



**DANISH  
SHIP FINANCE**

CVR NO. 27 49 26 49

# CSR REPORT 2015

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## INTRODUCTION

The object of Danish Ship Finance is to provide ship financing in Denmark. In addition, the company may provide ship financing in the international market, so long as such activities do not unnecessarily limit the company's Danish operations. The company's vision is to be the most reputable and reliable provider of financing for recognised shipping companies.

Danish Ship Finance endeavours to run a professional business focused on responsible business conduct. The company has defined the following set of values:

- focusing on customer demands;
- giving priority to credit quality over short-term returns;
- acting as a trustworthy and stable business partner;
- developing our business towards our stakeholders; and
- accomplishing common goals through collaboration.

Our values and CSR policy have been mutually balanced. We are highly committed to incorporating the values in our everyday operations and CSR initiatives. The CSR initiatives and CSR policy build on the following principles:

- We will align our policies to Danish standards.
- We will focus on CSR initiatives for in-house use.
- CSR is to form an integral part of our corporate culture.

## LEGAL FRAMEWORK

Danish Ship Finance reports on its corporate social responsibility in accordance with section 135 of the Danish executive order on financial reports by credit institutions and investment companies, etc. The company's CSR reporting is in accordance with the "comply or explain" principle. The company has incorporated the guidance on "Reporting corporate social responsibility" found on the website of the Danish Business Authority. The UN Global Compact principles also serve as inspiration for the company's CSR initiatives. In addition, the company stays updated on national and international CSR regulations.

Once every year, we prepare a report on our CSR initiatives. The CSR report is published on the company's website in connection with the publication of the annual report. The CSR policy is also found on our website.

## CSR INITIATIVES AND REPORTING

We launched our first CSR initiatives in 2009 and focus on the following three categories: "Employees", "The environment and climate" and "Corruption and unusual gifts". The purpose of the company's work is to contribute to a general value increase to society at large and to the company itself. This is to be secured through:

- a fruitful in-house working environment;
- value creation based on motivated employees;
- minimising harmful impacts to the environment and the climate;
- guidelines to counter corruption and bribery.

We concentrate on the following initiatives within these areas.

## **HUMAN RESOURCES**

The company seeks to create an attractive workplace through commitment, development and employee satisfaction. We seek to ensure professional challenges and to offer relevant employee benefits and the best possible work-life balance. Our staff policies help create a foundation for skills development and a flexible career path.

We have defined a number of goals for our human resource initiatives with the aim of creating a good working environment and creating value based on motivated employees. In addition, the company pursues a number of policies and guidelines (including policies for senior programmes, part-time programmes, a health programme and a flexitime arrangement), the combined purpose of which is to create attractive and flexible working conditions.

### **Aktiviteter**

Listed below are the company's human resource activities. The activities are divided into the following categories: "Commitment", "Human resource development" and "Employee satisfaction".

### **Commitment**

Diversity is seen as a strength that helps the company attract the best employees. We recognise diversity and aim to ensure that everyone can pursue a career on equal terms. This includes offering flexible working conditions and a staff policy that accommodates different employee needs.

In accordance with the rules on targets and policies for the gender composition of the management team, we endeavour to strengthen the pipeline of female board member candidates.

In that context, the company has prepared a policy for increasing the proportion of the under-represented gender at the company's other management levels. We endeavour to offer professional development courses matching the wishes and ambitions of our employees. Such courses are offered to all employees with due consideration for the individual employee's situation.

The company's shareholders nominate candidates for the Board of Directors. This means that the Board of Directors has no direct influence on which candidates are nominated. To the extent possible, the Board will seek to influence the process.

When defining targets for the under-represented gender, the company takes into consideration the size of the Board of Directors. The company's Board of Directors consists of nine members, of whom six are elected by the shareholders in general meeting and three are elected by the employees. Of the shareholder-elected board members, two are women and four are men. The under-represented gender thus represent 33.33% of the board members elected by the shareholders. The company endeavours to ensure that at least three of the board members elected by the shareholders represent the under-represented gender.

The target defined is that at least 50% of the board members elected by the shareholders should be of the under-represented gender. The company aims to achieve this target by 2019.

Since the under-represented gender makes up less than 40%, the company is still under an obligation to set a target for the under-represented gender.

### **Human resource development**

We are focused on human resource development, including both professional and personal development. Our employees have good opportunities to select training courses and other relevant development paths. The company offers trainee positions from time to time. The aim of traineeships is to provide trainees with an overview of the company's business model, structure and working procedures. Throughout the trainee programme, the trainee will have a mentor, who is responsible for following up on evaluations and generally providing guidance for the trainee during the entire programme.

Our human resource development and education policy provides the widest possible scope for individual development of professional and personal skills. The policy provides a scope in which all employees have equal access to continued professional development.

Within the limited opportunities offered by a relatively small company such as Danish Ship Finance, employees may be offered job rotation or traineeship opportunities in other departments. In addition, we have a strong focus on using external consultants in connection with helping employees develop their personal and professional skills.

To strengthen the development of each employee, we conduct employee performance interviews with a view to aligning expectations with regard to future assignments and skills development. The employees may also contact the company's HR consultant in order to arrange for a meeting to discuss matters relevant to the employee.

With the aim of continually monitoring the level of satisfaction among its employees, we conduct an employee satisfaction survey once every year. Every second year, an extended employee survey is carried out, and the company conducted this survey in 2015. The questions in the survey concern issues such as the overall level of satisfaction with being employed with Danish Ship Finance as well as working environment, work-life balance and the prevalence of negative stress. The results of the survey for 2015 are found below under "Key performance indicators".

#### **Job satisfaction**

Danish Ship Finance seeks to create an attractive environment for its employees. Therefore, employees are covered by a number of insurance policies, including 24-hour accident insurance and health insurance. From 1 January 2016, the health insurance has been extended to also cover the employee's children under the age of 24. Furthermore, employees are offered a health check at least every other year.

The company is keen to encourage a healthy lifestyle and has teamed up with its canteen supplier to serve nutrition-

al, low-fat food in the canteen. A healthy lifestyle is also an active lifestyle involving daily exercise. The company is positively inclined to employee exercise initiatives and from time to time offers financial support in order to promote an active lifestyle.

Stress is recognised as a joint problem for the company and the affected employee. Both parties are negatively affected by illness and therefore share the responsibility for solving the problem. Consequently, the company has adopted a "Stress handling policy". Among other things through its flexitime programme, the company strives to strike a good work life balance for its employees. In a flexitime arrangement, work hours can lie within predetermined intervals. Daily work hours may thus vary according to needs and duties. Employees may also work from home up to three days a month, allowing them greater flexibility in relation to planning their work and leisure time.

Workplace bullying may adversely affect the working environment and employee well-being. We have defined an anti-bullying policy in order to promote a healthy working environment by focusing on human relations. The policy centres on three key words to prevent bullying: "Trust", "Fairness" and "Cooperation". We believe that a strong relationship of trust between the manager and the employee and between the individual employees will help ensure a good cooperation and thereby prevent workplace bullying.

Furthermore, we have introduced a number of policies and guidelines aimed at protecting working conditions and the working environment. We have defined an anti-abuse policy which provides a number of ways to support employees suffering from alcohol or medication abuse, for example. In addition, a number of committees have been set up to handle employee interests, including a working environment committee which handles compliance with the Danish occupational health and safety act, a pension committee which handles employees' pension interests and a competence committee which organises training courses and arranges lectures on current topics, among other things.



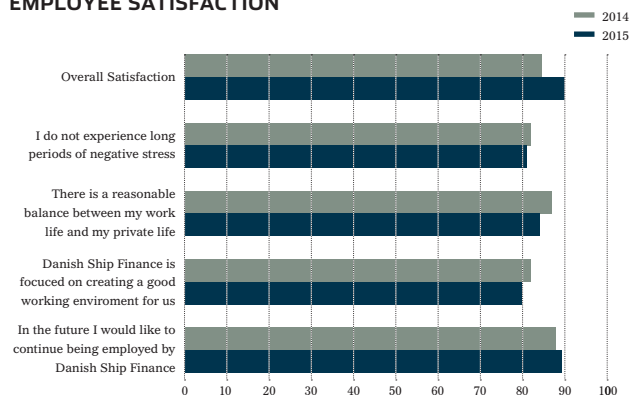
## KEY PERFORMANCE INDICATORS

### Employee satisfaction

To measure the impact of CSR strategies in the areas of commitment, human resource development and job satisfaction, the company conducts an employee satisfaction survey once every year. The survey is conducted by an external consultant. Any results above index 70 are considered to be good results.

The result of the survey carried out in 2015 showed an increase from index 84 in 2014 to index 90 in 2015. Our conclusion is therefore that the employee satisfaction level remains very high and that it showed an increase in 2015.

### EMPLOYEE SATISFACTION



80-100	Index points	Very high satisfaction level
70-79	Index points	High satisfaction level
60-69	Index points	Medium satisfaction level
50-59	Index points	Low satisfaction level
Below 50	Index points	Very low satisfaction level

### FUTURE HUMAN RESOURCE INITIATIVES

We will continue to focus on the working environment, including health, exercise, well-being in the workplace, work-life balance and employee development opportunities. As in previous years, towards the end of 2016 we will conduct an employee satisfaction survey.

## ENVIRONMENT AND CLIMATE

Danish Ship Finance is conscious of the environment and global climate change, and the company aims to contribute to a cleaner environment and to combat climate change. To the extent possible, the company aims to reduce its consumption and emissions that adversely affect the environment and the climate. Moreover, our customers are required to comply with regulatory environmental and climate requirements.

The company has defined a number of goals for its environmental footprint initiatives, the combined purpose of which is to minimise harmful impacts on the environment and the climate. The principal environmental and climate impact derives from the company's contribution to CO2 emissions from air transportation as well as energy consumption for electricity and heating.

We also continuously seek to provide a good indoor climate for our employees at Sankt Annæ Plads.

### ACTIVITIES

Specific activities undertaken in environmental and climate areas are described below. The activities are divided into the categories: "Environment" and "Climate".

#### Environment

The environmental efforts consist of a number of specific initiatives to contribute to reducing the company's consumption of resources. The initiatives focus on reducing waste (minimising wastage and increasing recycling) and increasing "green" procurement.

The company also seeks to increase the volume of green procurement. For that purpose, the company is focused on procuring environmentally friendly products that carry either the Nordic Swan ecolabel or the EU ecolabel. When purchasing machinery and IT equipment, the energy rating of the products is considered. Furthermore, we seek to procure products that can be recycled or disposed of in an environmentally compatible manner. This is achieved through the use of external waste collection, which ensures proper treatment and recycling of waste. Environmental savings may also include machinery and IT equipment repairs.

The company's borrowers are subject to requirements stipulating which classification companies they may use. In addition, our customers must comply with the applicable standards for shipping activities issued by national or international bodies and comply with the rules on human rights in accordance with international conventions. The International Maritime Organization (IMO) is an organisation under the auspices of the UN and deals with international maritime matters. Its original purpose was to ensure safety at sea, but it has been expanded to handle issues such as environmental protection. The activities of the IMO are closely monitored in areas such as safety and environmental protection.

Borrowers must comply with rules and new standards for maritime safety and reducing pollution. Financed vessels are monitored on a continuous basis with respect to any remarks or detentions in connection with Port State Controls. Port State Control is the inspection of foreign vessels in other national ports by local inspectors for the purpose of verifying that the vessel and its equipment comply with the requirements of international conventions and that the vessel is manned and operated in compliance with applicable international law.

### Climate

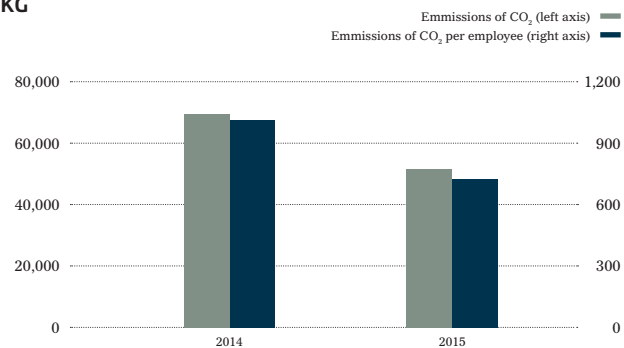
The principal environmental and climate impact derives from CO<sub>2</sub> emissions from air transportation of employees and energy consumption for electricity, water and heating. The company endeavours to plan air transportation to limit CO<sub>2</sub> emissions to the extent possible. In addition, we remain focused on minimising energy consumption at our domicile. Light sources are being replaced with LED bulbs, which emit less heat and therefore help create a better indoor climate. LED bulbs are also mere energy-efficient. A new cooling system has been installed in the server room. The new system uses free cooling, which means that it uses low external air temperatures to cool interior temperatures in a process that saves a lot of energy. Since the domicile building is listed, certain preservation provisions must be observed in connection with implementation of energy-saving measures.

In relation to improving the indoor climate an examination of the indoor climate was carried out in 2015. The examination concluded that there were no signs of allergy-inducing mould fungus in the building. However, the examination did give rise to a number of minor initiatives aimed at improving the indoor climate.

Being a financial enterprise with no polluting activities other than those described above, the company has not defined additional climate or environment policies. Nor have we found it relevant to define human rights policies.

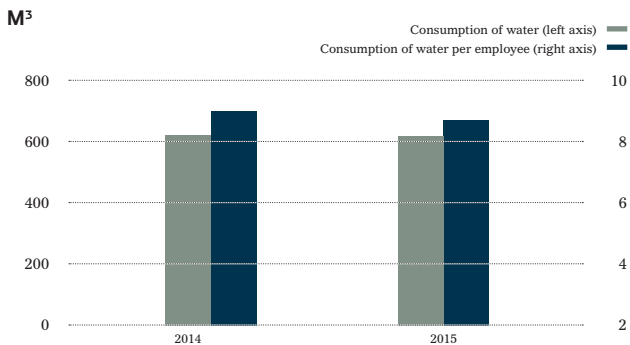
### MÅLEPUNKTER

#### EMISSIONS OF CO<sub>2</sub> BY AIR TRANSPORT KG



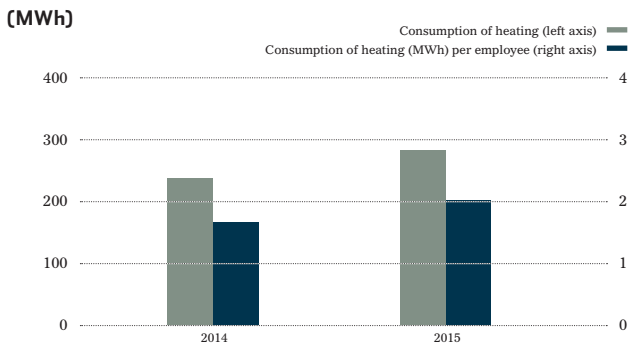
The company emitted 35% less CO<sub>2</sub> from air transportation in 2015 than in 2014. The decrease was due to a fall in air travel in 2015.

## CONSUMPTION OF WATER



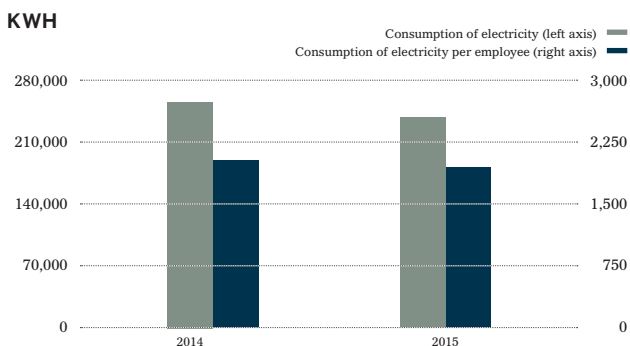
The water consumption fell by 0.5% from 2014 to 2015, which is considered a flat development.

## CONSUMPTION OF HEATING



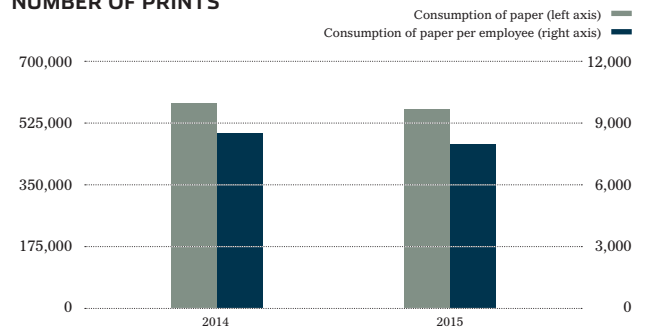
In 2015, the consumption of heat was up 17% relative to 2014. The increase was due to a higher number of cold months than in 2014.

## CONSUMPTION OF ELECTRICITY



Consumption of electricity dropped by about 4%. The decline was due, among other things, to the replacement of halogen bulbs with LED lamps.

## CONSUMPTIONS OF PAPER NUMBER OF PRINTS



The consumption of paper fell 3% in 2015, and measured per employee there was a decrease of 6% relative to 2014. The reason was primarily that we now use an online platform for submitting board material.

## FUTURE ENVIRONMENTAL AND CLIMATE INITIATIVES

The company will continue to follow the debate on future regulation of the environmental impact of ships and intends to follow best practice and rules adopted by the IMO.

Focus will be retained on energy-saving initiatives, and we will continue to work on paper consumption and waste disposal. With respect to the company's Sankt Annæ Plads property, efforts will still be made to implement additional energy-saving initiatives.



## **CORRUPTION AND UNUSUAL GIFTS**

Corruption is a broad term used to describe relationships in which personal interests are mixed with official interests, including bribery, breach of trust and extortion. Denmark ranks among the countries with the lowest level of corruption in the world.

As Danish Ship Finance has international operations, the risk of encountering corruption, including the offer of unusual gifts, is significantly higher than in relation to purely national activities. We have therefore prepared an in-house anti-corruption policy.

In line with the overall CSR strategy, we have defined a number of targets for its initiatives against corruption and unusual gifts.

The CSR policy contains the following guidelines:

- We do not accept employees accepting or requesting any form of bribery.
- We accept employees accepting small gifts considered usual in the given situation.
- We only offer gifts considered usual in the given situation.

We accept employees accepting gifts with a value of up to DKK 1,000.

## **ACTIVITIES**

When offered gifts considered unusual or representing a value beyond what is considered usual, the employee must consult his immediate superior.

## **KEY PERFORMANCE INDICATORS**

In 2015, Danish Ship Finance was not aware of any events of corruption, including bribery, unusual gifts or other related issues.

## **FUTURE INITIATIVES CONCERNING CORRUPTION AND UNUSUAL GIFTS**

The company will continue to work against corruption and bribery. The company will not at any time accept corruption or bribery.



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