

**We keep on sailing!**

Scandlines continued to invest in long-term growth and has set an ambitious zero direct emission target by 2040

# Sustainability report 2021



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### CEO LETTER

We have taken decisive steps to build a more sustainable business through sizeable green investments in 2021.

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### OUR KEY FOCUS AREAS

Learn about our stakeholders and the key focus areas for our sustainability efforts.

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This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

## About the sustainability report

This report covers our activities and results in the period 1 January 2021 - 31 December 2021.

Our approach is based on the GRI Standards, focusing on identifying and reporting on relevant stakeholder concerns and the context and materiality of our efforts as well as presenting a comprehensive overview of Scandlines' sustainability work.

The information in the report has been sourced and presented with a view to ensure quality in terms of accuracy, balance, clarity, comparability, reliability and timeliness.

This report has been prepared in accordance with the GRI Standards: Core option. In 2021, Scandlines became a signatory to the UN Global Compact, and this sustainability report is our Communication of Progress (COP) under the UN Global Compact for the active level. The report also represents our statutory statement on social responsibility and gender equality in accordance with sections 99a and 99b of the Danish Financial Statements Act.

We look forward to continuously evolving and improving our approach, welcoming any feedback from our stakeholders.





# Overview

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CEO letter

# Scandlines invests in zero emission future

We have taken decisive steps to build a more sustainable business through sizeable green investments in 2021 and key commitments for the years to come. Against this backdrop, we have set an ambitious target to ensure emission free operations on our Puttgarden-Rødby route by 2030 and for Scandlines by 2040.

**Zero direct emissions by 2040**

We continue to accelerate the pace of our sustainability efforts and follow up on the clear commitment presented in our first sustainability report launched one year ago.

Based on the progress made in 2021 and previous years, we are now setting out to realise our zero direct emission vision by 2040. We will pursue this target by ensuring zero scope 1 and 2 direct emissions on the Puttgarden-Rødby route by 2030 and on the Rostock-Gedser route as well as in other parts of our business by 2040.

We intend to drive the progress through ongoing initiatives and accelerated efforts to electrify and transform our fleet to plug-in hybrid technology.

**Sizeable green investments**

In 2021, our green ambitions were firmly underlined by the signing of a contract for [an emission-free freight ferry](#) for commissioning in 2024 and additional investments

made to upgrade our existing fleet and reduce our environmental footprint.

We have invested significantly in the pursuit of our zero emission vision and expect our green investments to reach approximately EUR 400 million in the period from 2013 to 2024.

The contract for the emission-free freight ferry was signed in November 2021 as another important step on our sustainability journey, and the new ferry will increase our current capacity on the Puttgarden-Rødby route by up to 23 percent following years of strong performance and continuously increasing demand.

We also prepared the installation of a rotor sail on M/V Berlin on the back of great initial results with the rotor sail already fitted onto M/V Copenhagen in 2020, achieving the planned CO<sub>2</sub> reduction of 4 percent.

Furthermore, M/V Prins Richard was fitted with new pull thrusters and re-painted with

silicone antifouling paint to improve energy efficiency. In 2022, M/V Prinsesse Benedikte will follow as the last of the four double-ended ferries operating the Puttgarden-Rødby route. The CO<sub>2</sub> reduction from this total investment of EUR 13 million amounts to up to 15 percent.

**Strengthening our reporting**

Building on the well-structured framework for our sustainability work and the learnings from a thorough materiality assessment, we have upgraded our reporting by implementing the recommendations of the [Task Force on Climate-related Financial Disclosures \(TCFD\)](#) to provide clear, comprehensive, high-quality information on the impacts of climate change on our business. At the same time, we have underlined our commitment by aligning our reporting with and becoming a signatory the UN Global Compact, with a clear and continued commitment to the ten principles in 2021.

We will continue to evolve our reporting as we firmly believe that a high level of transparency is key to maintaining constructive dialogue with our stakeholders and building a solid foundation for continued investments in the improvement of our business.

We are certain that the combination of our unique green profile, unparalleled reliability and bespoke traffic machine and retail offerings forms a solid competitive foundation for Scandlines.



**We have invested significantly in the pursuit of our zero emission vision and expect our green investments to reach approximately EUR 400 million in the period from 2013 to 2024.**

Carsten Nørland, CEO

# Snapshot of 2021

0

We have committed to transform our business to zero direct emissions by 2040 - with our route on Puttgarden-Rødby to be free of direct emissions by 2030.

~7.4 MEUR

We increased our green investments significantly with the initial payments related to the order of a new zero emission freight ferry and investment in installation of new thrusters and preparation for fitting another rotor sail.

+55 NPS

Scandlines maintained a strong Net Promoter Score, which measures customer satisfaction, despite the challenges posed by COVID-19 in 2021.

9 charging stations

We installed 9 additional charging stations for electric company cars in our ports in Puttgarden, Rostock and Rødby.

3/4

3 of 4 ferries on the Puttgarden-Rødby route have been fitted with new pull thrusters, which reduce CO<sub>2</sub> emissions by up to 15 percent.

100%

renewable electricity

All land-based electricity contracts were switched to renewable sources in 2021, reducing our CO<sub>2</sub> footprint by more than 1,800 tonnes.

36

Mental health first aiders were educated in 2021 after participating in training tailored for supervisors and team leaders.

99%

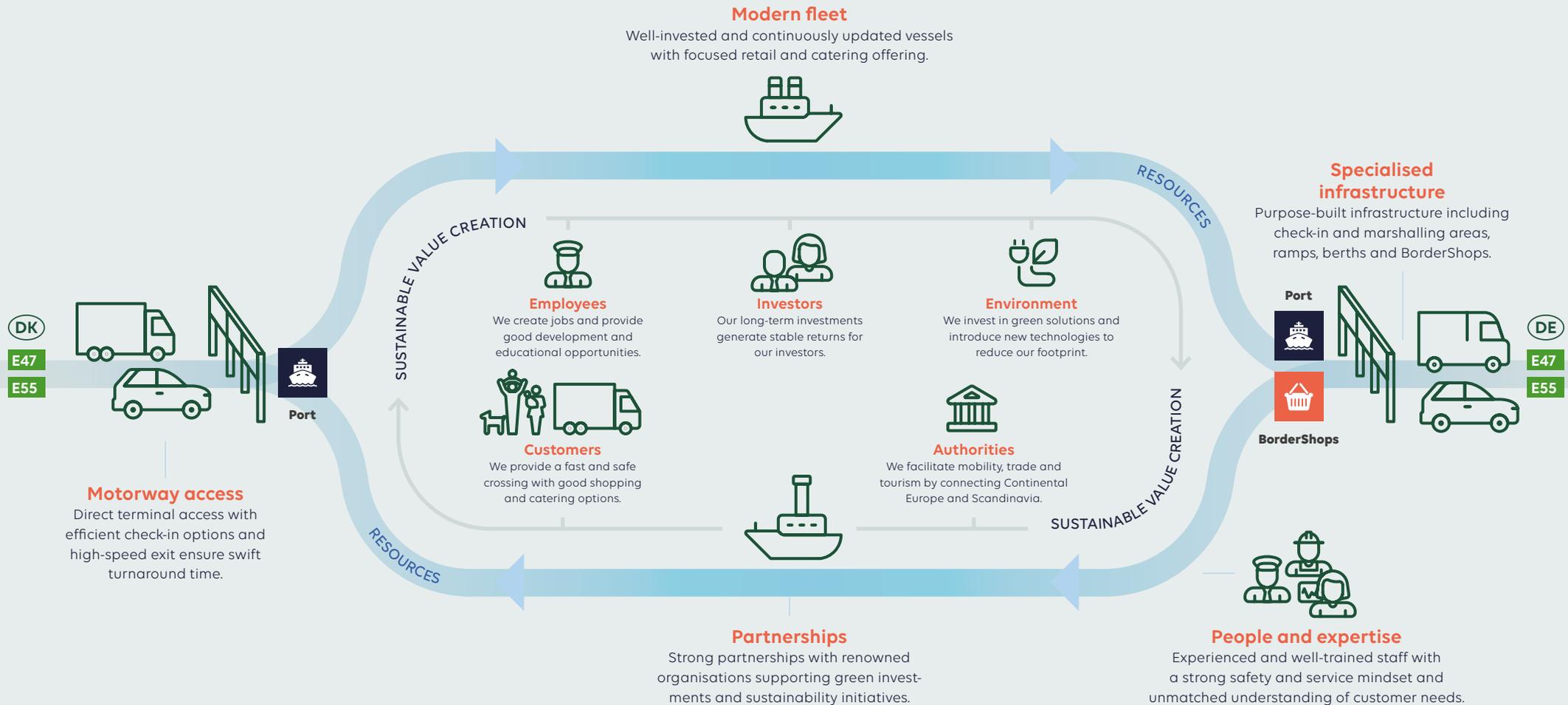
Scandlines' [Vendor Code of Conduct](#) or an equivalent agreement was signed by 99 percent of the group's main vendors by 2021.

## WE SUPPORT



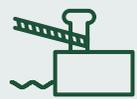
# Our sustainable traffic machine

We create value for our stakeholders and surroundings by deploying our specialised infrastructure and unique expertise to connect Continental Europe and Scandinavia safely and efficiently.



# Scandlines at a glance

Scandlines operates two short-distance ferry routes between Germany and Denmark with high frequency and large capacity. Even during the outbreak of COVID-19, our ferries provided efficient and reliable transport with over 38,000 departures in 2021. With frequent departures and reliability around 95 percent, Scandlines is always open.



## Landings

**4** ports

We own the three ports in Puttgarden, Rødby and Gedser and hold a lease in the port in Rostock. Our terminals are directly connected to the European motorway network, providing seamless and swift access, loading and exit for business and private passengers.



## Fleet

**7** ferries

Our six hybrid ferries are supplemented by one freight ferry, which also acts as a replacement ferry.



## Departures

**38** thousand

Our infrastructure and ferries provide a direct connection between Continental Europe and Scandinavia with regular departures throughout the day.



## Lorries

**717** thousand

The efficiency and reliability of our traffic machine is valued by freight customers who take the opportunity to comply with resting time regulation while sailing.



## Cars

**950** thousand

Scandlines connects the European motorway network with frequent departures around the clock and an average waiting time of 10 minutes on the Puttgarden-Rødby route.



## Shopping

**3** outlets

Customers enjoy unparalleled shopping opportunities and online pre-ordering at two BorderShops and one Easymarked located in the ports of Puttgarden and Rostock, respectively.



## Passengers

**3.6** million

Our ferries, infrastructure and staff create value for professionals, leisure travellers and shoppers looking for efficiency, convenience or a good deal on board.



## Members

**900** thousand

Great benefits and individualised promotions relevant to our valued leisure customers are now offered to 900,000 members of our SMILE loyalty programme.



## Shopping transactions

**430** thousand

We completed 430,000 transactions at our shopping outlets, offering low prices on a wide range of beer, soft drinks, confectionery, wine and fine spirits

# SUSTAINABLE DEVELOPMENT GOALS



## Focus

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# Our key focus areas

Our sustainability work and reporting is organised with a particular emphasis on six key focus areas based on an analysis of our risk register, the five selected SDGs and a materiality assessment for our key stakeholders.

We remain confident that Scandlines can contribute positively within the six key focus areas that were identified in 2020 to encompass material topics of increasing importance to our stakeholders and reflect

our company's significant economic, environmental and social impact.

In 2021, we have reassessed and reconfirmed the materiality of each key focus area based

on its significance in terms of economic, environmental and social impact or its influence on the assessments and decisions of our stakeholders.

While all six key focus areas are deemed material to Scandlines, we have placed particular emphasis on Environmental protection and Health & safety of all related parties in our sustainability work and this report. Based on our operations of high-frequency ferry routes in the Baltic Sea, these areas entail the greatest risk and offers the most potential for ensuring a positive contribution to our surroundings.

## Employees and workers

We have established safety committees and conduct work environment seminars for employees, and we cooperate with workers' councils and workers' unions on an ongoing basis to maintain and strengthen relations.

## Customers

We conduct consumer surveys to measure customer satisfaction, and we engage with our professional customers at regular meetings and when attending conferences and congresses. Our professional customers express an increasing interest in obtaining data about CO<sub>2</sub> emissions.

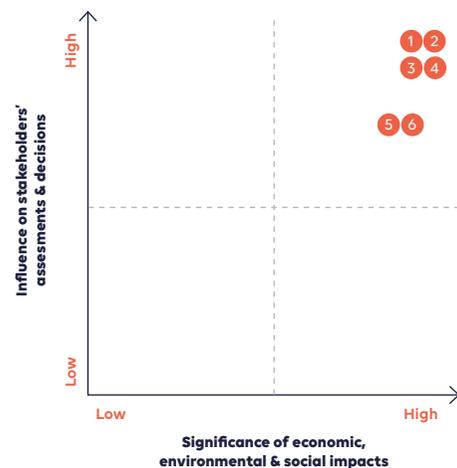
## Investors

We engage with our investors and cover sustainability topics at scheduled and ad hoc meetings as well as through informal dialogue during the year. In 2021, our investors continued to support our sustainability efforts. To this effect a Safety and Sustainability Committee was created.

## Vendors

We have around 2,000 vendors and stay in close contact with a wide range of them on a daily basis, conducting a number of vendor audits annually.

## Visual representation of prioritisation of topics



The six key focus areas are:

- 1 Environmental protection
- 2 Health & safety of all related parties
- 3 Employee well-being
- 4 Customer satisfaction
- 5 Compliance & ethics
- 6 Healthy supply chain

## Stakeholders

We value our stakeholders' opinion and engage with them on a regular basis to discuss concerns, share knowledge, build stronger relations and strengthen our sustainability efforts.

Our key stakeholders have been identified by assessing their direct impact on our business as well as their exposure to any direct impact from our operations. We have also identified key stakeholders with whom we share specific sustainability objectives.

We engage with the majority of our key stakeholder groups as part of our daily operations.

### Authorities and political decision makers

We coordinate with authorities and political decision makers around green investments and a range of other topics, participating in regular meetings. During 2021, we continued to collaborate closely with authorities in Germany and Denmark to swiftly implement and adhere to all relevant regulation and guidelines relating to the restrictions imposed due to COVID-19.

### Associations/NGOs

We are long-standing members of Green Ship of The Future, a Public Private Partnership for innovation and demonstration of technologies and methods that make shipping more environmentally friendly, and we work with associations such as German environmental non-profit organisation "NABU" (Naturschutzbund) to further strengthen our green profile by developing sustainability initiatives. In 2021, we became a signatory to the UN Global Compact.

### Communities

We collaborate with local job centres on the Danish islands of Lolland and Falster and work with German schools on and around the island of Fehmarn to recruit temporary staff. We also support the local areas by means of sponsorships of local sports clubs and school projects, among other things.

## Our key focus areas

### Environmental protection

We are committed to protecting the environment, particularly in relation to the preservation of our marine environment. We have therefore defined a vision of converting the group's ferries to zero emission ferries and claim a position as an industry leader with a clear impact on the sector's green future.

## Zero emission vision



### Customer satisfaction

We engage with customers and support their aspirations to travel sustainably and responsibly by providing safe, efficient and environmentally friendly transportation combined with a varied retail and catering offering. We focus on meeting increasing customer demand for healthy food products from sustainable sources and ensuring that resources are used responsibly by recycling and reducing food waste.

## High customer satisfaction



### Health & safety

The safety and well-being of our employees, customers, vendors and other stakeholders are of paramount importance to us. Our focus on safety and well-being is laid down in our Code of Conduct and the Health & Safety policy, which covers physical as well as mental and emotional aspects. We comply with – and go beyond – applicable regulation and internationally recognised standards for maritime workplaces and strive to avoid all incidents.

## Zero incidents journey



### Compliance & ethics

We never compromise on our commitment to honest and ethical behaviour, and we comply with all relevant anti-bribery laws in all jurisdictions in which we do business. We maintain a comprehensive compliance programme, conduct regular compliance risk assessments and training of all relevant employees via E-learning or in-person, and we have established a whistleblower hotline accessible to internal and external parties.

## Zero tolerance of compliance violations



### Employee well-being

We strive to ensure the well-being of our employees and workers by investing in their successful onboarding and functional training during their employment with Scandlines. We educate apprentices, conduct annual appraisal discussions and aim to ensure high employee satisfaction levels by providing a great and inclusive working environment in terms of gender, diversity and integration.

## High employee satisfaction



### Healthy supply chain

We treat all vendors with respect and adhere to principles of diversity and anti-discrimination, and we strive to properly manage potential conflicts of interest. We have high requirements for our vendors and expect them to sign our Vendor Code of Conduct, which includes the principles set out in the UN Global Compact, and we conduct reviews and audits considering, among other things, modern slavery on a regular basis.

## Respect for all vendors



# Environmental protection



## Policy

Our Code of Conduct and the group ESG policy specify Scandlines' commitment to protecting the environment, particularly relating to preserving our marine environment.

Our ESG policy presents our strategic goal of leading the environmental change in the Baltic Sea by reducing emissions and realising our vision of zero emission ferries. We are furthermore focused on reducing energy and water consumption, the use of chemicals and waste, while simultaneously improving our waste segregation.

Our Code of Conduct and the ESG policy are available to all employees.



We made good headway in our pursuit of our zero emission vision in 2021 as we ordered our first zero direct emission vessel and invested significantly in further technology upgrades of our existing fleet and operations.

### Activities and results

The conversion of our fleet to zero direct emission ferries accelerated in 2021 as we continued to draw on our experience pioneering hybrid ferries and establishing the largest hybrid ferry fleet in operation. Simultaneously, we continued to future-proof our fleet and reduce our footprint by completing several investments and activities despite the difficult working conditions due to COVID-19.

In November, we ordered a [zero emission freight ferry](#) to be commissioned on the Puttgarden-Rødby route in 2024. The vessel has a capacity of 66 freight units and will contribute to an increase of up to 23 percent in total freight capacity on the route depending on deployment. The ferry will recharge in Rødby and be emission free with a crossing time of one hour. The vessel may also be used in hybrid-mode with a crossing time of 45 minutes

as a backup ferry for one of the double-ended ferries currently operating the route. The zero emission freight ferry will replace M/V Kronprins Frederik and M/V Holger Danske, which was decommissioned in late 2021 for scrapping with Fornæs Ship Recycling, which ensures eco-friendly scrapping, management of waste and recycling of components.

In 2021, we installed new pull thrusters on M/V Prins Richard after successful installation of the same propulsion system on M/V Schleswig-Holstein in 2019 and M/V Deutschland in 2020. The thrusters reduce CO<sub>2</sub> emissions by up to 15 percent by allowing a more homogenous water flow, which also entails less noise and vibration. During the yard stay, M/V Prins Richard was also re-painted with silicone antifouling paint to reduce friction, improve energy efficiency and further reduce emissions by approximately 4 percent.

Based on positive experience and results of the installation of a custom-made Norse-power rotor sail on M/V Copenhagen in 2020, we prepared sister vessel M/V Berlin for a similar installation in 2021 to be completed in 2022. The 42-tonne and 30-metre-high rotor sail harnesses wind power and provides supplementary propulsion while reducing emissions by around 4 percent on average and by more than 20 percent in optimal wind conditions. The installation of rotor sails has been initiated, and we planned and performed a successful speed test in cooperation with WASP (Wind Assisted Ship Propulsion) partner SSPA highlighting the good performance of the rotor sail on M/V Copenhagen. During a yard stay in 2021, M/V Copenhagen was also painted with silicone antifouling paint and further energy reduction measures were undertaken including the installation of new energy saving cooling water pumps and a new fresh water system expected to consume 50 to 60 percent less energy.

During 2021, we also invested in upgrading interior fittings and ensuring an eco-friendlier profile of various materials onboard. We initiated the replacement of paper towel dispensers in the passenger areas on M/V



The new thrusters were installed following a multi-year project on underwater noise reduction conducted in cooperation with NABU.

Berlin with electric hand dryers to reduce paper consumption based on good experience with this investment on M/V Copenhagen. We also ensured that all customer-facing paper materials are printed on FSC and swan-labelled paper. Simultaneously, we installed a steam cleaning machine for the kitchens on M/V Berlin and introduced bio cleaning detergents to reduce chemical use. Among other things, we replaced traditional tablecloths, clothing and plastic bags with products made of recycled material.

Our activities ashore included switching all land-based electricity contracts to 100 percent renewable electricity, reducing our CO<sub>2</sub> footprint by more than 1,800 tonnes. To support the ongoing transformation of our car fleet to electric vehicles, we installed additional electric charging stations for company cars in our ports in Puttgarden, Rostock and Rødby. In addition, we encourage employees with company cars to switch to hybrid or electric vehicles if feasible.

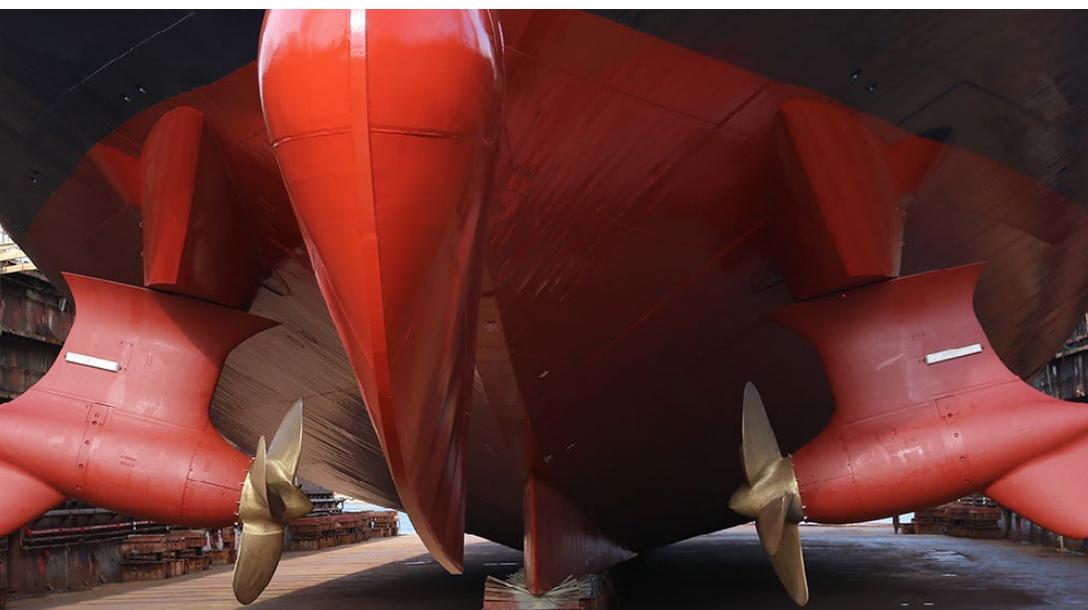
We intensified our efforts to define and reduce the indirect scope 3 emissions related to our activities, including employee commute, waste management etc. We also continued to offset business flight trips carried out by our entire staff via the German non-profit organisation atmosfair, which actively contributes to CO<sub>2</sub> mitigation. One fifth of our employees assisted us by completing a survey to determine emissions generated by commuting in 2021, and we will work to reduce our footprint based on the data obtained.

In parallel with our own investments and activities, we continued to work with external partners to progress towards the realisation of our zero emission vision. Together with Rostock Port and research partner Fraunhofer, we finalised the “SIMOP-RoRo” research project about digitalisation and optimisation of pre-storage and loading processes in the port, aiming to reduce turnaround time in the port to increase efficiency and reduce CO<sub>2</sub> emissions. The project was co-financed by the Federal Ministry of Transport and Digital Infrastructure in Germany under the funding programme “IHATEC” (innovative port technology). We remained members of Green Ship of The Future, which is a Public Private Partnership for innovation and demonstration of technologies and methods that make shipping more environmentally friendly. In addition, we continued our long-term cooperation with German environmental non-profit organisation NABU with a view to further strengthening our green profile by developing more environmentally friendly and sustainability initiatives, including the installation of new thrusters on several ferries in 2019-2022.

On the Rostock-Gedser route, we will finalise the installation of the rotor sail on M/V Berlin and continue to optimise operations and analyse fuel consumption data. We will furthermore complete the installation of hand dryers to replace the use of paper towels on M/V Berlin.

To reduce the CO<sub>2</sub> footprint from employee commuting, we will support the use of public transport for employees in the Hamburg office and propose company bikes in Germany. Additional electric car charging will furthermore be made available for employees in our Danish ports. In addition, we intend to install more electric charging stations for customers. We will also replace bags in our BorderShops with more environmentally friendly alternatives.

In our efforts to further reduce the use of chemicals, quarterly meetings with all involved parties take place to identify new opportunities for improving processes and implementing more environmentally friendly products. In addition, a different floor cleaning machine will be tested on M/V Berlin in 2022, aiming to further reduce the need for cleaning detergents.



### Outlook

In 2022, we will replace the propulsion system of the remaining hybrid ferry M/V Prinsesse Benedikte on the Puttgarden-Rødby route with new pull thrusters. The total investment to replace thrusters on all four hybrid ferries on the route is expected to exceed EUR 13 million. With our order of the first zero emission freight ferry for the Puttgarden-Rødby route, going into service in 2024, we furthermore aim to reduce power consumption per trip by improving efficiency and securing sufficient electrical infrastructure to the ports.

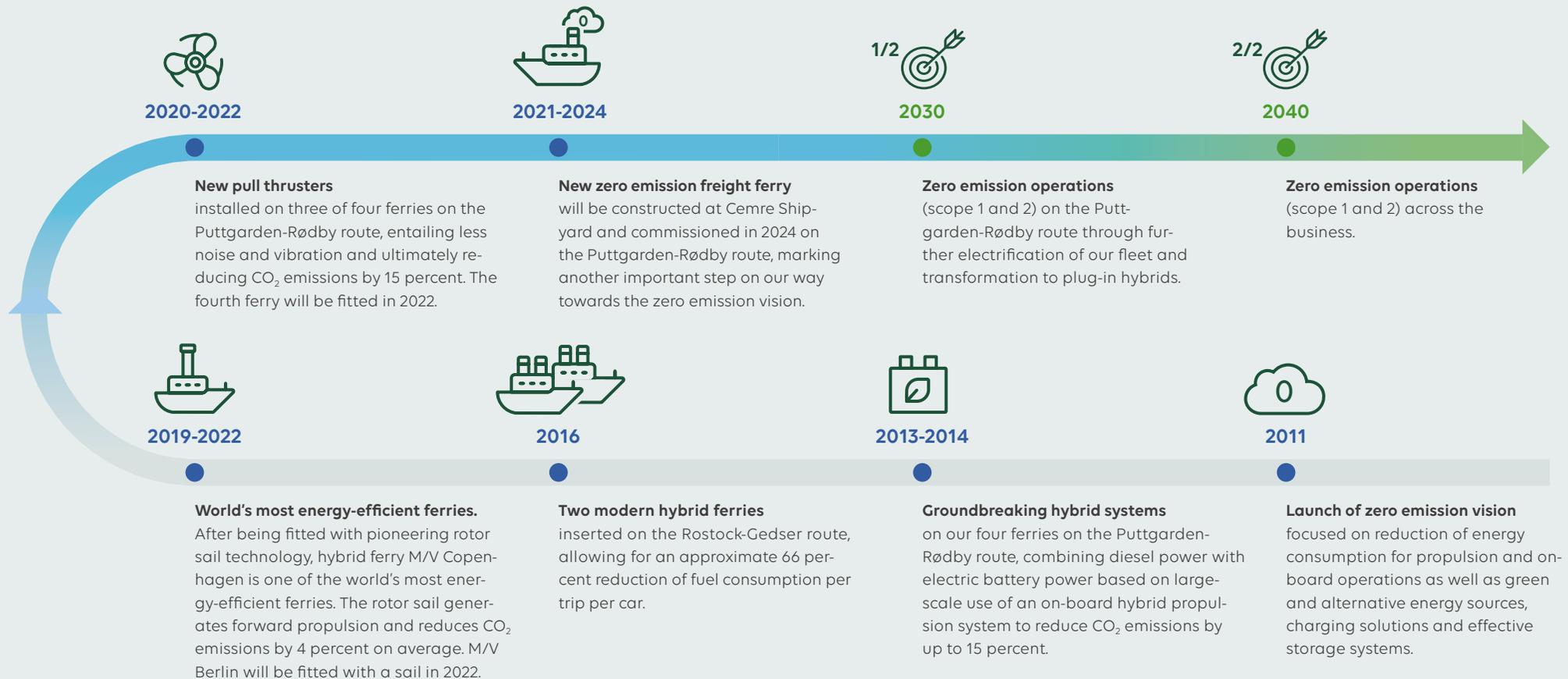
### → KPIs

- CO<sub>2</sub> and CO<sub>2</sub>e emissions (scope 1 & 2)
- CO<sub>2</sub>e per trip overall (t/trip)
- Electricity consumption onshore (MWh)
- Share of renewable energy onshore (%)
- Environmental accidents/violations (#)
- Share of electric/hybrid cars in fleet (%)
- Charging stations for electric cars (#)

# Our zero emission journey



We have committed to transform our business to zero direct emissions by 2040 - with our route on Puttgarden-Rødby to be free of direct emissions as early as 2030. We aim to exceed the ambitions of a 1.5°C scenario to fight global warming and lead the transformation to climate-neutral operations. Our expected green investments of around EUR 400 million between 2013-2024 further remove direct scope 1 and 2 emissions and drive technological advances to future-proof our position as a true pioneer in green ferry operations.





# A quantum leap towards zero

The contract for a new emission-free freight ferry with the world’s largest battery installation to be inserted on the Puttgarden-Rødby route marks a quantum leap towards our zero emission vision and introduces the next generation of ferries that will strengthen our competitiveness further.

The new ferry is being constructed at Cemre Shipyard in Turkey and is expected to be commissioned on the Puttgarden-Rødby route in 2024, increasing freight capacity by up to 23 percent depending on deployment to accommodate the steadily growing demand.

The ferry will be 147 metres long with the capacity to carry 140 passengers and 66 freight units, which can be transported on both the upper and lower decks.

Terminals and ramps will be improved and modified to be able to accommodate the ferry and the increasing volumes.

Initially, the ferry will exclusively charge in Rødby where we will invest in extending the 50kV / 25 MW power cable, which was installed in 2019. A transformer and a charging station will be installed at the ferry berths in Rødby as well.

In the longer term, we aim to be able to charge the new ferry in Puttgarden as well when a viable solution has been found for the purchase of green energy from the German grid.

The ferry will be emission free with a crossing time of one hour, and it can furthermore be operated as a hybrid ferry with a crossing time of 45 minutes to serve as backup for the current passenger ferries.



[Learn more about the new ferry on Cemre Shipyard's website](#)



# Health & safety



We continued to invest in our efforts to ensure the safety and well-being of all stakeholders in 2021 amid the continued challenges posed by COVID-19.

## Activities and results

We ensured full compliance of our fleet with the demands of national and international maritime regulations, including the International Safety Management Code. Our fleet passed all audits conducted by the maritime authorities in 2021. Our classification society, Lloyd's Register, continuously maintains oversight of our ferries to ensure that all statutory rules and regulations are observed and that maintenance procedures are performed and documented accurately.

Our implementation of the HSEQ modules in the safety management software SERTICA Management continued in 2021. We introduced new templates and completed tracking of internal and external audits as well as general improvements in our Safety Management System throughout the year. Training sessions have been conducted for vessel officers, and we will train other users going forward.

The SERTICA program ensures full control of documents in the Safety Management System. Our annual Health and Safety seminar in Denmark and our inaugural Health and

Safety seminar in Germany focusing on ESG and mental health were unfortunately postponed to 2022 due to a surge in COVID-19 in both countries.

Incidents and near-misses recorded by our safety committees on board and in the terminals were analysed with input from external experts to ensure continuous improvement of the working environment. Our crew members conducted weekly and monthly safety drills and tested equipment in accordance with mandatory demands. During the year, we made advances in the continuous improvement of our crisis management plan and training exercises.

The Lost Time Incident Frequency (LTIF) increased in 2021, reinforcing the importance of our pro-active health and safety strategy, which focuses on hazard and risk awareness as well as collaboration with employees to develop user-friendly tools, guides and methods that match our dynamic work sites across Scandlines.

We continued to perform voluntary Maritime Crew Resource Management (MCRM)

training to build awareness of safety issues and culture among our officers. Despite the challenges posed by COVID-19, we conducted courses on our own premises in our simulator in Puttgarden with participation of officers from other ferry operators in Denmark. We implemented a new safety e-learning course for all employees in our BorderShops, the German warehouse and technical areas (i.e. approx. 200 employees).

We maintained tracking of occupational health and safety statistics and added two new categories covering Passenger Injuries and Operational Vendors Injuries to identify and address any incident trends, aiming to improve our overall health and safety accountability.

In our continued response to COVID-19, we assessed risks, prepared contingency plans and ensured compliance with regulatory demands. We developed our procedures and continued training sessions to safeguard all stakeholders. During the pandemic, we rolled out a number of proactive initiatives such as sharing best practices across the organisation, heightening our already rigorous hygiene standard, developing new cleaning programmes and distributing free face masks.

The construction of the Fehmarn belt tunnel entails increased traffic on the Puttgarden-Rødby route. A new Fehmarn belt vessel traffic service was installed with participation of the Danish navy. As one of the most impacted parties due to our continuous travel through the corridor, we provide input to the ongoing operational



## Policy

Our commitment to ensuring the safety and well-being of our employees, customers, vendors and other stakeholders is laid down in our Code of Conduct, ESG policy and Health & Safety policy. We comply with – and go beyond – applicable regulation and internationally recognized standards for maritime and land-based workplaces and actively strive to prevent incidents.

Our Code of Conduct and policies cover physical safety and well-being as well as mental and emotional aspects. We encourage employees to balance work and private life with a view to provide a healthy work environment for all.

The Code of Conduct, ESG policy and Health & Safety policy are available to all employees.

procedures. Further, we participate in operational and maritime committees with all involved parties to ensure a continued high level of safety to our customers and employees.

Outlook

We will ensure continued compliance with all national and international regulations in our maritime and land-based activities, expecting to pass all audits and spot checks conducted by authorities in 2022. We also expect to reduce the lost time incident frequency (LTIF) and continue on the journey towards zero incidents. Implementation of the HSEQ modules in the SERTICA Management software progressed at a slower pace due to COVID-19. A key goal is to fully replace the GNS and ensure more accurate and transparent safety information going forward.

We developed a Mental Health Strategy, which was finalised in the first quarter of 2022. Additionally, plans are in place for mental health first aid training to be offered in Germany in 2022 while in Denmark the aim is to build upon the mental health training conducted in 2021.

We aim to undertake larger scale exercises for our crisis management, which would involve both internal and external emergency resources, including local fire departments or regional environmental response teams. As we gain more experience and reflect on lessons learned from highly realistic drills, we will continue to refine our crisis management tools to make them smarter and more effective.

KPIs

- Lost time incident frequency (LTIF)
• Passenger injuries (per million pax)
• Fatalities (#)



Protecting our people

Mental health plays a key role in ensuring a safe and healthy work environment, and we strengthened our efforts in the field and introduced mental health first aid training for our employees in 2021.

In October 2021, we conducted a two-day training session for 36 highly dedicated employees volunteering to participate in a program specifically designed by CONOVAH for Scandlines based on interviews conducted with employees in various departments.

The program was funded by the Velliv Association, which works to promote good mental health in Denmark through charitable donations, and focused on mental health first aid training tailored for supervisors and team leaders.

The training session was held at Scandlines' own facilities in Rødby and comprised of a combination of information, group work and practical exercises allowing participants to gain experience and learn from from real-life situations in an open and safe environment.

The feedback from participants was very positive, and we will offer a similar training session for our German employees after an initial delay caused by COVID-19.

Based on feedback and learnings from the mental health first training, we will plan our next steps and initiatives in 2022 to further improve the work environment.

We are aiming to create a practical toolbox with resources specifically designed for Scandlines to ensure the mental and emotional well-being of our employees.

Learn more about the Velliv Association's work to promote good mental health



# Employee well-being



## Policy

We believe that a diverse workforce makes our business and our community more vibrant and successful. This is why we are committed to providing a good working environment where we show mutual respect and adhere to principles of diversity and anti-discrimination as specified in our Code of Conduct, the ESG policy and our policy on gender equality.

In line with our policies, we adhere to all human rights and relevant labour laws. We take a zero tolerance approach to bullying, harassment, discriminatory practices and any behaviour that threatens or intimidates a person based on their ethnicity, religion, gender, beliefs or sexuality. All employees are compensated and offered development opportunities based on qualifications, performance and ethical conduct to ensure a fair and transparent working environment.

The Code of Conduct, ESG policy and the policy on gender equality are available to all employees.



**We maintained our focus on employee well-being in 2021 and continued to invest in working environment and conditions at sea and on shore while simultaneously mitigating the impact of COVID-19 on our employees.**

### Activities and results

The functional training of our employees continued in 2021 where a large share of full-time employees completed an annual appraisal discussion following the digitalisation of the process in 2020. We consider such activities a key step in our work to ensure high performance and employee satisfaction.

In 2021, we employed an average of 1,237 full-time employees (FTEs) against 1,357 in 2020. 565 of our employees worked on shore, and 652 were employed at sea in 2021. Despite the impact of COVID-19, we maintained our trainee program and had 7 trainees starting and 7 trainees successfully completing our professional education in 2021. We took steps to alleviate the impact of COVID-19 on our employees by introducing remote work solutions where possible and ensuring flexible work schedules. We also maintained the onboarding programme for all new employees in Germany and Denmark, providing all employees

with a thorough introduction to Scandlines. Our efforts to ensure seamless integration of our employees continued in 2021. We remain dedicated to promoting diversity in general.

We continued our efforts to support the local areas where we operate and most of our employees live. This includes sponsorships with local sports clubs and school projects.

We have supported our employees during the lockdowns in the winter of 2021 with a 100 percent increase in short-time allowance to secure their livelihood. For office employees, we made it possible to work flexibly from home at short notice. We also agreed on wage and salary increases in 2021 even though Scandlines was significantly affected by COVID-19. Despite the impact of the pandemic, we created more jobs, especially in Hamburg, and continued to recruit trainees. We continued the collaboration with edu-

cational institutions to promote the sector; e.g. cooperation with Copenhagen School of Marine Engineering and Technology where engineers get an introduction to Scandlines. This cooperation has been in place for several years, and almost 700 students have already visited Scandlines.

### Outlook

In 2022, we will continue to invest in the onboarding, integration and functional training of our employees. We will continue working on the digital appraisal process and will maintain our trainee programme. We will continue to focus on increasing the share of women in shipping and offer relevant voluntary initiatives to improve the working environment at Scandlines and the well-being of our employees. We are considering new ways to attract employees as the competition for local employees has increased since the construction of the Fehmarn Belt Fixed Link has been initiated. We will develop our employer branding initiatives to attract new employees and consider work to improve conditions for our existing employees.

We also plan to complete our first engagement survey for several years in 2022.

### → KPIs

- **Number of apprentices educated (#)**
- **Gender split (%)**
- **Contributions to community projects and associations supporting our ESG initiatives (tEUR)**

# Customer satisfaction



We continued to strengthen our offering to meet the increasingly complex demand while shielding our customers against the impact of COVID-19.

## Activities and results

The efforts to improve leisure and professional customers' satisfaction continued in 2021 as we introduced new initiatives and expanded our existing offering. We measure customer satisfaction using the Net Promoter Score (NPS) method, and performance was relatively stable at +55 compared to +58 in 2020. This slight decline mainly related to a change in the customer mix. NPS is an absolute number between -100 and +100 calculated as the percentages of Promoters minus the percentage of Detractors. According to the industry benchmark a NPS of +50 or more is good.

Ensuring the safety of all customers during the outbreak of COVID-19 remained a key priority in 2021, and we maintained operations and offered high frequency to fully accommodate customer demand despite

a continuation of lower traffic volumes. We continued to focus on ensuring satisfactory booking, check-in, operations and invoicing despite COVID-19-related restrictions while simultaneously strengthening our offering to customers aspiring to travel sustainably and responsibly.

We strive to reduce the waste generated across our business areas as the operation of vessels and ports generates waste relating to – among other things – replacement of spare parts, maintenance of green areas and construction work. Further, customers generate waste in the ports and on board our vessels from which sewage needs to be discharged. Our shops mainly produce packaging waste, whilst the restaurants principally produce food waste. Some office waste is produced in the administrative areas. We have maintained our focus on appropriate

waste management and ensuring that no waste is discharged in the Baltic Sea but instead disposed of by certified third parties.

In 2021, we implemented waste sorting at all Danish locations and ferries as well as M/V Berlin, entailing a 13 percent reduction in the share of general waste. We supplemented this with the refinement of the central waste collection at our offices in the ports to reduce the use of plastic bags. In 2021, this reduced the use of plastic bags in Rødby by 50,000 pieces. The replacement of disposable plastic packaging continued, and we have phased out straws, disposable cutlery and salad bowls in 2021.

We also continued our projects onshore and on board to reduce food waste. In our restaurants, efforts have taken place since 2020 to reduce food waste, including the introduc-



## Policy

We are focused on ensuring customer retention and satisfaction by providing safe, efficient and environmentally friendly transportation combined with a varied retail and catering offering. This commitment is outlined in our Code of Conduct and ESG policy, which are available to all employees.

tion of a new kitchen concept with made-to-order of both vegetarian and healthy meals on the Puttgarden-Rødby route to replace the full buffet. The Danish Veterinary and Food Administration granted Scandlines the highest inspection report result for hygiene, and the German authority complimented the standard on our German vessels.

Scandlines has moved up 93 places in the [Sustainable Brand index](#), which measures consumer perception of how sustainable brands are. We are now ranked 67 of 233 analysed Danish brands and rank highest compared to other ferry operators.

A study<sup>1</sup> completed in 2021 showed that the sustainable transformation of the ferry industry is increasingly important for our customers. 48 percent of customers considered sustainability relevant in early 2021, and this number increased to 65 percent at year-end. The study confirmed that our sustainability efforts of introducing hybrid ferries and rotor sails resonate with our customers. Promoting our green vision and the successful implementation of climate protection technologies along with waste reduction and recycling initiatives has a positive impact on the mindset and behavior of travellers and holiday makers.

We will continue to promote ferries as an example of "shared economy" transporting vehicles on a common platform while their

propulsion rests climate neutral. As we continue towards our zero emission vision, this becomes an increasingly strong competitive advantage.

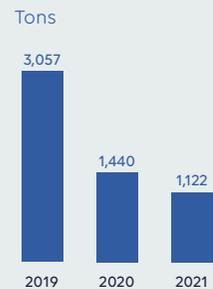
### Outlook

We will maintain our focus on ensuring safe and efficient transportation for our customers, while simultaneously taking additional steps to further digitalise the customer journey.

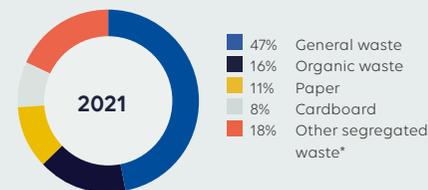
Our efforts to improve waste segregation across the business, to reduce waste and replace conventional food products with labelled fish products as well as other organic, sustainable and fair-trade products will continue in 2022.

<sup>1</sup> Verband der Fährschifffahrt und Fährtouristik e.V.

### Waste volumes

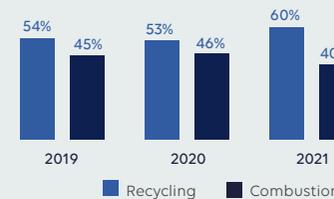


### Waste fractions



\* Fractions <5%.

### Waste treatment



Shares <1% are excluded.

### KPIs

- Waste volumes (tons)
- Waste fractions (%)
- Waste treatment
- Net Promoter Score
- Non-segregated waste share (%)



# Right-sizing to reduce waste

We sharpened our focus on reducing food waste in the customer restaurant and the staff mess on M/V Copenhagen in 2021 after kicking off several initiatives to reduce overproduction in late 2020.

“We have been able to reduce food waste from overproduction by 54 percent in the crew mess during a 12 month period, providing a great opportunity to prioritise better products, more sustainable food and higher quality,” says Stine Kruse Brændskov, Commercial Manager Food & Beverage Concepts.

This positive development and significant reductions in the other restaurants are enabled by the great commitment of supervisors and the engagement and participation of all staff following efforts to raise awareness about the challenges through initiatives such as weighing food waste, etc.

“The chefs measure the food waste themselves. Nobody wants to cook food that is thrown out,” says Lene Urhammer, On Board Supervisor, Catering.

Daily meetings have been held to follow up on the results internally as continuous efforts are necessary to reduce and maintain a lower level of food waste.

The project has led to changes in the presentation of the food, and accompanying information about the project was provided to the users of the crew mess to spur engagement and understanding. Even with an increase in crew members, it has been possible to reduce total food waste, and the good learnings have been shared across vessels and locations.



# Compliance & ethics



We maintained our focus on compliance and ethical business behaviour in 2021 and continued to train our employees and raise awareness across the organisation.

## Activities and results

We maintained our comprehensive compliance programme in 2021 as potential non-compliance with relevant rules and regulations may have a significant detrimental impact on our business, financial performance and reputation. We further strengthened our commitment to work against corruption in all its forms, including extortion and bribery, by becoming a signatory of the UN Global Compact. We have a zero-tolerance approach to any compliance violation, including violations of anti-bribery and corruption legislation.

Further, we maintain a strong focus on the protection of the personal data of our employees and customers.

We conducted regular compliance risk assessments to address relevant compliance risks and ensure awareness of any changes.

Regular training sessions were also completed on various elements, mainly via E-learning due to COVID-19. We moved our E-learning on data protection and compliance to our internal training platform, taking the opportunity to start re-training all relevant staff. We have continued conducting compliance controls and reviews to ensure our compliance with rules, regulations and internal instructions.

Our whistleblower hotline was maintained, allowing internal and external parties to report any serious misconduct or concerns about unethical or unlawful behaviour. Reports can be filed either personally or anonymously and are received by an external law firm. No reports were filed in 2021.

Information on our compliance programme is available to all employees in a dedicated section of our intranet and more generally for

external parties on our website. To supplement the existing governance, we maintained our internal audit function.

In line with our prior commitment, we have updated our Modern Slavery Act statement in 2021, which is implemented throughout the value chain by our Vendor Code of Conduct. Further, we have developed and implemented a policy on data ethics. Our 2021 account on the data ethics policy is [available here](#).

## Outlook

We will continue all compliance and ethics initiatives and maintain the whistleblower hotline in 2022.



## Policy

Our Code of Conduct and Gifts, Business Invitations, Reimbursement of Expenses and Hospitality policy outline our commitment to ensuring ethical and honest behaviour, show mutual respect and adhere to principles of diversity and anti-discrimination as well as properly managing potential conflicts of interest.

The Code of Conduct and the Gifts, Business Invitations, Reimbursement of Expenses and Hospitality policy are available to all employees.



## Policy

Our Code of Conduct and ESG policy describe our commitment to ensuring ethical and honest behaviour, show mutual respect and adhere to principles of diversity and anti-discrimination as well as conducting our contracting and procurement practices in a fair and transparent manner.

This commitment extends to our vendors as it is integrated in our Vendor Code of Conduct, which is also based on the principles set out in the UN Global Compact; including for example our expectation that business partners respect human rights, refrain from using child or forced labour and respect national laws and regulations.

The Code of Conduct and the ESG policy are available to all employees. The Vendor Code of Conduct is distributed to all vendors.

# Healthy supply chain



We continue to ensure compliance and promote sound business conduct throughout our supply chain by actively engaging with our vendors.

### Activities and results

We updated our Vendor Code of Conduct in 2021 to emphasise our focus on Health & Safety as well as environmental protection.

The share of vendors within retail and catering that signed our Vendor Code of Conduct or similar agreements remained high at 97 percent in 2021 (99 percent in 2020). Further, the Vendor Code of Conduct, or an equivalent, was signed by 99 percent of main vendors with an annual spend above EUR 50,000 in 2021. Retail and catering operations increasingly focus on intra-EU supply moving from a more diversified approach in the past including higher risk countries etc.

Our whistleblower hotline was maintained, allowing internal and external parties to report any serious misconduct or concerns about unethical or unlawful behaviour. Reports can be filed either personally or anonymously

and are received by an external law firm. No reports were filed in 2021.

In addition, we developed a risk-based approach to classify our data processors for personal data to ensure compliance with GDPR legislation.

Based on this risk-based approach, we have established a structured audit review process for data processors. In 2021, we conducted audits of 34 data processors including verification of all data processors processing data in third countries.

### Outlook

We will continue to enhance our third party due diligence procedures and promote our position on the key focus areas in 2022 by demanding adherence with our Vendor Code of Conduct or comparable rules, and we aim to achieve 100 percent coverage.



## → KPIs

- Share of vendors having signed Vendor Code of Conduct (%)

# Performance

Key Performance Indicator	2021	2020	2019	2018
<b>Environment</b>				
Direct CO <sub>2</sub> emissions scope 1 (t-CO <sub>2</sub> )	129,831	128,627	157,848	171,258
Direct CO <sub>2</sub> e emissions scope 1 (t-CO <sub>2</sub> e)	131,606	129,822	158,139	171,634
Indirect CO <sub>2</sub> emissions scope 2 (t-CO <sub>2</sub> )	0	1,818	2,532	2,961
CO <sub>2</sub> e per trip overall (t-CO <sub>2</sub> )	3.45	3.72	3.85	4.03
Electricity consumption onshore (mWh)	6,595	6,630	7,756	8,088
Share of renewable electricity onshore (%)	100	46	37	37
Environmental accidents/violations entailing fines/sanctions	0	0	0	0
Share of non-segregated waste on overall waste (%)	46.9	60.0	57.8	-
Pesticide usage stopped in own ports	3 of 3	3 of 3	1 of 3	1 of 3
Share of electric/hybrid cars in the car fleet (%)	18	6	-	-
Number of charging stations for electric cars (#)	15	6	4	0

# Performance

Key Performance Indicator	2021	2020	2019	2018
<b>Social</b>				
Total number of employees (average FTEs)	1,237	1,357	1,533	1,534
- By work location (shore / sea, average FTEs)	565 / 652	604 / 753	668 / 865	670 / 864
- By employment contract (permanent / temporary, headcount)	1,208 / 278	1,233 / 337	-	-
- By region (Germany / Denmark, headcount)	719 / 767	780 / 790	-	-
- By gender (female / male, average headcount*)	549 / 937	573 / 997	572 / 961	583 / 951
- Share of female staff (headcount %)	37	37	37	38
Share of female managers (headcount %)	28	26	-	-
Share of female directors (headcount %)	13	11	-	-
Share of female shareholder-elected Supervisory Board members (headcount %)	25	13	-	-
Apprentices – newly started (headcount)	7	7	3	6
Apprentices – completed training (headcount)	7	7	3	-
Lost-time injury frequency (LTIF) (incidents / million exposure hours)	10.3	8.8	8.7	10.7
Passenger injuries (per million pax)	2.8	2.6	2.2	-
Fatalities (#)	0	0	0	0
Contributions to community projects and associations (tEUR)	358	425	466	171
Net Promoter Score	55	58	53	-

\* Figures provided for 2018 and 2019 represent average FTEs, whereas figures from 2020 and 2021 represent headcount.

## Governance

Share of vendors having signed Vendor Code of Conduct – Retail & Catering (%)	97	99	94	65
Share of vendors having signed Vendor Code of Conduct – Procurement (%)	99	57	-	-



# Governance

- 26 — Organisation
- 27 — ESG risk management
- 30 — TCFD overview
- 32 — TCFD index
- 33 — GRI index
- 35 — KPI definitions

# Organisation

Our investors and management are committed to continuously improving Scandlines' sustainability efforts to build a stronger business and minimise impact on our surroundings.

## Ownership and governance

Scandlines operates a two-tier management structure comprising a Supervisory Board, which supervises the Executive Management responsible for daily operations. Members of the Supervisory Board are selected by the company's shareholders comprised of a consortium of long-term infrastructure investors including First Sentier Investors (50.1 percent), Federated Hermes (14.9 percent) and 3i Group plc (35 percent) as well as by election of employee representatives.

Our investors are furthermore represented in an Investor Committee, the Audit and Risk Committee, the Remuneration Committee and a Safety and Sustainability Committee. The Safety and Sustainability Committee was established in 2021 to provide continuous support in improving our environmental, social and governance initiatives and performance.

Responsibility for economic, environmental, social and governance topics resides with the Chief Operating Officer and Executive

Management, who report directly to the Supervisory Board and the relevant committees. At least once annually, the Supervisory Board reviews and approves our ESG topics, related risk management and our sustainability reporting, ensuring that all relevant topics are covered.

## Diversity

We are dedicated to promoting diversity, and we signed the charter on women in shipping launched by Danish Shipping in early 2020. We work to ensure equal conditions for female candidates for leadership positions and invest in our female employees to prepare them for a management career. We always hire the best candidate for the job and maintained our practice of considering our commitment to gender diversity during the year.

At Supervisory Board-level, we strive to increase the share of women among shareholder-elected members. Following the shareholders' election of one female member of the Supervisory Board in 2021, the

share of women increased to 25 percent of the shareholder-elected members. We have therefore achieved our target of increasing the share of women to a minimum of 20 percent of the shareholder-elected members by 2021.

In 2021, the proportion of women at other managerial levels has increased to 28 percent (2020: 26 percent). We intend to improve this gender diversity over time and to further nurture the environment to increase the number of women in management. Our policy on gender equality in other management positions aims to increase the share of women and may be found on [our website](https://www.scandlines.com/about-scandlines/about-scandlines-frontpage/policy_on_gender_equality.aspx)<sup>1</sup>.

## ESG governance structure



<sup>1</sup> [https://www.scandlines.com/about-scandlines/about-scandlines-frontpage/policy\\_on\\_gender\\_equality.aspx](https://www.scandlines.com/about-scandlines/about-scandlines-frontpage/policy_on_gender_equality.aspx)

# ESG risk management

Scandlines is exposed to risks related to economic, environmental, social, and governance topics. We have integrated these in our overall Enterprise Risk Management framework, which ensures a structured and focused process for the identification, assessment, handling and reporting of relevant risks.

Executive Management has overall responsibility for the group's risk management, which is also reviewed annually by the Audit and Risk Committee, the Safety and Sustainability Committee and the Supervisory Board. Management reviews the risks that may affect Scandlines on all levels and applies an active approach to risk management with a view to identifying and reviewing risk areas and determining how to manage these risks. Risks relating to economic, environmental (including climate-related risks), social and governance topics are considered when evaluating the material matters relevant to this report, while additional market and commercial risks are described in Scandlines' Annual Report.

In addition to the topic-specific mitigation efforts, we have taken out insurance to cover relevant environmental, safety and operational risks. There is no guarantee, though, that such insurance policies will be sufficient to cover all potential risks or claims.

## Environmental risks



### Climate change

Our operations are subject to physical and transition climate risks (see TCFD overview). Increased extreme weather conditions would negatively impact our operations and potentially lead to disturbances in our large global vendor base.

In addition, climate change might lead to changed customer behaviors, reduced bunker availability and higher prices as well as increasing taxation and costs.

### Mitigation

We continuously invest significantly in reducing the environmental footprint of our ferry operation by investing in zero emission ferries, implementing hybrid solutions and installing state-of-the-art thrusters, ensuring an industry-leading position and full compliance with applicable environmental regulations in the region. The stable traffic machine concept is highly resistant to adverse weather, exceeding the comparable performance by competition from The Great Belt Bridge as well as regional air travel options and direct ferry routes between Sweden and Germany/Poland.

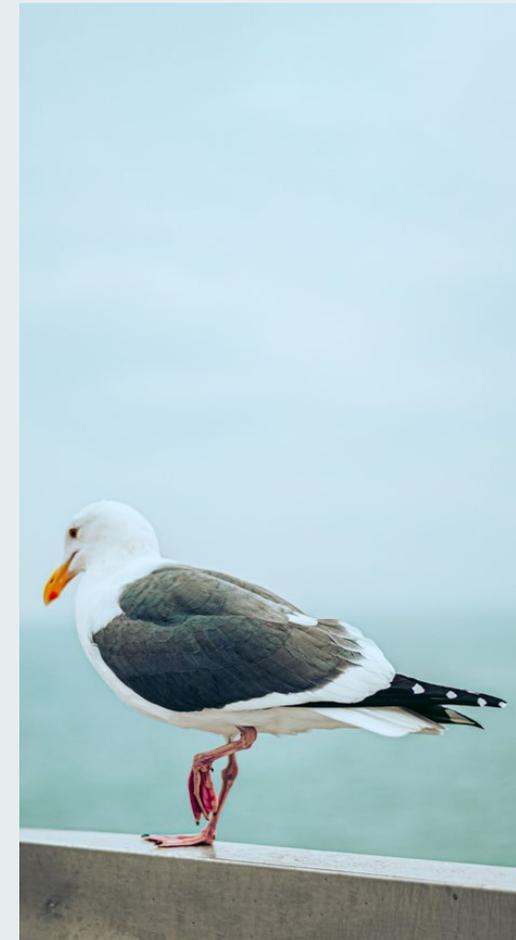


### Environmental rules and regulations

Scandlines is subject to comprehensive environmental protection laws, and incidents during operations or in connection with decommissioning or scrapping could impose strict liability, including fines, penalties, criminal liability and remediation costs for natural resource damages e.g. in case of spills and release of oil and hazardous substances, regardless of whether Scandlines might have acted negligently. In addition, any environmental incident may entail additional regulatory initiatives or statutes that may affect our operations and financial results.

### Mitigation

We adhere to a systematic and comprehensive maintenance programme for all ferries, including regular dockings and ensure that disposal contracts include requirements to ensure sustainable disposal and responsible recycling.



## Social risks



### Safety

Work accidents or incidents, but also pandemic events such as COVID-19, might endanger the health of employees, customers or other related parties.

The construction of the Fehmarn Belt Fixed Link entails increased traffic on the Puttgarden-Rødby route and elevated risk of damages to our port infrastructure during the construction process.

### Mitigation

We continuously take measures, including regular evaluation and training, to reduce the risk of work accidents and environmental incidents arising from operations, including the transportation of hazardous goods on the Puttgarden-Rødby route.

We take any new situation, which might endanger the health and safety of employees, customers or business partners, seriously. As required, relevant committees are established to continuously evaluate the situation and manage

initiatives based on upcoming regulation and ad-hoc risk assessments.

We have established a thorough process for monitoring, reporting and reviewing health and safety information, and we analyse and share knowledge about high potential incidents and near misses to continuously improve our processes and prevent recurrence. Management regularly reviews and shares the statistical information with the Supervisory Board and relevant groups, including safety committees and works councils. In addition, annual health and safety walks are conducted in our ports to identify areas for improvement and share best practices.

Our seafarers learn, develop and maintain competencies using our simulator in Puttgarden as an innovative training tool based on real-world scenarios. Conditions leading up to an incident can be used in group training, enabling participants to discuss mitigating actions and improve procedures. The simulator has also been used

to prepare officers for the installation of new maneuvering equipment such as new thrusters.

Our risk assessments, procedures and processes are reviewed regularly, and our safety management system undergoes continuous review with particular focus on proactive preventative measures wherever possible.

A new Fehmarn Belt vessel traffic service has been installed with participation of the Danish navy. We provide input to the ongoing operational procedures and participate in the operational and maritime committees with all involved parties to ensure a continued high level of safety for our customers, employees and other relevant stakeholders.



### Maintenance and investments

We own and operate modern and purpose-built infrastructure assets including check-in areas, marshalling areas, ramps, berths and ferries. Lack of appropriate maintenance and investments might have a detrimental effect on the infrastructure.

The significant investment in a new zero emission freight ferry for commissioning on the Puttgarden-Rødby route in 2024 and related infrastructure could be subject to delay in delivery entailing a material negative impact on Scandlines' operations and financial performance.

### Mitigation

We utilise our assets with a strong focus on cost optimisation measures to remain competitive and follow a constant schedule of maintenance and improvement of all assets to ensure compliance with mandatory and safety maintenance requirements.

We ensure proper project management and close monitoring of the new building of the zero emission freight ferry.



### Operations

Scandlines' main operational risks concern our owned ferries and ports in Puttgarden, Rødby and Gedser. Disruption of service may occur from technical problems, accidents or failure by vendors – of which we have approximately 2,000 – to meet their contractual obligations to comply with human rights and relevant labour laws, cyber or terrorist attacks, or adverse weather conditions, potentially entailing a material negative impact on our operations, the reputation of our traffic machine concept and the group's financial results and business.

### Mitigation

We have taken measures to ensure redundancy in the operational set-up to avoid disruption of service arising from technical problems or accidents. M/V Kronprins Frederik acts as a freight ferry on the Puttgarden-Rødby route and as a replacement ferry on the Rostock-Gedser route. The group continuously monitors and implements initiatives to reduce the risk and potential impact of cyber and terrorist attacks.

## Social risks



### Qualified employees and management

The ability to recruit and retain qualified employees and management is critical to our success in the long term and may be affected by circumstances beyond our control, including German, Danish and international employment law, which is subject to change on a continuous basis, changes in the demand for skilled labour as well as demographic developments entailing a reduction of the available workforce.

#### Mitigation

We monitor relevant regulatory, workforce and demographic developments and make targeted efforts to attract and retain qualified personnel by offering competitive compensation and ensuring relevant development and education of employees, thus securing a high employee satisfaction level and reducing the risk of strikes.

## Economic risks



### Economic and political climate

Business might be affected by events impacting the historically stable and predictable economic and political environment in which we operate.

Unforeseen events, such as pandemics or military conflicts impacting the European markets, and government responses may materially affect the general economic, political and social climate. Such events may thus impact our business on multiple levels, entailing a reduction in travel between Continental Europe and Scandinavia, increased demands on safety measures, impacts on the workforce for us and our business partners, etc.

#### Mitigation

Scandlines monitors economic and political developments closely and may remedy unfavourable changes in demand and potential overcapacity by reducing frequency of departures, reallocating capacity between traffic categories, reducing staffing or by temporarily de-commissioning a ferry from a route. Efforts to mitigate such effects are balanced against our commitment to act as a good corporate citizen and sustain operations to keep vital supply lines open.

## Governance risks



### Rules and regulations

Our operations are subject to complex national and international rules and regulations governing the transport and shipping sector in the Baltic Sea region including international conventions adopted by the International Maritime Organization (IMO). Applicable rules and regulations concern, among other things, environmental and safety issues.

In addition, Scandlines is subject to regulations governing food and product safety, data protection, anti-bribery and anti-money laundering, among other things. Changes to applicable rules and regulations, including the introduction of temporary restrictions on travel and the freedom to assemble, and failure to comply with these may have a detrimental effect on Scandlines' business.

#### Mitigation

We continuously monitor the regulatory environment and take any required mitigating actions to ensure compliance with, among other things, relevant environmental protection regulation, safety and manning requirements, specific regulations concerning working conditions for seafarers and temporary restrictions on travel and the freedom to assemble.

# TCFD overview

To provide clear, comprehensive, high-quality information on the impacts of climate change on our business, we have identified relevant climate-related risks and opportunities and implemented the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

In line with TCFD methodology, we have identified physical and transition risks applying in the short, medium, and long term, covering the next 5 years, 10 years and 25 years or more.

## Physical risks

The physical risks are only considered relevant in the medium to long term and include chronic (e.g. durable increase of sea-levels, increase in temperatures) and acute physical climate-risks (e.g. increase in extreme weather events as floods). As our operations are conducted in the Baltic Sea, the overall risk impacts on the actual operation of our ferries are considered low with a potential slight impact on departures and the supply chain (e.g. availability of certain spare parts).

## Transition risks

Scandlines is exposed to transition risks on several levels as the move to a low carbon economy entails shifts in customer expectations and the demands of business customers and leisure travellers. The shift is expected to occur in the short to medium term for business customers, representing an opportunity for Scandlines to pursue the zero emission vision. Failing to adequately invest in the pursuit of the zero emission vi-

sion entails a risk of losing business customers to competitors focusing on transitioning to a lower carbon economy as well.

The effects on leisure travel patterns will be visible in the medium to long term and might present an opportunity for Scandlines as customer preferences are expected to favour local travel and sea travel over air travel. Operating expenses are expected to increase due to the planned introduction of carbon taxes and the decision to include shipping in the Emission Trading System. Further, capital expenses are necessary to continue the transformation of the fleet to zero emission. Expenditure will also increase on the back of increasing raw material and commodities prices.

Failure to pursue the transition to a low carbon economy might decrease available funding in the short term.

## Impact on strategy

In 2021, we evaluated the impact of physical and transition risks on Scandlines' business strategy. To this end, we have undertaken scenario analysis in line with TCFD against IEA's below 2°C scenario (primarily to assess transition risk) and the IPCC's scenarios for

much higher than 2°C to assess physical climate risk, the results of which are shown overleaf. To achieve this objective, society has to reduce emissions significantly, enforced by political policies such as carbon pricing. Physical climate risks are still expected to materialise and may potentially impact our operations. Transition risks such as increased operating expenses and changed customer behaviour will significantly impact Scandlines and lead to a continuous need for monitoring and adjustment.

If the objective of limiting global warming to below 2°C is not achieved, Scandlines will experience impacts on its supply chain, operations and customer behaviour.

Scandlines is committed to reducing emissions significantly to achieve the 1.5°C objective for our own operations. We report on climate-related risk management and strategy in accordance with the suggested disclosures of the Task Force for Climate-related Financial Disclosures (TCFD). The disclosures are covered throughout this sustainability report, and a detailed table referencing the specific disclosures can be found on page 32.



## TCFD overview

	Risk	Risk horizon	Risk impact	Impact of scenarios	
				Below 2°C	Higher than 2°C
Transition risks	Introduction of a carbon tax	Short to medium	OPEX	High	Medium
	Change in B2C behaviour	Medium to long-term	Revenue	Opportunity	As-is
	Change in B2B behaviour	Short to medium-term	Revenue	Opportunity	As-is
	Competitor behaviour	Short to medium-term	Revenue	High	As-is
	Increase of commodity prices	Short to medium-term	OPEX	High	Medium
	Availability and cost of funding	Short to medium-term	OPEX	High	Medium
Physical risks	Increase of storms/floods	Medium to long-term	CAPEX/revenue	As-is	Low
	Sea level rise/temperature rise	Medium-to long-term	CAPEX/revenue	As-is	Low
	Disturbances in the supply chain	Medium to long-term	OPEX/CAPEX	Low	High

# TCFD index

We implemented the recommendations of the TCFD as highlighted in the overview of disclosures presented below.

Recommended TCFD disclosures		Section
<b>Governance</b>	<b>Governance around climate-related risks and opportunities</b>	
<b>a</b>	The board's oversight of climate-related risks and opportunities	Our focus areas Governance ESG risk management
<b>b</b>	Management's role in assessing and managing climate-related risks and opportunities	CEO intro Our focus areas Governance ESG risk management
<b>Strategy</b>	<b>Actual and potential impacts of climate-related risks and opportunities on businesses, strategy, and financial planning where such information is material</b>	
<b>a</b>	Climate-related risks and opportunities identified over the short, medium, and long term	TCFD overview
<b>b</b>	Impact of climate-related risks and opportunities on businesses, strategy, and financial planning	TCFD overview
<b>c</b>	Resilience of the strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	TCFD overview
<b>Risk management</b>	<b>Identification, assessment and management of climate-related risks</b>	
<b>a</b>	Processes for identifying and assessing climate-related risks	Our focus areas ESG risk management
<b>b</b>	Processes for managing climate-related risks	Environment Our zero emission journey ESG risk management
<b>c</b>	Integration of processes for identifying, assessing, and managing climate-related risks into overall risk management	Our focus areas ESG risk management
<b>Metrics and targets</b>	<b>Metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material</b>	
<b>a</b>	Metrics used to assess climate-related risks and opportunities in line with strategy and risk management process	Performance tables
<b>b</b>	Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Performance tables
<b>c</b>	Targets used by to manage climate-related risks and opportunities and performance against targets	Our zero emission journey

# GRI index

We have prepared the 2021 sustainability report in accordance with the GRI Standards: Core option. This GRI index provides an overview of GRI disclosures presented in various sections of the report and a number of additional disclosures ensuring adherence to the GRI Standards and a high level of transparency and accountability.

General indicators	Pages	
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102-2	Activities, brands, products and services	6-7
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## General indicators

### 102-5

#### Ownership and legal form

Scandlines Infrastructure ApS is a Danish limited liability company.

### 102-7

#### Scale of the organisation

The group had 1,237 employees (average FTE) and operations within transportation, retail and catering, cf. pages 6-7 in this report. Net sales were EUR 328 million in 2021, and the total capitalization at 31 December 2021 was comprised of EUR 934 million in interest bearing liabilities and EUR 1,539 million in equity.

### 102-8

#### Information on employees and other workers

Significant portions of Scandlines' activities performed by workers who are not employees include: Cleaning services, security services, certain maintenance services requiring specific technical knowledge, technical service of the Portcenter Puttgarden, crafts (e.g. electricians and blacksmiths), consultants. Further, part of the operational workers is provided by the respective German and Danish governments following the privatisation of Scandlines out of state-owned companies in 2007.

Scandlines had 451 female employees and 809 male employees on permanent contracts in 2021. 98 female employees and 128 male employees had temporary contracts in 2021. 376 women and 755 men were employed full-time, and 173 women and 182 men were employed on part-time contracts. Seasonal variations can occur, but the effect

was limited in 2021. Data has been compiled from TalentSoft, Scandlines' HR system.

### 102-10

#### Changes to organisation and supply chain

There were no significant changes to the organisation or supply chain in 2021.

### 102-11

#### Precautionary principle or approach

While Scandlines has not formally adopted the precautionary principle, the group systematically assesses and manages safety, environmental, operational, supply chain and other risks as described in this report.

### 102-41

#### Collective bargaining agreements

90 percent of the group's employees are covered by collective bargaining agreements.

### 102-45

#### Entities included

All entities included in the consolidated financial statements are presented in the annual report (note 26) and covered by this report.

### 102-48

#### Restatements of information

Information regarding scope 2 emissions and electricity consumption has been updated for 2020 as the actual 2020 figures became available after publication of the report. Minor adjustment in the definition of waste categories, share of female directors and apprentices has led to adjustments of prior year numbers.

### 102-49

#### Changes in reporting

There were no significant changes from previous reporting.

### 102-51

#### Date of most recent report

The most recent information provided about sustainability topics was included in the 2020 Sustainability Report published on 26 April 2021.

### 102-52

#### Reporting cycle

The sustainability report is published annually.

### 102-56

#### External assurance

The report is not subject to external assurance. An internal audit was conducted to gain assurance on the methodology and calculation of ESG KPIs reported in this report.

## Topic-specific disclosures

### 307-1

#### Non-compliance - environmental

Scandlines received no significant fines or non-monetary sanctions for non-compliance with environmental laws and/or regulations.

### 418-1

#### Substantiated complaints - privacy and data

Scandlines received no substantiated complaints concerning breaches of customer privacy or loss of data.

### 419-1

#### Non-compliance - social and economic

Scandlines received no significant fines or non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area.

# KPI definitions

## Environment

### Direct CO<sub>2</sub> emissions scope 1

All direct emission sources where Scandlines has operational control. This includes all use of fossil fuels for stationary combustion or transportation, in owned, leased or rented assets.

The emission factors represent the amount of CO<sub>2</sub> produced when burning one ton of fuel. Therefore each fuel type produces a different amount of CO<sub>2</sub>. For bunker, the emissions factor are based on emission factors from the UK Government GHG Conversion Factors for Company Reporting, version 1.3, 2019 condensed set and certified by Lloyds Register. For car fuel, the emission factors are based on emission factors as published by the GLEC Framework 2019.

### Direct CO<sub>2</sub>e emissions scope 1

All direct emission sources where Scandlines has operational control. This includes all use of fossil fuels for stationary combustion or transportation, in owned, leased or rented assets.

The emission factors represent the amount of CO<sub>2</sub>e produced when burning one ton of fuel. Therefore each fuel type produces a different amount of CO<sub>2</sub>e. For bunker, the emissions factor are based on emission factors from the UK Government GHG Conversion Factors for Company Reporting, version 1.3, 2019 condensed set and certified by Lloyds

Register. For car fuel, the emission factors are based on emission factors as published by the GLEC Framework 2019.

### Indirect CO<sub>2</sub> emissions scope 2

Indirect emissions related to purchased energy. The values are based on the reporting of the energy providers regarding the energy mix provided under the contract in application.

### CO<sub>2</sub> per trip overall

Total CO<sub>2</sub> emissions from bunker consumption divided by total number of trips sailed.

### CO<sub>2</sub>e per trip overall

Total CO<sub>2</sub>e emissions from bunker consumption divided by total number of trips sailed.

### Electricity consumption onshore

Total amount of electricity purchased as reported by the energy providers.

### Share of renewable electricity onshore (land-based)

Share of renewable energy in the energy mix. The values are based on the reporting of the energy providers regarding the energy mix provided under the contract in application.

### Environmental accidents/violations entailing fines/sanctions

Significant fines and non-monetary sanctions for non-compliance with environmental

laws and/or regulations as defined by GRI disclosure 307-1.

### Share of non-segregated waste on overall waste

Share of general waste on the overall waste volumes excluding specific one-time effects of sewage and construction waste. The waste volumes are derived from the annual reporting's provided by the waste disposal companies.

### Pesticide usage stopped in own ports

Number of ports owned by Scandlines Infrastructure ApS and its subsidiaries where the use of pesticides was stopped.

### Share of electric/hybrid cars in the car fleet

Share of electric and hybrid cars for cars owned or leased by Scandlines Infrastructure ApS and its subsidiaries.

### Number of charging stations for electric cars

Number of charging stations for electric or hybrid vehicles operated by Scandlines Infrastructure ApS for the use by employees and customers.

# KPI definitions

## Social

### Total number of employees

Full-time equivalent number of employees on the payroll of Scandlines Infrastructure ApS and its subsidiaries based on a monthly average for the fiscal year 2021.

### Total number of employees by work location (shore/sea)

Full-time equivalent (FTE) number of employees on the payroll of Scandlines Infrastructure ApS and its subsidiaries based on a monthly average for the fiscal year 2021 and split by working for a department onboard a vessel (sea) or not (shore).

### Total number of employees by employment contract (permanent and temporary)

Number of employees on the payroll of Scandlines Infrastructure ApS and its subsidiaries, working on either permanent or temporary employment contracts as of 31st of December 2021.

### Total number of employees by region

Number of employees on the payroll of Scandlines Infrastructure ApS and its subsidiaries, working either in the legal entities based in Denmark or Germany as of 31st of December 2021.

### Total number of employees by gender

Number of employees on the payroll of Scandlines Infrastructure ApS and its subsidiaries,

identified as female or male as of 31st of December 2021.

### Total number of employees – share of female staff

Share of women in the total workforce (based on headcount) as of 31st of December 2021.

### Share of female managers

Share of women in management positions which are defined as positions with direct reports (based on headcount) as of 31st of December 2021.

### Share of female directors

Share of women in director positions defined as Vice President level and above (based on headcount) as of 31st of December 2021.

### Share of female shareholder-elected Supervisory Board members

Share of women from the shareholder-elected members of the Supervisory Board of Scandlines Infrastructure ApS as of 31st of December 2021.

### Apprentices - newly started

Apprentices who started their apprenticeship in the course of the fiscal year 2021.

### Apprentices – completed training

Apprentices who completed their apprenticeship in the course of the fiscal year 2021.

### Lost-time injury frequency (LTIF)

A lost time injury (LTI) is a work-related injury which makes an employee unable to report to work for more than 24 continuous hours after the injury was sustained (note: this excludes the day the injury occurred). The LTIF is calculated per one million exposure hours ( $LTIF = \frac{LTI \times 1.000.000}{\text{Total actual exposure hours for the Company}}$ ).

### Passenger injuries

This frequency is calculated as a function of the number of passenger injuries reported per one million passengers during the fiscal year.

### Fatalities

A death directly resulting from a work related injury regardless of time between the injury and the death (where the injury is the root cause of the fatality) including employees and contractors.

### Contributions to community projects & associations

Sum of contributions to community projects (e.g. school projects) and associations which support our ESG initiatives (e.g. Nabu) in the fiscal year 2021.

### Net Promoter Score

Net Promoter Score (NPS) is a method to measure customer satisfaction. It is an absolute number between -100 and +100 calculated as the percentages of Promoters minus the percentage of Detractors.

# KPI definitions

## Governance

### Share of vendors having signed Vendor Code of Conduct – Retail & Catering

Vendors for direct procurement (for Retail and Catering) having either signed Scandlines' Vendor Code of Conduct, or where the vendor and Scandlines have agreed on other safeguards (e.g. mutual acknowledgment of compliance programs). Signature takes place with signing of contract.

### Share of vendors having signed Vendor Code of Conduct – Procurement (spend > 50k€)

Vendors for indirect procurement, having record in Scandlines' ERP system, who either signed Scandlines' Vendor Code of Conduct, or where the vendor and Scandlines have agreed on other safeguards (e.g. mutual acknowledgement of compliance programs). Considered vendors are those with a total spend of > 50k€ in the prior calendar year. Signature takes place with signing of contract. Vendors with longterm contracts are being asked to sign when the threshold is reached.

### Share of employees completing compliance E-learning

Share of administrative employees and employees with management responsibility who have complete the Compliance e-Learning during the fiscal year.

### Total number of substantiated complaints received concerning breaches of customer privacy

Total number of substantiated complaints received concerning breaches of customer privacy, incl. complaints received from outside parties and substantiated by the organization, complaints from regulatory bodies, and total number of identified leaks, thefts, or losses of customer data.

### Significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area

Number of significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area, including but not limited to: accounting and tax fraud, corruption, bribery, competition, the provision of products and services, or labour issues, such as workplace discrimination, among others. This includes compliance with international declarations, conventions, and treaties, as well as national, sub-national, regional, and local regulations.

## Other

### Substantiated reports to whistleblower hotline

Any reports submitted to either the whistleblower telephone numbers or the web platform in the course of the fiscal year.

### Waste volumes

Waste volumes derived from the annual reporting's provided by the waste disposal companies.

### Waste fractions

Waste fractions are derived from the annual reporting's provided by the waste disposal companies.

### Waste treatment

Waste treatments are derived from the annual reporting's provided by the waste disposal companies.

### Scale of the organisation

Financial data is derived from the annual report 2021.

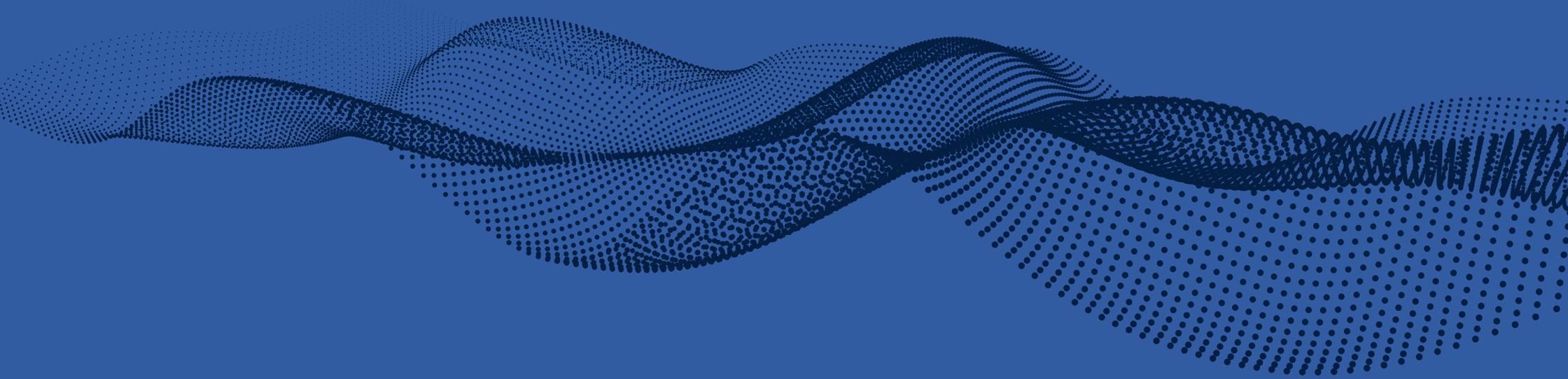
### Information on employees and other workers

Number of female and male employees (headcount) working on permanent or temporary contracts as of 31st of December 2021. Number of female and male employees (headcount) working in full-time or part-time contracts as of 31st of December 2021. Data

has been compiled from TalentSoft, Scandlines' HR system.

### Collective bargaining agreements

Share of employees on the payroll of Scandlines Infrastructure ApS and its subsidiaries covered by collective bargaining agreements (based on headcount) as of 31st of December 2021.



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**Memberships**

