbon emissions of DSV increased at a proportionally lower rate. Considerable cargo quantities are also moved by truck,

but usually over shorter distances and consequently causing less carbon emissions.

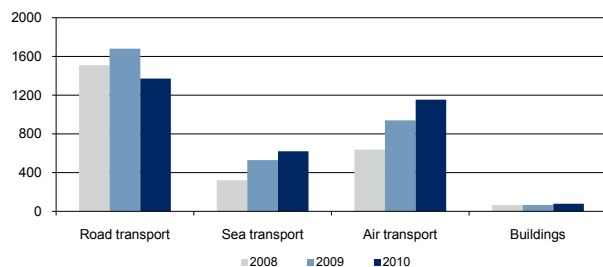


Figure: Total carbon emissions (tonnes) by activity

The aggregate environmental impact is calculated by using own data on the quantities carried and the environment ratios reported by subcontractors to DSV. These data and ratios are used to calculate the energy efficiency of the Group, a figure reflecting the emission of carbon dioxide each time DSV moves one tonne of freight one kilometre by different modes of transportation.

The aggregate energy efficiency showed an improvement from 36.6 grams of CO₂ per tonne-km in 2009 to 36.4 in 2010. It also has an impact on the aggregate energy efficiency that an ever increasing proportion of all transport services are performed by container ships, which are less harmful to the environment. The ratios reported to DSV by its air freight suppliers also showed an aggregate improvement in energy efficiency. The subcontractors of the Road Division reported continuous improvement in the level of emissions of carbon dioxide per kilometre driven; however, as the average weight of a DSV shipment is decreasing, the aggregate energy efficiency of the Division increased.

The Road Division is pursuing various initiatives to reduce the environmental impact. An example is the various types of flexible trailers developed by the Division for a great variety of transport logistics. The use of flexible trailers is a great advantage in markets characterised by imbalance to minimise the towing of empty trailers. The Division also aims to create better balance in full-load transportation on the European continent to better utilise the trailer fleet of DSV. DSV willingly transports its customers' freight by rail, thus transporting large quantities of freight by rail each year. Railways are usually the preferred mode of transportation at long geographical distances and when this solution fits customer needs and is competitive relative to the price of other modes of transportation.

Employees

After the considerable changes in staff in 2009, employee figures remained stable throughout 2010. The Group's rate of employee turnover therefore dropped considerably from 33.5% to 22.7%, which reflects significant reductions in the rates of the Air & Sea and Road Divisions, but also an increase in the Solutions Division. The rate of employee turnover

was lower in 2010 than the average rate of employee turnover of the DSV Group for the preceding seven years. The fairly high employee turnover level must be viewed in light of the integration activities following the acquisition of Koninklijke Frans Maas Groep N.V. in 2006 and ABX LOGISTICS in 2008, to mention the major transactions.

The rate of absence due to illness among Group employees was 3.4% in 2010, having been stable for some years. This corresponds to an average of less than eight days' absence each year for each employee. The rate of absence saw a slight decline among Solutions and Air & Sea staff, but increased slightly in the Road Division. Both hourly workers and salaried employees of the Air & Sea Division continue to have the lowest rates of absence due to illness among all Group employees.

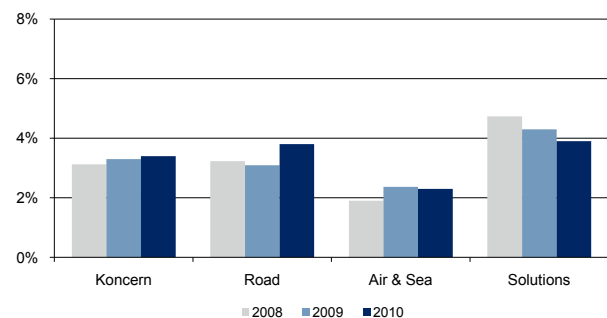


Figure: Development in absence due to illness

Unfortunately, the rate of occupational accidents did not remain stable at the same level as in 2009. The Group saw an overall increase in this rate, which was caused by a combination of the large increase in the Road Division and a minor increase in the Solutions Division, but also continued reduction of the rate of occupational accidents in the Air & Sea Division. Group Management considers this increase in the rate of occupational accidents serious. It intends to launch a comprehensive initiative in 2011 to reduce the number of occupational accidents among DSV staff.

NON-FINANCIAL HIGHLIGHTS AND INDICATORS OF THE GROUP				
	2008	2009	2010	Reference to GRI indicators ¹
Emissions ('000 tonnes)				EN16
CO ₂ emissions – Group	2,464	*3,212	3,221	
CO ₂ emissions – Container shipping	321	529	619	
CO ₂ emissions – Air transport	636	939	1,154	
CO ₂ emissions – Road transport	1,507	*1,679	1,371	
CO ₂ emissions – Buildings	-	65	77	
Water ('000 m3)				EN8
Total water use	-	310	317	
Rate of employee turnover (%)				LA2
Group	19.4	33.5	22.7	
Salaried staff	17.4	39.7	18.8	
Hourly workers	22.5	23.6	29.0	
Absence due to illness (%)				
Group	3.1	3.3	3.4	
Salaried staff	2.6	2.7	2.9	
Hourly workers	4.0	4.3	4.4	
Rate of occupational accidents (per million working hours)				LA7
Group	11.4	7.6	11.3	
Salaried staff	3.0	1.3	2.8	
Hourly workers	23.5	18.6	25.8	
Energy efficiency (g/tonne-km)				
CO ₂ per consignment – Group	43.0	*36.6	36.4	
CO ₂ per consignment – Container shipping	8.4	9.0	9.2	
CO ₂ per consignment – Air transport	762.3	775.4	762.0	
CO ₂ per consignment – Road transport	67.9	*65.8	77.8	
Quality management standard (%)				
ISO 14001	-	33	34	
ISO 9001	-	67	71	
OHSAS 18001	-	15	15	
Anti-corruption (%)				SO3
Employees who have received information about anti-corruption policies and procedures	-	-	85	
Human rights (%)				HR3
Employees who have received information about human rights policies and procedures	-	-	80	
Implementation of CSR policies (%)				
Proportion of DSV entities which have produced a self-declaration of compliance with the CSR policy of the DSV Group	-	-	78	

1. Reported in full or in part according to GRI G3

Non-financial highlights and indicators of the Group

Emissions

CO₂ emissions from transport activities are calculated based on the average fuel utilisation ratios and CO₂ emissions reported in respect of trucks owned by DSV and subcontractors in connection with the transportation of DSV freight, partly on data from DSV's own traffic management systems, including data on the freight volumes carried to and from various destinations. CO₂ emissions from buildings are calculated based on direct consumption of electricity, gas, oil and water at DSV's own locations.

Rate of employee turnover

Number of employees leaving the Group during the year relative to the average number of employees calculated on the basis of monthly surveys of the actual number of employees at the end of the month.

Rate of absence

Number of days of absence due to illness relative to the number of working days during the year adjusted for maternity/paternity leave, agreed holidays and national public holidays. Absence due to illness is measured on the basis of wage/salary system records.

Rate of occupational accidents

Number of reported occupational accidents resulting in more than one day of absence per million working hours during the year.

Energy efficiency

Emissions from consignment relative to freight volume and transportation distance.

Quality management standard

Percentage of DSV enterprises certified according to ISO 14001, ISO 9001 or OHSAS 18001. Calculation proportionate to the number staff of the certified enterprises.

Anti-corruption and human rights

Number of employees of the enterprises that have informed its staff about the CSR policies and procedures of DSV that must be followed relative to the total staff of the Group.

Implementation of CSR policy

Number of enterprises that have evaluated whether they are following the CSR policy of the DSV Group relative to the total number of Group enterprises.

Comments

* A review of the fuel consumption and Euronorms reported by subcontractors of the Road Division for 2009 revealed incorrectly reported data. These incorrect data had some influence on the CO₂ emissions calculated for the Division, and accordingly also for the Group, as well as various values for the energy efficiency of the Division and the Group. Comparative figures have been restated accordingly.

UN GLOBAL COMPACT

HUMAN RIGHTS

PRINCIPLE 1

Businesses should support and respect the protection of internationally proclaimed human rights

PRINCIPLE 2

Businesses should make sure that they are not complicit in human rights abuses

LABOUR STANDARDS

PRINCIPLE 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

PRINCIPLE 4

Businesses should uphold the elimination of all forms of forced and compulsory labour

PRINCIPLE 5

Businesses should uphold the effective abolition of child labour

PRINCIPLE 6

Businesses should uphold the elimination of discrimination in respect of employment and occupation

ENVIRONMENT

PRINCIPLE 7

Businesses should support a precautionary approach to environmental challenges

PRINCIPLE 8

Businesses should undertake initiatives to promote greater environmental responsibility

PRINCIPLE 9

Businesses should encourage the development and diffusion of environmentally friendly technologies

ANTI-CORRUPTION

PRINCIPLE 10

Businesses should work against corruption in all its forms, including extortion and bribery

DSV POLICIES

HUMAN RIGHTS

- DSV supports and wants to observe internationally recognised human rights.
- DSV recognises and supports the equal rights of all human beings and is opposed to discrimination and differential treatment at work and employment based on race, gender, sexual, religious or political orientation, ethnic or social background or other causes.

LABOUR STANDARDS

- DSV recognises the right of all employees to form associations and to collective bargaining and wants a constructive dialogue between employer and employees.
- DSV is opposed to all kinds of forced labour and employment.
- DSV does not hire children and recognises the international standards related to the minimum age of children/youths for various kinds of work.
- DSV recognises and supports the equal rights of all human beings and is opposed to discrimination and differential treatment at work and employment based on race, gender, sexual, religious or political orientation, ethnic or social background or other causes.
- DSV employees must have a written statement of terms and conditions of employment if so required under national law.
- All DSV employees are paid at least the minimum wage or salary according to the applicable or agreed local or collective bargaining agreement.
- DSV observes applicable national law and agreed standards relating to employee working hours.
- The employees are among the most important stakeholders of DSV. A good physical and psychological working environment at DSV is to contribute to content and job satisfaction, counter occupational diseases and prevent workplace accidents among all staff groups of DSV.
- All DSV managers are responsible for staff safety. In addition to giving instructions and verifying that the instructions are followed, they must also create understanding of the required safety precautions.
- Every single DSV employee is responsible for his/her own safety conduct and must accordingly observe safety rules and prevent accidents and injuries by acting in a considerate manner.

ENVIRONMENT

- DSV has undertaken to create transport and logistics systems that reduce resource spending and environmental impact as much as possible. Therefore the business concept of DSV is developed and improved on a continuous basis to make the products and services of the Group reflect the environmental concerns at all times.
- DSV aims to have an open and constructive dialogue with public authorities, shareholders, customers, subcontractors, employees and other stakeholders about environmental issues in relation to the activities of the Group. DSV is aware of its responsibilities and will therefore always meet authority requirements.
- Subcontractors are selected on a commercial basis, which also includes an assessment of environmental impact and social responsibility.

ANTI-CORRUPTION

DSV wants:

- to make all employees of the Group observe general principles of business ethics;
- to support the work against bribery, facilitation payments, certain types of gifts, entertainment, travel costs, etc.;
- to provide guidance on charitable donations and rules on contributions to political parties and non-governmental organisations;
- to prohibit staff and companies from engaging in cartel activities and to restrict membership of trade and industry organisations; and
- to avoid conflicts of interest and related-party transactions.

ACTIVITIES**HUMAN RIGHTS**

DSV joined the Global Compact initiative in 2009.

DSV has prepared a Code of Human and Labour Rights, which has been communicated to all employees in informative brochures, at staff meetings, and through the intranet and/or shared computer drives.

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RESULTS¹**HUMAN RIGHTS**

The Code of Human and Labour Rights of the DSV Group was made available to all employees in 2010.

15% of all DSV companies are certified according to OHSAS 18001.

LABOUR STANDARDS

The Code of Human and Labour Rights of the DSV Group was made available to all employees in 2010.

The Group's aggregate rate of employee turnover decreased from 33.5% in 2009 to 22.7% in 2010.

The rate of occupational accidents at DSV per million working hours increased from 7.6 in 2009 to 11.3 in 2010.

15% of all DSV companies are certified according to OHSAS 18001.

ENVIRONMENT

DSV joined the Global Compact initiative in 2009.

DSV has prepared a Code of Environmental Behaviour, which has been communicated to all employees in informative brochures, at staff meetings, and through the intranet and/or shared computer drives.

DSV is committed to promoting responsible environmental conduct.

The Road Division of DSV has developed various flexible trailers to reduce empty running.

Road Sweden continues its efforts to spread the DSV ECO product.

ENVIRONMENT

The Code of Environmental Behaviour of the DSV Group was made available to all employees in 2010.

In total, the Group emitted 3.2 million tonnes of CO₂ in 2010.

The aggregate energy efficiency of the Group measured in CO₂ emissions was 36.4 g/tonne-km in 2010.

ANTI-CORRUPTION

DSV joined the Global Compact initiative in 2009.

DSV has prepared a Code of Conduct of the DSV Group, which has been communicated to all employees in informative brochures, at staff meetings, and through the intranet and/or shared computer drives.

All financial managers of DSV received information about the Code of Conduct of the DSV Group at a financial conference in 2010.

ANTI-CORRUPTION

The Code of Conduct of the DSV Group was made available to all employees in 2010.

1. Further results are described under non-financial highlights and indicators on page 5.

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