

MAERSK

POST 

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Growing oil production in Kazakhstan

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A four-year project with a two-year deadline

LIVES IN RUSSIA, WORKS IN ANGOLA

Vladimir Volkov lives a life of extreme contrasts. Every 28 days, the Russian Rig Manager embarks on a 24-hours long journey from his home in Murmansk to his job in Luanda.

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THEME

MAERSK LINE: HOW TO STAY IN THE BLACK

2012 was a tough year for Maersk Line. In January and February the company lost USD 500 million. However, the company ended the year with a profit. The 2013 priorities are explicit: Making it easier for the customers, reducing costs and maintaining rates.

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"Most assets are good and profitable. Therefore, the main consideration will be to decide whether or not ownership makes sense in the long run," Group CFO Trond Westlie says.



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SMALL ASSETS, BIG BUCKS

Hundreds of assets will be hand-picked from the business units and sold off. That is the consequence of the 2013 Group Priority 'Optimise balance sheets for growth'. According to Group CFO Trond Westlie (photo) the aim is to release capital and employee time for the profitable investments.

Read also page 6: **KEEP UP THE PRESSURE IN 2013**

FOLLOWING THE PATH OF A

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When a Brazilian soybean reaches the Chinese food bowl, figures prove that it ends up being at least 20% less profitable due to transportation inefficiencies. But assistance is just around the corner; a new study proves how shipping can help unlock Brazil's trade potential even further.

THE CHALLENGE OF BECOMING A TRULY INTERNATIONAL POWERHOUSE

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The new Head of Group HR, Lucien Alziari, describes Maersk as a welcoming and very authentic company but also looks to support its evolution into a truly international company.



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THE QUEEN OF COOL

Most people would not choose to work inside a refrigerated shipping container; much less live in one. Barbara Pratt (photo) is different; she spent her twenties doing both, and as a result helped revolutionise the reefer.



Nils S. Andersen, Group CEO

Building strength and reducing risks

In 2012, we continued building and expanding four world-class businesses. Maersk Line improved by taking out USD 425 million of cost and increasing rates. It proved its ability to make money under difficult conditions and has more initiatives planned for 2013. Maersk Oil executed on its plans to stop the decline in production and has a clear line of sight to a return to growth in the next year or two. Maersk Drilling secured contracts for five of its seven new drilling rigs, and although it had some delayed start-ups due to extended maintenance, it is on track with its growth strategy. APM Terminals delivered a best-ever result, expanded its portfolio, and is well on its way to deliver a yearly profit of USD 1 billion.

To continue our execution on strategy, we divested non-core businesses and assets worth USD 3.4 billion and invested a total of USD 9 billion. We will invest approximately the same amount this year. In a low-growth global economy, some have asked if this isn't risky. Every investment entails risk, but these investments not only expand our business, they also reduce our overall risk. By creating four strong 'legs' for the Group to stand on and grow from, we make ourselves less vulnerable to swings in one or two markets. And by investing in growth markets, we reduce our exposure to the mature markets where prospects are less attractive and more 'risky'.

Our proposition is strong: In partnership with local authorities and businesses, we provide efficient infrastructure and energy solutions needed to reduce increasing bottleneck issues and promote continued growth. Further, we help reduce inefficiency and waste. This is something to be proud of and it gives us yet another reason to be optimistic about the Group's future.

Nils S. Andersen, Group CEO

Launching the world's largest ship in a weak market

ADJUSTING CAPACITY | With a capacity of 18,000 20-foot containers, the Triple-E will be the largest container ship ever built. It comes at a challenging time though, with weak demand putting strains on all carriers.

BY KENNETH MOLLERUP BIRCH AND
LAURE-ANNE BOSCHWITZ

> It comes at a challenging time. The Triple-E is built for the Asia-to-Europe (AE) service, Maersk Line's most important trade lane. Volumes on that trade shrank by 5% in 2012, estimates industry analyst Alphaliner, and are expected to grow by only 1% in 2013. Does that make the vessels a bad investment?

"Not at all," says CEO Søren Skou in his calm and straightforward manner. First of all, most of the ships will not be delivered until 2014, so with five Triple-Es joining the fleet this year the capacity injection in 2013 is quite minimal. Although even with the new vessels, Maersk Line's strategy is to grow with the market.

"As we introduce new and larger ships, if the market is not growing we will pull out other capacity to make the balance for us," says Skou.

MONITORING DEMAND

Maersk Line is monitoring demand closely and is ready to adjust capacity accordingly to avoid a repetition of the devastating rate wars of some of the previous years. There are a number of ways to do that, including returning chartered vessels to leasing partners, scrapping or recycling excess tonnage, idling parts of the fleet and further implementing slow steaming.

The plan is to phase in the Triple-E vessels on the AE10 service, which currently calls at 13 different ports between Asia and Northern Europe.

"They will replace the 13,100 TEU charter tonnage vessels, which will be cascaded to other services," says Chief Operat-



PHOTO: DAPHNE FLORENTINO OLIVEROS

Maersk Line CEO Søren Skou and Chief Operating Officer Morten Engelstoft: "The Triple-E will help us do what we have been doing for the last 38 years: deliver a low-cost, highly effective global transportation network to our customers."

"I don't think we will see container ships become any larger for a long time. While it would be physically possible, we are reaching a size where the restrictions on where they can trade become real"

CEO MAERSK LINE SØREN SKOU

ing Officer Morten Engelstoft. "We estimate that we will only increase capacity by about 1.5% in 2013, in line with our ambition of growing with the market."

The cascading exercise serves another purpose, as removing excess capacity also means that the least efficient and more polluting vessels are pulled out of the network.

DESIGNED FOR EFFICIENCY

Søren Skou says that the ships fit perfectly into Maersk Line's ambition of having the lowest costs in the industry.

"They will be extremely cost-effective. They were contracted at a good time from a pricing point of view. And their fuel consumption per transported container is approximately 35% lower than the 13,100 TEU

Triple-E in brief

- Capacity: 18,000 TEU
- Vessels on order: 20
- Cost: USD 190 million/ship
- 400 metres long
- 59 metres wide (beam)
- 73 metres high
- 19 levels (tiers):
nine above deck, ten below
- Top speed: 23 knots
- Crew: approximately 22
- Delivery date of first vessel:
End of June 2013
- Name-giving events and
maiden voyage: preparations
ongoing

Relaunch of
www.worldslargestship.com: 18 March

vessels being delivered to other container shipping lines in recent years," he says.

How different is the Triple-E compared to Emma Mærsk?

"It is very different," says Morten Engelstoft. "From its birth it has been optimised for lower speeds and fuel efficiency, and we are building in the very latest knowledge, technology and experience." He mentions two specific examples.

Where E-class vessels have one large engine with one propeller, the Triple-E features two smaller engines and two propellers. This design, combined with a slow running engine, will give optimal performance in the water, improving fuel economy.

On E-class vessels, the engine room and accommodation are located together amidships. On the Triple-E, the engine room is moved to the aft and the bridge forward. The advantage of this is that you lose less space in the engine room which can be used for cargo. The forward bridge gives the captain a better line of sight, allowing for a higher load in the front part of the ship.

"The Triple-E is the result of collaboration between numerous departments in

Two months prior to the sea trials, the construction of the first Triple-E's is progressing well and according to plan. The 20 vessels are being built in South Korea by Daewoo Shipbuilding & Marine Engineering.

Maersk Line, and of course with the shipyard. We have many reasons to be proud of these vessels. A lot of work has been put into making them in a league of their own in many respects," concludes Engelstoft.

BUILT FOR THE FUTURE

According to Søren Skou, the new vessels will provide enough capacity to grow with the market until at least 2015. He is willing to make a prediction, though:

"I don't think we will see container ships become any larger for a long time. While it would be physically possible, we are reaching a size where the restrictions on where they can trade become real," Skou says. *

Read more:

Interview Søren Skou page 10



KEEP UP THE PRESSURE IN 2013

GROUP PRIORITIES | The Group will focus on delivering on commitments and freeing up capital and resources for the most profitable investments, says Group CEO Nils S. Andersen. Growth markets will stay high on the agenda and M15 continues with adjustments.

BY MANUEL VIGILIUS

► “We can expect 2013 to be a challenging year with low growth in the global economy and little help from the markets,” says Group CEO Nils S. Andersen.

“That is why we need to put in extra efforts and focus on delivering on our earnings and growth commitments, no matter how the market develops,” Andersen explains.

Further, the Group must reduce the weight of poorly performing assets in the business units as well as at group level in order to increase flexibility for the really attractive investments.

“We have already decided on investments of around USD 9 billion and we know that more interesting opportunities will turn up in the coming years,” says Andersen.

GOOD START TO THE YEAR

So far, 2013 has started with container rates and oil prices in line with the Group’s expectations.

“This should give us a good start to a year in which we will aim to deliver progress in underlying profits across the business units.

Let us make sure to keep up the pressure – we must deliver good results again in 2013 to continue our ambitious investment plans,” says the Group CEO.


CONTINUED FOCUS ON GROWTH MARKETS

Growth markets will continue to have priority as an integrated part of our business, even if they are not a Group Priority in 2013.

The M15 programme, with 15 growth countries in particular focus for business opportunities and investments, will continue, with adjustments, and the Group will strengthen its brand to open doors for more opportunities and to support business unit activities in developing markets.

“The 2012 activities gave very positive media presence at limited cost in the targeted markets. In 2013, we will roll out four major branding campaigns in twelve focus countries in South East Asia, Africa, Latin America and Central Asia,” says Andersen.

“Group Relations will take the lead, and we need full support from the business unit communication organisations and country officers to obtain the desired effect and presence.” ✦



The Group can expect 2013 to be a challenging year with low growth in the global economy and little help from the markets.

PHOTO: RENE STRANDBYGARD

GROUP PRIORITY 1:

Deliver on commitments

- For Maersk Oil, the most important commitment is to deliver progress as planned on key projects such as El Merk in Algeria, Chissonga in Angola and Johan Sverdrup in the Norwegian North Sea.
- In Maersk Drilling, the three new drilling rigs coming into the fleet at the end of 2013 and the beginning of 2014 must be delivered and put into operation without delays or extra cost.
- Maersk Line will continue to manage its capacity effectively during the introduction of the first new Triple-E ships, which will enter the fleet this year.
- For APM Terminals, the first priority project is to execute effectively the Santos terminal start-up in Brazil (opening early 2013), followed by the Maasvlakte II project in the Netherlands, and other important projects.
- In other businesses there are also important projects and targets, and the requirement is the same across the board: to focus and deliver according to plan.
- All business units reach our financial targets for 2013.

GROUP PRIORITY 2:

Optimise balance sheets for growth

- All business units must work to clean their balance sheets of underperforming assets and terminate marginal activities to release resources for the profitable investment opportunities.
- In addition, businesses across the Group will work on other initiatives such as reducing working capital and improving inventory practices.

See also the article on page 28:
Small assets, Big bucks.

Read more on the 2013 Group Priorities on @maersk.

NEWS IN BRIEF

Group CEO: Satisfactory result, continued growth

The Group posted a profit of USD 4 billion for 2012. Maersk Line improved significantly during the year, and APM Terminals delivered its best result ever. The Group's presence in growth markets was further expanded.

"We are satisfied with our result for the year. We had a difficult start with losses in Maersk Line, but during the year, performance was improved and we achieved a result which is above last year's," says Group CEO Nils S. Andersen.

"We continued our push towards building our four strategic core businesses and the Group's presence in growth markets was further expanded by, among others, the introduction of SAMMAX and WAFMAX vessels targeted at West Africa and South America trades and new terminal investments in Russia and Latin America."

MAERSK LINE IMPROVED COMPETITIVENESS

Maersk Line managed to increase rates and reduce costs, delivering a full-year profit of USD 461 million

"A reasonably good result considering the difficult start to the year and proof that Maersk Line is able to make money under difficult market conditions," says Nils S. Andersen.

INCREASING INVESTMENTS IN MAERSK OIL

Maersk Oil delivered its highest-ever result, strongly supported by the settlement of a tax case in Algeria in the first quarter (USD 899 million) and high oil prices.

"Maersk Oil is making further progress towards stabilising production and replacing resources and reserves. We will continue to invest around USD 1 billion yearly in exploration in coming years and will significantly increase our investments in the development of finds towards production," says Nils S. Andersen.

STRONG RESULTS IN APM TERMINALS

APM Terminals delivered its best result ever (excluding sales gains etc.) based on the underlying operational performance.

"APM Terminals is executing well and making good progress towards reaching its strategic target of delivering USD 1 billion in annual profit," says Nils S. Andersen.

DEMAND FOR RIGS REMAINS HIGH

Maersk Drilling experienced a setback in 2012 due to delayed start-ups after extended maintenance. Causes are being investigated to avoid similar delays in the future.

Demand for Maersk Drilling's rigs remains high. Maersk Drilling will take delivery of seven large new rigs in the period up to 2015, contracts for the use of five of these have already been secured.

THE QUEEN OF COOL

A SOLITARY SEARCH FOR ANSWERS | Most people would not choose to work inside a refrigerated shipping container, much less live in one. Barbara Pratt is different; she spent her twenties doing both, and as a result helped revolutionise the reefer business that today enables food and other perishables to be shipped around the world.

BY JOHN CHURCHILL

➤ “We knew so little about refrigerated shipping back then,” says Barbara Pratt, director of refrigerated technical services for Maersk Line in North America, reflecting on her adventure inside a converted reefer container in the name of science.

“A customer would put 20,000 kilos of fresh fruit in a reefer container, send it across the Atlantic for 30 days, and the reasons for its condition upon arrival were largely unknown to us,” says Pratt.

“With the ‘Mobile Research Lab,’ the converted container Sea-Land built, we set out to learn all how to improve the quality of long-distance shipments. And it turned out I spent the better part of seven years living and working in that container,” says Pratt, who today is 58 years old and lives in a house.

APPLES TO APPLES

Barbara Pratt is a farm girl. She still works on the family farm she grew up on – 180 acres of apples, peaches, pears, nectarines, even Christmas trees, just an hour north of New York City and Maersk Line’s office in nearby Madison, New Jersey.

She was a 20-year old student at Cornell University studying physics, biology, chemistry, computer science and maths when she discovered the University’s Vegetable Crops Department. It was the match she had been looking for, an interesting and fulfilling outlet for applying her love of science.

The fruits of reefer tech

Thanks to advances in reefer technology, nearly every fresh commodity can reach any market all year round, no matter what the distance.

- Blueberries, once transported to global markets only by air, can now arrive in European and US markets from South America by container ship, making them more affordable and widely available.
- Seasonal produce from North and Central America, including citrus fruit, apples, avocados and asparagus can be found in markets across Middle Eastern and Asian markets.
- Russians enjoy fresh bananas from Ecuador in the middle of February. Maersk Line’s ice-class vessels carry as much as 29 million bananas every week from Guayaquil, Ecuador to St. Petersburg, Russia.

“The Sea-Land team led the way on reefer back then, and there’s no question the R&D that Barbara was doing helped lay the foundation for what we know today about refrigerated transport”

HEAD OF INNOVATION MAERSK LINE REEFER MANAGEMENT
HENRIK LINDHARDT

Pratt graduated from Cornell in 1976 with a degree in physics and was accepted into the University of Delaware’s “Post-Harvest Physiology” graduate programme, but turned it down. Her former Cornell professor had offered her a job – a special project for Sea-Land, the container shipping company founded by Malcolm McLean, the inventor of the shipping container.

Soon after, the ‘Mobile Research Laboratory’ was born, and Pratt never went back to school. Instead, she spent much of the late 1970s and early 1980s inside a container, throwing light on the little-known science of refrigerated transport and enabling the creation of much of the technology and best practices used in the industry today.

LIFE IN A CONTAINER

The ‘Sea-Land Mobile Research Lab’ was actually a converted 40-foot shipping container, modified by a company specialising in mobile homes to create a totally self-contained research centre equipped with living and office space.

And because it was a standard container, it could be loaded onto vessels, trucks and barges – anywhere customers’ cargo could go.

At one end of the container was the lab, equipped with a computer and a variety of technical instruments for taking and analysing food and atmosphere samples up to 150 temperature points. At the other end was the living area with two bunk beds, a microwave, refrigerator, shower and a small office space. A diesel generator, fuel and water tanks ensured continuous power and heat.

In a terminal, on a farm or in an orchard, Pratt and her partners took turns sleeping to keep an eye on the computers. Bulletproof glass in the door window was a precaution given the duration of stays in certain places and the expensive equipment inside.

In her years in the lab, Pratt studied over 100 different commodities, frozen and fresh, testing and monitoring temperatures, mapping airflow in the container, humidity, respiration rates of fruit and vegetables, fungus growth and more.

Barbara Pratt, head of refrigerated technical services, Maersk Line North America: "How can Maersk Line help customers ship all types of fresh commodities further distances and maintain quality and safety? I think that question will keep my interest for quite some time."



"We worked with several customers as well, to solve specific problems. General Foods wanted to know why cocoa and coffee beans from the Dominican Republic were occasionally arriving in the US mouldy. We did some tests, tweaked the temperature and ventilation and eventually patented a new container design," recalls Pratt.

Pratt is quick to point out that she "was not the only one doing this research back then," though her colleagues are just as quick to praise her work.

"She has been in this business longer than most people, including everyone on our team," says Henrik Lindhardt, head of innovation in Maersk Line's reefer management team.

Lindhardt produced the original 1977 'Sea-Land Mobile Research Laboratory' advertising brochure (picture above) from his desk, with a picture of Barbara in a white lab coat working in the container lab:

"The Sea-Land team led the way on reefer back then, and there's no question the R&D she was doing helped lay the foundation for what we know today about refrigerated transport.

According to Lindhardt, it was Pratt's findings from her time in the lab that led to a lot of changes in reefer container design and packing methods customised for the particular ventilation, air flow and temperature needs of a variety of fresh produce.

Today, Pratt heads Maersk Line's refrigerated technical services team in North America, Maersk Line's and the world's largest import/export region for fresh produce.



Barbara Pratt spent the better part of seven years in this container 'Mobile Lab' just to learn how to improve the quality of long-distance shipments.

If a container malfunctions or cargo is spoiled and no one knows why, it's Barbara and her team who receive the call to unravel the mess. They are the fixers, providing real-time support to Maersk Line operations, sales and customer service.

She calls her transition from the lab to technical services a natural progression.

"Today, I prefer solving the problems, working on the logistics and serving the bigger picture – the customers and the business," she says.

It was Barbara's research and development of strict standard operating procedures that enabled Maersk Line to begin accepting shipments of blood plasma. Volumes are small, but very profitable.

"I don't see myself retiring. I think with global population growth, the need for a year-round safe and transparent food supply will only increase," she says. 🌱

CEO Maersk Line Søren Skou:

**"IT WAS SCARY,
WE WERE LOSING
9 MILLION A DAY"**

THEME | MAERSK LINE: HOW TO STAY IN THE BLACK

BACK IN THE BLACK | 2012 was a tough year for Maersk Line. In January and February the company lost USD 500 million – at that rate the company would lose USD 3 billion by the end of the year. However, the company ended the year with a profit but the journey does not stop here. The 2013 priorities are explicit: Making it easier for the customers, reducing costs and maintaining rates.

READ MORE:

PAGE 14 / THE AFRICAN CHALLENGE

PAGE 15 / A TO B, AND THE VALUE IN BETWEEN

INTERVIEW | Søren Skou has been in post as CEO of Maersk Line since January 2012 and it has been a challenging journey putting Maersk Line back in the black.

BY HURSH JOSHI

> In his first year in post as CEO of Maersk Line, Søren Skou saw a dramatic shift in the company's fortunes; in January and February 2012, his first two months on the job, the company lost USD 500 million – at that rate the company would lose USD 3 billion by the end of the year. However, the full year results for 2012 show that the company actually ended the year with a profit of some USD 461 million.

"It was a little scary, I came into the role and we were losing almost USD 9 million a day. That was the case for the whole of my first two

CONTINUED ON THE FOLLOWING PAGES





months in the job. It was obvious that we had to plug the holes and increase rates as quickly as possible. So that was a huge challenge. We did it though," Skou says.

IT MUST BE EASIER FOR THE CUSTOMERS

Maersk Line ended 2012 with a plus figure, but the journey does not stop here. The 2013 priorities are explicit: making it easier for customers, reducing costs and maintaining rates.

"I am satisfied with the company's trajectory in 2012, but overall it was not a satisfactory return on investment," Skou says. "USD 461 million may sound like a lot, but when you consider how much the Group has invested in Maersk Line it is not a good return."

The CEO of the world's largest container shipping company emphasises that the challenge now is to sustain momentum:

"For that we need to build on the strengths in our corporate culture, making sure we focus on results and on serving the customer, working together as one global team and not overcomplicating how we do our business."

"For that we need to build on the strengths in our corporate culture, making sure we focus on results and on serving the customer, working together as one global team and not overcomplicating how we do our business"

CEO MAERSK LINE SØREN SKOU

Skou adds that, even after so many years of making efficiency savings, there are still opportunities to take out cost:

"Historically, the industry has found something like USD 50 per 40-foot container of efficiency savings each year. That is not likely to change anytime soon, so if Maersk Line is to remain competitive we have to find those savings too."

"There are opportunities, into the billions, to take out further costs. Most significantly, there are still opportunities to reduce our fuel costs, both with more efficient vessels – like the new Triple-E – and by improving how we organise our network," Skou says.

FURTHER IMPROVEMENT

For the Maersk Line CEO, further improving how the shipping line cares for the customers is a key priority.

"We are actively building on our customer care programme and looking into ways to make the customer experience even better; this includes working with customers so that their businesses can extract the maximum value from our services. Additionally we are



Maersk Line does something like 30 % of its business between Asia and Europe.

putting a customer charter in place so customers know the minimum they should expect from us."

"We want to make money, but we also want to help our customers make money by allowing them to concentrate on their business. That's why we are working on ways to make it easier for customers to do business with us. That is about customer service, and it is about reliability," he says.

He underlines how lucky he feels to be in an industry where improving the company's environmental performance also contributes to the bottom line.

"Reducing fuel consumption is the single biggest way we can reduce our environmental footprint," Skou says. "In 2007 we set a target for 2020 to reduce the amount of carbon dioxide emitted per container shipped by 25%; we met that target last year. Now we've set an even more ambitious target for 2020; a 40% reduction on 2007 levels. That's how serious we are."

ASIA – EUROPE MAKES LIFE DIFFICULT FOR THE COMPANY

Asia to Europe is the largest single portion of Maersk Line's business. Its exposure to this trade, at a time when the European economic situation is so uncertain, must surely make life difficult for the company, Skou explains:

"It is true that Maersk Line does something like 30% of its business between Asia and Europe. So what is happening in Europe today does have an influence on our business. However, the key



40%

less fuel consumption
in 2020 compared to
2007



CEO Søren Skou: "Reducing fuel consumption is the single biggest way we can reduce our environmental footprint."

"We want to make money, but we also want to help our customers make money by allowing them to concentrate on their business. That's why we are working on ways to make it easier for customers to do business with us. That is about customer service, and it is about reliability"

CEO MAERSK LINE SØREN SKOU

is to manage capacity – that is to act responsibly to ensure we do not contribute to oversupply in the industry – that can only lead to rates collapsing."

Daily Maersk, Maersk Line's flagship product offering an absolute reliability promise on some Asia-to-Europe routes, was touted as one of the ways in which Maersk Line would transform the

customer experience. Skou makes a qualified but optimistic assessment:

"In 2012 we didn't make money on our Asia-Europe routes, including those served by Daily Maersk. A lack of growth in Europe has curtailed demand; at the same time supply increased. However, the product has been well received and is currently easily the most reliable in the industry. Whilst the wider economic situation remains fragile in Europe, I am cautiously optimistic that in 2013 we will make money in this part of the world."

REMOVING VESSELS

Many new vessels are being built across the industry at the moment, adding new capacity to the market. Therefore a relevant question is if it is possible to prevent excess of supply:

"Maersk Line has a number of tools to make that happen. We are temporarily removing some vessels from service, we are using more and more slow steaming and we are scrapping older, less efficient vessels. As long as we make use of all these tools we can ensure that we will start making money on these routes again," Skou says, adding:

"Globally, in 2012, the industry maintained rates by showing restraint. This was despite the fact that new vessels could have increased supply by 9%, while demand on the primary trade flows only increased by 2%. So it is definitely possible, and Maersk Line will act sensibly." 🌟

THE AFRICAN CHALLENGE: next door is sometimes further away

FUTURE-PROOFING NETWORK IN AFRICA | Intra-African trade currently makes up only around 2% of Maersk Line's business in Africa. But things are changing. The African economy is growing faster than ever and Maersk Line and Safmarine are working hard to prepare for the shift towards more intra-African trade.

BY HURSH JOSHI

➤ Most of Maersk Line's and Safmarine's business in Africa today involves containers full of goods shipped to Africa from the rest of the world. This means that containers enter a hub port, such as Algeciras in Spain, and are then transferred to ships that sail directly to different African ports.

This works very well for goods coming in from outside the continent, but not for intra-African trade. It can significantly increase costs, for example adding 29 days to a delivery from Apapa in Nigeria to Tema in Ghana. Shipping directly from Apapa to Tema, without going through Algeciras, would only take two days.

INTRA-AFRICAN TRADE IS TINY

There is very little intra-African trade today, however things are changing; trade between African countries is becoming increasingly important. Maersk recognises this and sees intra-African trade as important to its future on the continent. In fact, the African economy is growing faster than ever, and according to Nina Ballegaard, Assistant Trade Manager on Intra-African trade in Copenhagen, intra-African trade is an enabler for further economic growth.

"Getting ready for this shift to more intra-African trade is not as easy as it seems. It involves having more direct services between African countries, but if this is done in the wrong way vessels may travel empty – and then no one benefits. On the other hand, failing

to introduce direct services at the right time could lead to Maersk handing business to the competition and even stymieing growth on the continent."

IT IS ONLY 2%, DOES IT MATTER?

Intra-African trade currently makes up only around 2% of Maersk Line's business on the continent. However, with volumes likely to increase quickly in the coming years, it is important for Maersk Line and Safmarine to be ready for this change.

Consequently, Maersk is making changes behind the scenes to make it easier for customers. According to Ballegaard this includes ensuring that intra-African trade is taken into account when planning the network, creating more efficient processes to use unallocated slots on African services and maintaining more stable services between African countries.

"That is why we are already working to improve the way service changes to the African network are decided, taking intra-African trade into account. Intra-African trade is not just important for us, but also for improving living standards in Africa. We have already begun planning to ensure that the changes we make going forward will facilitate this trade," she says, adding that Maersk wants shorter transit times, lower vessel costs and a better service for their intra-African clients. 📍

Africa is big business and it's getting bigger

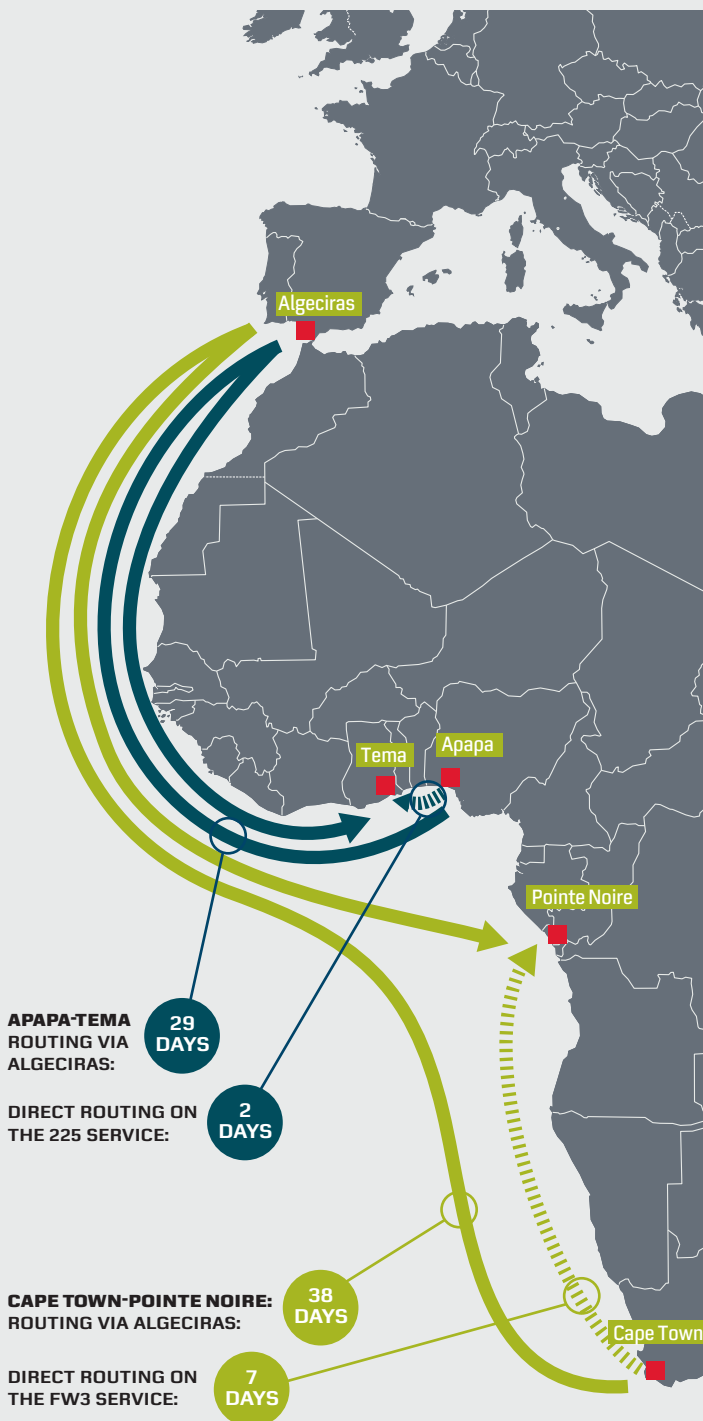
Private consumption in Africa is higher than in India, with growth in African consumer demand of USD 400 billion expected by 2020. The trend for the continent is increasingly positive; Africa is growing richer, with a population that is increasingly young, mobile and educated. According to the UN, by 2040 Africa's working age population will be larger than China's.

Greater prosperity means a greater demand for goods; private consumption in Africa rose by USD 568 billion between 2000 and 2010 (Global Insight).

This early growth in consumer demand has been driven primarily by imports into Africa rather than trade between African countries. Currently, the proportion of containers shipped (industry wide) between African countries is only 1.9% of African trade. However, this belies a trend towards more intra-African trade.

Trade between African countries is key to ensuring that the continent maintains its growth trajectory. As Africa grows, more goods and services will be produced in the region. This allows more of the value created in Africa to stay on the continent.

Example of transshipment vs direct products:



A to B, and the value in between

BUILDING RELATIONSHIPS | Maersk Line is trying to change the conversation with customers.

BY JOHN CHURCHILL

> “How can we earn more on freight than our competitors when many customers see us purely as transportation cost? We have to show them we can make a real impact on their business,” says Andre Cunha, Maersk Line sales representative in Itajaí, Brazil.

“Can we help them fix tedious operational processes or logistics hassles that are making their supply chain less efficient? Those are improvements that are often worth far more than the cost savings on freight transport,” says Cunha.

Across the Maersk Line sales organisation, reps like Cunha are trying to change the conversation with customers from ‘cost’ to ‘value.’ By showing customers what impact Maersk Line can have on their business – beyond budget items like freight cost savings – the goal is to build a relationship that consistently earns more volume and better rates than competing shipping lines.

Adding up the little things

Cunha is an account manager for one of Europe’s largest manufacturers of household appliances. The customer is a top-20 importer into Brazil and in 2011 shipped 19% of their total volumes with Maersk Line.

The customer’s business has grown in step with Brazil’s growing consumer class. However, during a meeting in 2011, Cunha learned that the customer was spending a lot of time tracking cargo into its manufacturing centre in Manaus, the tax-free zone in northern Brazil. It was hurting operational efficiency and wasting the time of employees.

The customer did not have a clear picture of its supply chain.

“We offered to provide them with a daily cargo update, an Excel sheet showing the location and status of each of their containers. It gave them accurate, timely data and let the operations team focus on more important tasks.”

Earlier in the year, Cunha made a similar adjustment for the customer. Maersk Line hired a third-party company to receive empty containers moved from the customer’s factory in Curitiba to a nearby container depot. Before this, the customer had been moving all empty containers 60 kilometres overland back to the port of Paranaguá.

In 2012, Cunha’s customer shipped 31% of its total volume into Brazil with Maersk Line, and for a price premium over competition of USD 200 per container from Asia to Manaus. For Maersk Line, the additional share translated to USD 150,000 in revenue every week over the previous year.

“Overall, we need to ensure that we focus on delivering the revenue and the volume to fill the ships,” says Eric Williams, global head of sales in Maersk Line.

“But what we’re starting to see is that if we can show the customer we can do more than just ship a box on time, if we can show a dollar-value impact to their business from shipping with us, we can earn more of their business – and often at higher rates than competition,” he adds. ★

The challenge of becoming a truly international powerhouse

STRONG PERFORMANCE | The new Head of Group HR at Maersk, Lucien Alziari, describes Maersk as a welcoming and very authentic company but also looks to support its evolution into a truly international company.

BY NINA SKYUM-NIELSEN

➤ "The executional excellence in this company is truly impressive. There is a deep-rooted culture of performance and the values really mean something."

After 100 days into the job as new Head of Group HR, Lucien Alziari has no problem pinpointing what has impressed him most about the people of Maersk during these first months.

Straight after landing in Copenhagen in October, Alziari embarked on a tour to the US, Qatar, China, Dubai and Singapore to become acquainted with the business units within the Group. In January and February he again left the Copenhagen headquarters to meet up with Maersk employees in some of the Group's key markets and to learn more about the businesses.


He says he has so far experienced "a very authentic and welcoming company" and a tremendously strong set of values within Maersk which gives the Group a very powerful base to work from.

"A strong performance foundation is critical to everything else that we do in HR. The opportunity now is to focus not just on today's performance but also on building

the capabilities and talent we need for the future."

CHALLENGING THE HOMOGENEITY

When Alziari compares Maersk to his previous employers, among them cosmetic giant Avon and PepsiCo, he sees a higher proportion of home grown leaders and



"You can never overestimate the importance of inspirational leadership"

HEAD OF GROUP HR LUCIEN ALZIARI

fewer international executives, particularly in developing and emerging markets. He believes it's important to grow beyond this homogeneity in order to achieve Maersk's goal of becoming a "truly international" powerhouse.

"We need a greater breadth of profes-

sional profiles if we want to win in the future," Alziari says. He thereby echoes the result of a quick poll carried out at the Leadership Conference at the end of 2012, revealing that 40% of the Group's top management believes more needs to be done to secure the talent pipeline, especially in the growth markets.

"If we look to our future sources of growth like China, Russia, Brazil and India, we have less than our fair share of talent in these areas," Alziari says. He describes himself as a "talent guy who uses the word 'talent' in every three sentences" and without yet defining a specific strategy, it is clear that this topic is extremely close to his professional heart. Likewise, in his eyes gender diversity is primarily a talent issue.

"50% of the world talent is female and we want to have at least our fair share of all the talent available to us. The more perspectives your experiences are, the more experiences you bring to the table. We see a lot of female talent in Maersk's entry level professional group, but when we look at our senior ranks the picture is very different. I have spent much of my career working for women and experienced how much they have

"I would like everyone to see their manager as someone who both wants the best for them and who is able to bring out the best in them"

HEAD OF GROUP HR LUCIEN ALZIARI

PHOTO: PETER ELMHOLT

brought to their businesses. While I recognise the challenges in our industries, we can still attract and keep more female leaders." However, he also feels that the Group's focus now should be on actions. "We will set ourselves some goals for the next few years and ensure that we make meaningful progress against them," Alziari says.

THE IMPORTANCE OF LEADERSHIP

According to Alziari, the main role of a leader is to unlock the creativity and potential of the team.

"You can never overestimate the importance of inspirational leadership. A great leader is able to provide a broader context

Lucien Alziari in brief

- ✓ Born in 1959
- ✓ British national
- ✓ Educated at the University of Westminster and the University of Bristol
- ✓ Previously employed at PepsiCo and Avon
- ✓ Married with a son and a daughter

for the efforts of his or her employees, giving meaning to the work that each of us does. I would like everyone to see their managers as someone who both wants the best for them and who is able to bring out the best in them."

Alziari is convinced that the organisation is more than ready for the challenge. "This company can do anything it sets its mind to. We show this every day in the way that we stretch to meet our goals and meet the needs of our customers."

"We've got great talent at every level. The question now is how we can challenge each other to take the company to the next level." ✱

NEW GROUP POLICIES OUTLINE RESPONSIBILITIES

FOR EACH OF US

LIVING THE VALUES | The Maersk Group operates globally in many industries, under vastly different conditions and with employee seniority ranging from days to decades. Despite the diversity, the Group has a common identity, embodied by its heritage and the Group Core Values, which have now been unfolded in five Group Policies.

BY ANDERS ROSENDAHL

> With the purpose of putting the values into practice, the Group has launched five new Group Policies that apply to every employee at the Maersk Group.

"Our name and the pride we take in going to work every day depend on us knowing that all our colleagues around the world respect certain minimum requirements. That is what these policies are about," Group CEO Nils S. Andersen says.

BASED ON THE GROUP CORE VALUES

The new Group Policies are an extension of the Group's values. Both the Group Core Values and the Group Policies reflect the conviction that the Group not only cares about making a profit but also how it makes a profit.

"The Group Core Values represent what is unique about the company culture and they guide us to make ethically sound de-

cisions. The Group Policies take this a step further by defining what the Group stands for and what this means to each individual employee," Andersen says.

To name a few examples, the Group Policies state that it is every employee's responsibility to listen to customers and other stakeholders and learn (Business Approach), take responsibility for his or her own safety and the safety of others (Health and Safety) and familiarise himself or herself with relevant laws, regulations and internal rules (Legal Compliance).

"They do not substitute the values or sound judgement, but the policies describe what we need to understand in order to be good employees in this company," says Andersen.

The Group Policies have been completed with input from a range of employees, representing most of the Group's busi-

nesses as well as nationalities, geographical locations, gender and levels of seniority. They are mandatory, and their purpose is to govern how employees of the Group conduct themselves when engaging with customers, colleagues, suppliers and the communities in which the Group operates.

The Group Policies replace the Maersk Principles of Conduct and other policies. ✦

Read more in
the booklet
in this
magazine



Five new Group Policies

1

BUSINESS APPROACH

We pursue profitable business and responsible leadership within our industries

2

OUR BRAND

We engage with customers, other stakeholders and colleagues to promote and protect our brand

3

HEALTH AND SAFETY

We conduct our business in a safe manner

4

LEGAL COMPLIANCE

We are committed to comply with applicable laws and regulations

5

OUR WORKING CULTURE

We provide our employees with opportunities to develop and succeed



Group CEO Nils S. Andersen: "The Group Core Values represent what is unique about the company culture and they guide us to make ethically sound decisions."



To see Group CEO Nils S. Andersen and 10 colleagues present the new Group Policies, go to @maersk or scan the QR Code.

What do the Group Policies mean to you?



*Maurice Meehan,
Environment and
Climate Change
Manager, Maersk
Drilling*

PROVIDE DIALOGUE

"The policies provide a framework for all employees to reflect on how their work can impact the Maersk Group. They provide the basis for dialogue with customers and external stakeholders on how our brand can add value to their organisation, whether it is reducing a bottom line impact on financial, social or environmental figures or improving its own top line performance."



*Anna Granholm-Brun,
Brand Manager,
Group Relations*

STRENGTHEN REPUTATION

"By introducing the Group Policies, we are taking yet another step towards assuring that Maersk strengthens its reputation as a leading global brand through the ambassadorship enacted by our customers, partners, and most importantly, our employees."



*Jesper Engelbrecht
Thomsen, Vice President,
Maersk Line*

CREATE FRAMEWORK

"I think the Group Policies simplify what we have in common. They create a framework that makes the Group Core Values more concrete in challenging situations. They are simple enough to include all and complex enough to accommodate the diversity we depend upon. Summing up, I believe the policies address the realities we deal with across the Group."



*Priya Leth-Jorgensen,
Head of Shorebases
and Accounting,
Maersk Drilling*

IMPACT EARNINGS

"I appreciate that the Group Policies can easily be translated into specific objectives that directly impact earnings and revenue. In a business environment that is increasingly dominated by attention to definable returns on investment, I am happy to see policies in which returns are potentially measurable."

PHOTOS: ANDERS ROSENDAHL

A bumpy, dusty road leads the way to the Dunga field, 45 kilometres north of Aktau City.



KAZAKHSTAN:

MAERSK OIL'S ROUTE TO 400,000 BARRELS

INCREASING OIL PRODUCTION | When Maersk Oil acquired a small oil field on the dusty Kazakh steppe in 2002, only few could have predicted its bright future. In December 2012, the Dunga phase II project delivered first oil and laid the foundation for a four-fold increase in production from 7,000 to 25,000-30,000 barrels per day.

BY CHARLOTTE HOLST HANSEN

➤ A bumpy, dusty road leads the way to the Dunga field, 45 kilometres north of Aktau city. It is located with the Caspian Sea to the west and the massive, flat, dry steppes to the east, a landscape very similar to that pictured in cowboy movies from the 1960s.

Two drilling rigs, – to be joined by two more by midsummer, – are working day and night to finish the planned 198 wells in an area of 40 square kilometres.

"This well will likely beat our speed record – just 13 days from start to end," says Drilling Supervisor Rasul Akmukhametov with a big, proud smile.

He and a team of drillers from a local

company normally finish a well in 16 to 21 days, from breaking the surface to reaching its target in the oil reservoir about 1,800 metres below the dusty surface. Here, millions of barrels of oil and gas are hidden.

PROVEN OIL AND GAS RESERVES

Kazakhstan is ranked 11th in the world for proven oil and gas reserves, and Maersk Oil, along with its partners Oman Oil and Partex, are not the only companies who see potential in the country that, until 1991, was part of the former Soviet Republic.

Major oil companies such as Shell, ExxonMobil, Chevron and Total have all made large investments in the country, which

will increase its oil production by 20% by 2020 to two million barrels per day.

First oil from the Dunga Phase II project was produced in December 2012, and is now bringing a constant, albeit modest, oil and cash flow to Maersk Oil. Already by September 2013, the Dunga Phase II development is expected to have doubled Maersk Oil's current Kazakhstan production, and by 2015 Maersk Oil has a strategy to deliver around 30,000 barrels a day on behalf of the partnership and the Government.

CONTINUED ON THE FOLLOWING PAGES



The white star shines across the Atlantic

ENTHUSIASTIC ABOUT OIL | A stay in Denmark as an exchange student lit a spark in a 19-year-old Texan. After learning about Maersk, he was determined to work for the company. A cold and wet Denmark brought the young American Justin Brand to Kazakhstan.

BY CHARLOTTE HOLST HANSEN

> The Texan dust has been replaced with Kazakh air, but the American accent is still distinguishable and easy to recognise. Both locations are dry and known for their vast oil activities, but it was in fact cold and wet Denmark that brought the young American to Kazakhstan.

"In college I wanted to stretch my cultural awareness. I wanted to go abroad to a country that was different from the US but where you could still get around with only English language skills. I ended up in Denmark because of the society and the beautiful nature, and I haven't regretted the decision for one second," says 34-year-old Justin Brand.

The academic study programme and his host family in Køge, a suburb south of Copenhagen, referred to Maersk, and Brand instantly thought it could be his future workplace. When he mentioned this to his Danish host family, they just smiled kindly and said 'Maersk only wants the best'.

TEN YEARS AWAY FROM DENMARK

Brand went back to the States with a mission. He finished his degrees, worked for the World Bank in Moscow and a major oil company in Texas. After ten years away from Denmark, he applied for a job in Maersk Oil.

"In September 2010, I called my Danish host dad and said that I was coming to his 60th birthday party. He was happily surprised. And even more so when he heard I had a job interview with Maersk the same day. Two months later, my family and I moved to Copenhagen," said Brand, who has a wife and a five-year old son.

Brand has been with Maersk Oil ever since, first as an Exploration Engineer in Copenhagen and now as Head of Engineering in the Kazakhstan office.

"The experience has been more than I had hoped for. My work includes everything from meetings with the minister in Astana to chasing camels from well tests in the field. Today I was

Justin Brand and his host family in Køge, a suburb south of Copenhagen. Brand ended up here 15 years ago, to participate in an academic study programme.



PHOTO: CHARLOTTE HOLST HANSEN



Justin Brand moved from Texas, one of the world's oil centres, to work for Maersk Oil. He is now expatriated to Aktau in Kazakhstan, located next to the Caspian Sea.

measuring where to put new tables because the organisation is growing so much. When I started less than a year ago we were three people, and now we are eleven in this department," he says.

"This company has so much to offer. I plan to stay in this position as long as Maersk Oil has a role for me here, but I am also looking forward to returning to my home north of Copenhagen." Brand still visits his Danish host family as his extended family. 🇩🇰

THE DUNGA PHASE II DEVELOPMENT:

KEY NUMBERS

Dunga Phase II builds on Dunga Phase I, which consists of 19 wells. The Phase II will, when completed in 2015, consist of:

- 198 wells
- 180 kilometres of pipeline
- 135 kilometres of new-build road

KEY FACTS

- Normally it takes 16 to 21 days to drill a well.
- Four drilling rigs will be working 24/7 over the next two years to finish the Dunga Phase II development.
- Maersk Oil has a 60% share; the partners Oman Oil and Partex have 20% each.

zakhstan employs 200,000 people out of a population of 17 million. This makes the industry, in addition to gold and uranium mining, the key driver in the economy. Oil revenues represented roughly 28% of Kazakhstan's GDP. However, there are still political challenges inherent from the country's past.


"The authorities are very active on all levels. They have a huge interest in what we do, which is great, and we generally have a good cooperation with them. But they also have a legacy from the Soviets, where mass reporting in detail was widespread. Kazakhstan has only been independent for 20 years and they have come a long way. But sometimes we feel the gust from the Soviet era where everything followed strict rules. Changes can sometimes be difficult to implement as fast as we would like to," Kelstrup says.

BRIGHT FUTURE

At the drilling site on the steppe, the drilling team, headed by Rasul Akmukhametov, is ready to complete the well by positioning an oil version of a Christmas tree, the top valve, on top of it to mark the completion of yet another well.

The team will soon move on to the next drilling spot. In less than 48 hours all equipment, including the rig and six containers, will be ready to start another well six kilometres from this site.

"Great teamwork helps us to finish all the wells on time," said Akmukhametov.

The Dunga Phase II development, a USD 1 billion investment, is a giant leap for Maersk Oil in Kazakhstan. The total production of Dunga I and II will hopefully reach 25,000-30,000 barrels per day in 2015, with a Maersk Oil share of around 15,000 barrels per day, and become the company's prime onshore-operated unit. 



Until 2011 Maersk Oil operated two oil fields in Kazakhstan, but decided to focus its activities on the most promising areas, which resulted in the sale of the Saigak field and keeping Dunga.

"Maersk Oil wanted to 'tidy up' its portfolio and only keep the fields, licences and prospects with the largest potential. We saw that in Dunga, and decided to make the necessary investments to bring its potential to the surface," says Morten Kelstrup, Managing Director for Maersk Oil Kazakhstan.

MULTI-FACETED CHALLENGES

Just like the bumpy road to the Dunga field, the path for Maersk Oil in Kazakhstan has not always been smooth. There have been political, technical and cultural challenges.

"Maersk is producing from a number of different geological layers using both vertical and horizontal wells. We also have a pilot project where we are experimenting with Enhanced Oil Recovery techniques. With four drilling rigs operating and the field less than an hour's drive from the office, this not only makes the Dunga Project challenging, but also a fantastic place to learn," says Kevin Fong, Head of Petroleum Engineering.

"We drill vertical wells, which makes our prediction even more important as we have to hit the 'sweet spot' to optimise production," he says.

LOCAL CONTENT RULES

Many of Maersk Oil's 300 employees are Kazakh citizens. A local content rule stipulates that 90% of the workforce should be Kazakh. And for Maersk Oil, the rule also makes good business sense.

"We have been able to recruit a lot of local talent, many with degrees from renowned US and British technical universities. By hiring and training our local staff,



PHOTO: CHARLOTTE HOLST HANSEN

Drilling Supervisor Rasul Akmukhametov: "Great teamwork helps us to finish all the wells on time".

Maersk Oil builds a robust organisation with a long-term perspective. Most of the local staff is however quite young, so more experienced expats are still needed in some of the leading technical positions. We have increased the number of locals in senior positions radically in the last two years, and we plan to continue this development," Kelstrup says.

In total, the oil and gas industry in Ka-

KAZAKHSTAN - A MINI MODEL OF MAERSK OIL'S THREE GROWTH PILLARS

In October 2012 at A.P. Moller - Maersk's first Capital Markets Day, Maersk Oil presented its ambitious target of reaching an entitlement production of 400,000 barrels per day (bpd) by 2020. Only two months later, the first Dunga Phase II oil came on stream.

In simple terms, Maersk Oil's activities in Kazakhstan can illustrate the three pillars that the company is building its future on. Firstly, the existing production (Dunga phase I) needs to be managed effectively. The development projects (Dunga Phase II) represent the second pillar which is executing projects on time and budget. The last pillar is new discoveries and new areas, and here also Maersk Oil has high expectations for Kazakhstan's subsurface.

MORE ENVIRONMENT FOR LESS

MAINSTREAMING SUSTAINABILITY | Working out where sustainability fits into an organisation can really make the difference.



PHOTO RENE STRANDBYGAARD

Jacob Sterling, Maersk Line's Head of Environment and Corporate Social Responsibility: "Sustainability and business need to go hand in hand, otherwise tough times will always mean rolling the clock back."

BY HURSH JOSHI

➤ "Sustainability and business need to go hand in hand, otherwise tough times will always mean rolling the clock back," says Jacob Sterling, Maersk Line's new Head of Environment and Corporate Social Responsibility.

At the beginning of last year, Maersk Line had 12 people working in its headquarters' Sustainability team. This year there are only five people working in its new Environment and Corporate Social Responsibility team. Yet while the team has decreased, the number of people working on sustainability issues at Maersk Line has actually increased. Does this mean that the team no longer cares as much as before?

According to Sterling, the answer to this question is a resounding 'no':

"Before, the Sustainability team was more of a standalone function that had been put in place to build up Maersk Line's work on sustainability. That made sense during the start-up phase, but to see the full effect you need to integrate it into everyday ways of working. You have to anchor responsibility in the relevant parts of the organisation," he says.

Integrating sustainability into each working day has already paid off. Maersk

Line has identified a set of examples where the changes have made a difference; for example, Maersk Line recently reached its 25% CO2 reduction target eight years in advance.

"We could not have achieved this if the responsibility had not been anchored with the Operations team, which knows how to do this in a way that also drives down network cost. Likewise, it is unlikely that we would have been able to set a target of 40% CO2 reduction from 2007 to 2020 if it had not been for the knowledge and expertise of the Operations team, which will also be responsible for achieving this goal," Sterling says.

Another example: Maersk Line's equipment procurement team is increasingly choosing to use water-based paints on new containers, which greatly improves the environment of those working in container factories.

"Had sustainability been the sole responsibility of a centralised function, we would probably never have launched this initiative. But the people managing our equipment saw the opportunity and went for it," Sterling says.

On the commercial side, engagement

with customers is much easier since the environment and CSR experts are people in the sales and customer service organisation.

"We are included in meetings with customers that have a keen interest in sustainability, and since we are part of the daily commercial discussions we get a much better sense of where we can provide value to our customers," Sterling says.

CHANGE HAS BEEN WELCOMED

However, much of the company's sustainability work is now done within the different business functions. These changes have been welcomed by the organisation. Palle Laursen, Head of Ship Management, explains the difference it has made in his team, which now has full responsibility for health, safety and security as well as marine environmental protection:

"We now have a team that can drive our culture as well as development and compliance efforts. The new team is better placed to do the further work required to align standards both onshore and offshore," Palle Laursen says.

LEARNING MORE

Jesper E. Thomsen, Maersk Line's Head of Sales and Customer Service, is also enthusiastic:

"It is great to have expertise on the environment and CSR within our commercial organisation. It means that we are all learning more about how to integrate these factors into the way we talk to our customers and support them in their business." 🌱

“Frankly, I wouldn’t have it any other way”

COMMITMENT | Russian drilling engineer Vladimir Volkov lives a life of extreme contrasts that not everyone could endure. What gives it all a sense of purpose is his passion for his job at Maersk.

BY NINA SKYUM-NIELSEN

➤ The instant you leave the belly of the Aeroflot Boeing 737 and step out onto the icy tarmac at the airport in Murmansk, you know that this is no place for the squeamish.

A frosty sideways wind carries snowflakes the size of cotton wool balls across the landing strip in what must be one of world’s smallest and most unforgiving airports. The darkness of the polar night engulfs you within seconds, and it’s only the impressive size of the taxi driver’s fur coat and hat which leads you in the right direction to his car.

You can quickly deem Murmansk, the largest Russian city north of the polar circle situated in the very north-western corner of Russia, as a place you only go to if you have a very clear purpose. You

clearly don’t just “swing by” and you certainly don’t just “stroll around.”

Welcome to the world of Vladimir Volkov. The 27-year-old Russian, with a Master’s Degree in Offshore Drilling from Moscow University, joined Maersk Drilling’s training programme in 2009, tempted by the international reach and the career potential within the organisation.

Four years later, Vladimir has just been appointed Rig Manager on Mærsk Deliverer, which operates in Luanda, Angola. However, Vladimir has chosen to still live in the place that is closest to his heart – his hometown of Murmansk.

24-HOUR JOURNEY


Every 28 days, the young Rig Manager embarks on a 24-hour-long journey from

24

hour journey
from Russia to
Angola

CONTINUED ON THE FOLLOWING PAGES





Drilling engineer Vladimir Volkov: "Angola is an incredible place to work. There are so many possibilities still unexplored and it gives you a sense of empowerment and challenge."

PHOTO: DIMITRI SUMERIN

NEWS IN BRIEF

IT autonomy to boost performance

A project to give Maersk's business units IT autonomy has kicked off. The purpose is to drive business performance. New IT set-ups are expected to be up and running by the end of the year.

"Shared IT services are a Group legacy. Cutting the ties will allow business units to take responsibility for their own IT services and push their commercial agendas," Head of Group Information Security & Risk Management Bent Larsen says.

The project that will see business units gain independent IT set-ups is effectively ending the days when systems and services were shared and rolled out simultaneously across the Group.

Instead, IT will be a matter for business units addressing specific business needs providing advantages such as tailor-made IT solutions, commercial agility and reduced risk.

Zero incidents two years in a row

Zero Lost Time Incidents (LTI). On the surface an insignificant figure, and something that companies can only aim towards. In reality, it is the result of several actions, an exceptional safety culture and an ambitious vision in Maersk FPSOs.

Around two years ago the Health, Safety and Environment (HSE) team in Maersk FPSOs had an intense discussion. Was it overambitious and naïve to set the LTI goal to zero?

The objective was as follows: more than 650 employees, plus a large number of contractors in project-related activities, working on six different offshore units performing millions of man hours, all with zero accidents. It seemed rather optimistic of the team. But they knew that it was the right goal.

"To reach the highest goal, you need full support from the management as well as a committed team, where each member has the will to do better. We are very conscious of maintaining our no-blame culture and general trust because it is essential that everybody has the confidence to report or stop the work if they see anything considered an unsafe act," explains Peter Holst, who was Head of the Maersk FPSO's HSE team when this impressive goal was achieved.



PHOTO: DIMITRI SUMERIN

During his four weeks off duty in Angola, drilling engineer Vladimir Volkov enjoys returning to the scenery of his hometown of Murmansk, Russia.

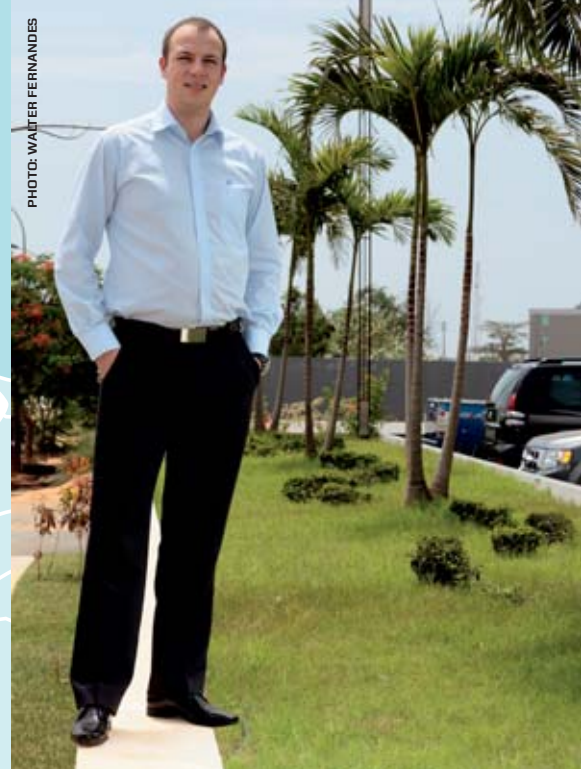


PHOTO: WALTER FERNANDES

Murmansk to the Russian capital of Moscow, from Moscow to Amsterdam in the Netherlands and from there to Luanda, the capital of Angola. When Vladimir goes to work, he literally enters a different world. It's a journey from extreme cold to scorching heat, from snow and ice to palm trees and dusty roads, from pastime with friends to hectic 12-hour work days.

How does Vladimir make this work? "Frankly, I wouldn't have it any other way," he says. "To me, this represents the best of both worlds. I get to work with an incredible team of people in Angola, carrying out

a very challenging and exciting job while at the same time I find peace of mind in returning to Murmansk, which I love. This is my home."

A WORLD OF OPPORTUNITIES

Despite his intense love for his country, Vladimir knew early on that he would prefer exploring career opportunities outside of Russia. As part of the Maersk Drilling trainee programme, he has lived in Denmark, Singapore and Brunei, learning both professional and personal skills from every place. He was already working with Maersk

Deliverer when the rig was still at the yard, and when given the chance he chose to follow the rig on its journey to Africa.

"Angola is an incredible place to work. There are so many possibilities still unexplored and it gives you a sense of empowerment and challenge. We are part of something that we can influence in a very positive and powerful way," Vladimir explains with a passion.

As we visit the Alyosha monument, a 35-metre tall statue of a Russian soldier who marks the World War II victory and who overlooks the city of Murmansk with

Luanda, Angola



Scan the QR code or go to @maersk to view the video with Vladimir Volkov.

Vladimir Volkov in brief

- ✓ Born in 1985 in Murmansk, Russia
- ✓ Bachelor's degree in engineering from the University of Murmansk
- ✓ Master's degree in offshore drilling from the University of Moscow
- ✓ Joined Maersk Drilling's training programme in 2009
- ✓ Appointed Rig Manager in October 2012

After flying across the world to go to work, drilling engineer Vladimir Volkov settles in at the Maersk Drilling office in Luanda, Angola.

a stern and determined look, I probe Vladimir further on the contrasts of his life while I feel my knees starting to shake from the attack of the merciless, frosty wind. As we stand in the snow, everything still dark at 11 am, I try to picture standing in Luanda, Angola. I fail.

"It would be around 37 or 38 degrees in Luanda now," Vladimir informs me with a smile. "I often experience around 60-degrees difference between here and there."

"When I go to Luanda, I get immersed in work," Vladimir continues. "All I think about is achieving the goal of keeping our customers happy, while at the same time making sure that we reach our internal targets and that the staff on the ground thrives. I live my job when I'm there."

PRIDE IN THE JOB

Vladimir is proud of his job and of Maersk, and the pride is part of his drive. "Think about how often and in which remote places people see our name and our logo. It's incredible. That way we are truly global. I can see a Maersk ship in the harbour of Murmansk and I then go straight to Africa, Asia or South America and see the blue star on the ground there. It is so impressive."

Maybe it's this sense of unity that ensures that Vladimir has not yet experienced feelings of alienation in any of his worlds. Angola is his professional home, Russia the private one with friends, family and the familiar yet peculiar features of life north of the polar circle.

"I know how this must look from the outside but I simply enjoy it. It feels like I'm bridging two worlds which are mutually benefiting from each other. I clearly see myself staying in this position in the future, nothing is holding me back. To me, there is no question about it: What I gain is absolutely worth the commute." ✱

Soft values attract new employees to Maersk Drilling

EYE-OPENING FACTS | Faced with a tremendous recruitment challenge, Maersk Drilling has explored its reputation and the future means to attract new employees. In a highly competitive market, using current employees as ambassadors is a crucial factor.

BY NINA SKYUM-NIELSEN

> With an expansion strategy dictating the need for 30% more employees within the next two years, it has proven vital for Maersk Drilling to map out who the main target groups are, what primarily motivates the potential employees and where and how the flourishing business unit reaches them.

A recent report reveals several eye-opening facts which influence the future recruitment efforts at Maersk Drilling: the brand is well known among its target audiences and it enjoys positive impressions compared to other key players in the industry, despite being smaller in size.

Furthermore, it has become unmistakably clear that the key positive differentiators are to be found in "soft values" – what ultimately attracts (and retains) a higher percentage of highly-specialised manpower in the industry is the perception of being "more than a number"; in other words, extensive staff care.

BELONGING MATTERS

"We can see from the survey that support from the company such as career development, ensuring the right equipment and exhibiting care for each member of staff gives people a sense of belonging, which is key for their decision to both apply and stay with the company" says Fredrik Tuk, Branding and Mar-

keting Manager in Maersk Drilling. Last but not least, the good old 'word of mouth' proves a powerful tool in the recruitment process.

"Using the current employees as ambassadors works extremely well, as the community in which we look for new employees is fairly small and tight-knit. Positive stories about working for Maersk Drilling spread and serve almost as 'live job ads'," Tuk says.

CREATING LOYALTY

According to Maersk Drilling's Organisational Development Expert Annemarie Malchow-Knudsen, Maersk Drilling and its closest competitors are – crudely put – "fishing in the same rather small pond" of candidates. Even though salary is still of high importance when it comes to both recruitment and retention, experience shows that salary is not the only decisive factor when it comes to creating the level of loyalty which makes the employees stay for the long haul.

"Simply put, money alone can't buy you loyalty and the reputation report underlines that. Going forward, we will continue to emphasise some of our other strong feats: the potential of a long-term career and the working conditions that make people thrive," says Malchow-Knudsen. ✱

Recommendations

Deploy a targeted Word of Mouth engagement/recruitment strategy;

- Activate current staff as ambassadors
- Direct outreach / thought leadership pieces on LinkedIn (driving discussion / message board)
- Conceptualize the MD 'fast track' program
- Conceptualize the MD 'peer tutor' program

Source: Reputation institute

SMALL AS BIG BUCKS

TRIMMING THE PORTFOLIO | Hundreds of assets will be hand-picked from the business units and sold off. That is the consequence of the 2013 Group Priority 'Optimise balance sheets for growth' or Project FIT in everyday talk. The aim is to release capital and employee time for the most profitable investments.

A portrait of Trond Westlie, Group CFO, wearing glasses and a suit, looking directly at the camera. The background is a blurred office setting with large windows.

“Carrying out our plans to create four world-class businesses is within our investment capacity. On top of the commitments and plans already made, we want to seize opportunities that arise in the market”

GROUP CFO TROND WESTLIE

SETS,

NEWS IN BRIEF

BY ANDERS ROSENDAHL

➤ Recent years have seen a number of large divestments from the Group: Netto UK, Maersk LNG, Maersk Peregrino and Maersk Tankers' Handygas, to name a few. The 2013 Priority takes this activity a step further, scrutinising the balance sheets of the individual Business Units for assets to put on the market.

"Carrying out our plans to create four world-class businesses is within our investment capacity. On top of commitments and plans already made, we want to seize opportunities that arise in the market. Freeing up investment capacity to do that is one purpose of this initiative," says Trond Westlie, Group CFO and Executive Board sponsor of the Priority.

The other purpose is to sharpen the strategic focus of the Business Units.

"We operate in capital intensive industries, and if our businesses are not world-class performers, we want to turn them into that or move the capital to activities that are. And if a world class performer is not a core activity, we have to ask ourselves if the capital cannot yield better long-term returns elsewhere," Westlie adds.

The Priority has been named Project FIT to indicate that the purpose is to loose excess fat and build extra muscle to take on additional attractive investments within the Group's core business activities.

HIGH EXPECTATIONS

The Group has USD 55 billion of invested capital and the initial assumption is that this can be reduced by at least 3-5%. The Priority will not only look at business activities but also individual assets such as cranes, buildings, vessels and working capital such as accounts receivable and inventories.

Assets will be evaluated on their relevance to core business, importance to strategy and profitability. An example: APM Terminals' core business is terminals and inland services. Its strategic focus is growth markets. Therefore, Dania Trucking, a Danish trucking specialist, was divested in November 2012.

"Dania Trucking was neither core nor strategic for

Group CEO: There is no excuse

One single accident in 2012 cost the lives of seven people, and overall Maersk's operations led to 17 fatalities in 2012. The tragic figures are published in the Maersk Group's newly launched Sustainability Report 2012 and will lead to changed safety processes. Safety is a top priority for the Group CEO.

"Our responsibility is to ensure that our employees return safely to their homes and families after work. But during 2012, 17 people lost their lives in our operations. There is no excuse for this reality – we fundamentally believe that every accident can be prevented. The increase in fatal accidents across several of our businesses stresses the need to further strengthen our focus on process safety and risk management. Our goal is simple: zero fatalities," Group CEO Nils S. Andersen states in his foreword to the report.

Among other initiatives, a number of business units within the Maersk Group are looking to introduce global minimum safety requirements, ensuring that clients and employees face the same standards for particular operations regardless of location.

Maersk Drilling partners up with BP

In the search for the next generation of deep-water oil and gas resources, Maersk Drilling has signed a partnership agreement with BP.

"We are proud to enter into this partnership with BP and see it as recognition of Maersk Drilling's technological achievements and competencies. The technology developed will move the boundaries of the offshore drilling industry and will enable access to resources that are inaccessible with today's technology," says Claus V. Hemmingsen, CEO at Maersk Drilling.

The long-running partnership between Maersk Drilling and BP underpins Maersk Drilling's ambitious growth strategy for achieving an annual profit of USD 1 billion by 2018. With the agreement, Maersk Drilling has for the first time entered into close cooperation with one of its customers. The two partners will co-create new rigs that are technologically best in class, safe and efficient.

CONTINUED ON THE FOLLOWING PAGES





APM Terminals, so regardless of its profitability it made perfect sense to sell it and free up the invested capital. This year we want to carry out that type of transaction a couple of hundred times across the portfolio," Westlie says.

STRIKING THE RIGHT DEALS

Westlie points out that the Project FIT is neither a fire sale nor selling at the bottom. An example is Safmarine MPV, which was put up for sale last year. When a satisfactory deal could not be struck, it was decided to keep the niche shipper in the Group as an independent business.

"Most assets are good and profitable. Therefore, the main consideration will be to decide whether or not ownership makes sense in the long run. Then we want to strike the right deal considering an alternative use of the funds," Westlie says.

An example of how the investment capacity can be deployed is Maersk Drilling's order of an extra jack-up rig last year. Statoil, a long-term partner, had approached Maersk to lease a rig, but none were available in the market. Backed by a four-year contract, Maersk Drilling ordered the rig on top of the existing investments planned.

Executing on this Priority requires a detailed knowledge of how the hundreds or maybe even thousands of assets on the Business Units' balance sheets link up to the strategies. In some instances, it

might make sense to own a building. In others, it might not. Therefore, the Business Units will drive the Priority, supported and challenged by the Group. The Group will furthermore provide monthly status reports for the Executive Board.

OPPORTUNITIES FOR EMPLOYEES

While a divestment can be an unnerving prospect for most employees, Project FIT is only expected to have employee impact in few cases. History furthermore shows that many employees either follow the asset or find new positions within the Group if their jobs are phased out.

"Finding the right buyer is very important, particularly when employees are involved. The target is to find the buyer which is the best strategic match to the asset and has the ability to extract the most value. That increases the value of both the asset and the employees to the buyer," Westlie says.

Also, helping employees continue their careers within the Group is very significant:

"Freeing up employee time for the most profitable investments is an important part of the Project FIT. Therefore, it is vital to help employees proceed with their careers in the Group and make sure we receive the full benefit of their training and expertise in businesses with attractive prospects," Westlie adds. ■



Dania Trucking: We are happy

The company specialises in container transportation in Northern Europe. It employs approximately 50 people. In November 2012, the management bought the company from APM Terminals.

"We took over a good and healthy company and we still see great opportunities when it comes to adding new activities," CEO at Dania Trucking, Anders Bahn Christiansen (photo) tells Mærsk Post a couple of months after the management buy-out.

"Of course, it is a very different set-up not being part of the Group and there are many things we miss. On the other hand, we are happy to focus on the trucking business."



Safmarine MPV sets up independently

The specialist project and break-bulk cargo operator Safmarine MPV supplies a ray of niche ports along the West African coastline. Employing just over 30 people, the company has been set up as an independent Business Unit.

"MPVs are not the core industry of Maersk Liner Business, but the right deal to sell could not be struck, and setting up independently was the best option," says Jorg Knuttel (photo), Managing Director at Safmarine MPV.

"Being commercially and operationally independent, we can focus on improving the business and protect its value for the Group," he says.

In January, the final tests to the soil conditions were made at Lázaro Cárdenas. Depending on the sand and subsoil, Tiemen Meester's team in The Hague finalises the design of the terminal in terms of defining the types of steel and cement that will prove the most durable. These were the final touches before construction began.

PHOTO: APM TERMINALS



QUICKER BUILD, FASTER RETURNS

LOCAL AUTHORITIES AND APM TERMINALS HAND IN HAND | Conceiving the new facility at Lázaro Cárdenas in Mexico, APM Terminals set out to build a container terminal faster, better and cheaper – a four-year project with a two-year deadline.

BY ANDERS ROSENDAHL

➤ A year after the contract was signed at the beginning of 2012 to build a container terminal at Lázaro Cárdenas in Mexico, APM Terminals' headquarters in The Hague is still the place to see the progress of the project.

"The site in Mexico is still a coast but that is just about to change drastically," Tiemen Meester says.

Meester is Head of Business Implementation at APM Terminals and his team had spent the past year putting the wheels in motion, so that Lázaro Cárdenas can open on time in 2015. Build-

ing the 1.4 million TEU facility, which will rank among APM Terminals' 20 largest, would normally be a four-year project. Hence, the two-year deadline, dictated by the agreement with the Mexican authorities, is tight.

"This is not necessarily a new business model for us going forward, but it could work with future projects as well. The authorities are interested in quick delivery of the capacity and we are

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Head of Business Implementation at APM Terminals, Tiemen Meester: "When we win a bid for a concession to build a terminal, we always go back and challenge the original assumptions and look at the best and most cost-effective way to put it together. That way we make sure that we optimise our capital expenditure, and deliver a terminal with the leanest possible operational cost."



PHOTO: APM TERMINALS

> terested in building as fast as possible so we can open for business and start making a return on our investment," Meester adds.

Therefore, the pressure is on from the get-go. Construction is about to begin, and at the peak period there will be hundreds of people working on site, daily deliveries of equipment, testing and training of employees.

"It is our job to make sure that every detail of that process is carried out as we agreed," Meester says.

GETTING IT RIGHT

To make the tight timetable, the team has decided to take several steps simultaneously, instead of, as with other projects, finishing

one step before starting another. Thus, the building of the organisation in Mexico, running the equipment tenders and finalising the civil design is all under way.

Because almost all changes are prohibitively expensive, a daunting aspect of a terminals project is the fact that the structure remains unchanged for decades. Therefore the team has to make sure that the design has enough capacity to serve the customers, without building excess capacity that will weight on the business case.

"When putting in the cranes, designing the buildings and deciding the number of people the facility needs, we are essentially deciding the future cost picture of the facility. Therefore we always

Building a terminal

For any project, the team designs the layout of the terminal, including the buildings, yard, how the trucks manoeuvre, the length of the berth and the design of the cranes, to name just a few elements.

These bits and pieces are tendered out in as many as 60 tenders all over the world. The deliveries of the tenders must then be managed, so that they arrive on time and no missing element causes a delay.

A local organisation of several hundred employees must be ready for the opening and, equally important, a commercial agenda has to be developed, so vessels will call the terminal when it opens for business.

Automating a terminal

Automating the yard means fencing it off and having machines drive the containers automatically over rails and stacking them with cranes. On the water side, the container is brought to the yard and the system is set up, so the yard knows exactly where to store it. When the customer comes to pick up the container, the truck backs up to the yard on the landside and the yard finds the container and places it on the bed of the truck.

Out of the 60-plus terminals in APMT's portfolio, only four are automated. Norfolk in the US is in operation, while Vado in Italy, Maasvlakte II in The Netherlands and Lázaro Cárdenas in Mexico are under construction.

“This is a people’s game. Anybody can buy a crane, but deploying our collective experience, challenging our assumptions and improving with each project make the difference”

HEAD OF BUSINESS IMPLEMENTATION AT APM TERMINALS
TIEMEN MEESTER

go back to our original assumptions and challenge ourselves to do it even better or to cut costs,” Meester explains.

When the team went through the design and the financials for Lázaro Cárdenas again, the decision was made to automate the yard, cutting almost half of the labour requirements and greatly improving safety.

“Doing that in two years is a huge challenge and it is only remotely feasible because we have the experience from a project in Rotterdam. That is an advantage of building terminals on a serial basis. We have standard specifications for machines and systems and we constantly improve,” Meester says.

WHAT’S NOT IN THE PLAN

At the beginning of the project, things are very controlled. The internal success rate is 99% according to Meester. Execution is a different story. Once the project is exposed to external parties, surprises begin to emerge. Legal action from competitors, local interests, recruit-

ment challenges, power failures, damaged equipment and sub-contractors asking for more time or money is all part of a day’s work.

“You can plan whatever you want, but execution is risk management, and when we start building we essentially deal with all things that do not go according to plan. Last year for instance our competitor took legal action against the project, but working with the authorities we got past that. We have to be able to anticipate today what can become a problem in three months,” Meester says.

A PEOPLE’S GAME

When asked to identify the team’s core competency, Meester pauses before pointing to the sum of individual components, i.e. forming the commercial foundation, building the right capacity at the lowest cost, delivering better productivity than the competition, and designing the best equipment.

“Ultimately, this is a people’s game. Anybody can buy a crane, but deploying our collective experience, challenging our assumptions and improving with each project make the difference,” he says.

And as far as the reward of this kind of work:

“Turning a remote beach into a kilometre and a half of key with buildings, machines and 500 employees in a few years is challenging to say the least. But delivering a world class facility that makes our customers happy and benefits the people of the country is a great satisfaction. That is what we do here,” Meester says. ✨



Scan the QR code or visit @maersk to view a video with Tiemen Meester.

Tiemen Meester’s team

PHOTO: MURIEL PINEAU



ROSS CLARKE, HEAD OF DESIGN AND INNOVATION:

“It is hugely exciting for us to build an automated terminal in what some people regard as a developing country. We see a growing economy, a population of 115 million and lots of potential.”



DRIES VAN DONGEN, DIRECTOR PROJECT IMPLEMENTATION:

“Last year I visited the site in Lázaro Cárdenas every six or eight weeks, working with all the stakeholders including the authorities. My job is to get things started, protect the investment from the shareholder’s perspective and as the local team grows in numbers, provide it with the support it needs.”



SØREN SJØSTRAND JAKOBSEN, HEAD OF PROJECT IMPLEMENTATION:

“We know what difference a well-functioning terminal can do for a country. We have built or taken over existing facilities in places where everybody has benefited, such as shipping lines, importers/exporters, the authorities, the population in general and shareholders. That is what we want to do in Lázaro Cárdenas as well.”

FOLLOWING THE PATH OF A BRAZILIAN SOYBEAN



BRAZIL'S INFRASTRUCTURAL CHALLENGES | Brazil, already the largest exporter of coffee, orange juice and sugar, has seen strong growth in its economy over the last decade. Still, Brazil is not realising its full potential due to infrastructural bottlenecks and high freight logistics costs. A new study puts a dollar estimate on Maersk's current value-add to the Brazilian economy and proves how shipping can help unlock Brazil's trade potential even further.

BY CHRISTINE DRUD VON HAFFNER

> The Brazilian soybean doesn't know that it is part of a struggle for world market access. Yet the small bean illustrates Brazil's infrastructural challenges quite well. The soybean is first bumping along on a cargo truck on some of the 1,600,000 kilometres of Brazilian highways (of which approximately 1,400,000 are unpaved), and when it finally reaches the port, congestion and logistical issues will delay its journey even further. When the soybean finally reaches the Chinese food bowl, agricultural figures prove that it ends up being at least 20% less profitable due to transportation inefficiencies.

The soybean is a simplified way of explaining some of the very complex logistical challenges that Brazil is witnessing; challenges that are described in more detail in a new external study, Maersk in Brazil, which is produced by the consultancy company Copenhagen Economics. Maersk Post meets the lead author of the study, senior economist Thomas Westergaard-Kabelmann, and asks how exactly Maersk's transport activities can benefit Brazil in the long term.

"Maersk is definitely not able to solve all of Brazil's logistical problems in one go. But through its transport activities it

can contribute to reducing logistics costs in a number of ways. First by arranging to have the cargo stuffed in containers, which is a more cost-effective way of transporting many types of cargo; second by transporting cargo by coastal shipping instead of trucks and third by improving the productivity of Brazil's container terminals. All of these activities will help decrease transport costs," explains Westergaard-Kabelmann.

48,000 JOBS CREATED

The Maersk business units present in Bra-

zil have invested a total of USD 3.4 billion in shipping port operations and offshore activities in the country. These are investments that also have an impact in terms of job creation. According to the report, an estimated 48,000 direct and induced jobs have been created in Brazil due to Maersk's presence and Maersk has contributed with USD 1.7 billion in value-added to the Brazilian GDP.

Westergaard-Kabelmann however explains that Maersk's presence should not be measured in monetary terms alone.

"The sheer economic figures are im-

"The sheer economic figures are impressive. However, our study goes further than looking at Maersk's macro-economic impact on the Brazilian economy"

SENIOR ECONOMIST
THOMAS WESTERGAARD-KABELMANN



Maersk in Brazil



MAERSK COMPANIES AND BRANDS IN BRAZIL

APM Terminals
Damco
Danbor
Maersk FPSOs*
Maersk Line
Maersk Oil
Maersk Supply Service
Maersk Training Centre
Mercosul Line
Safmarine
Svitzer

* FPSO Brazil was handed over to Statoil and Sunochem, January 2013

KEY FIGURES 2011

2,169
employees (FTE)

USD 1.3bn
external revenue

USD 373m
procurement spending

USD 135m
direct and indirect taxes paid,
incl. 30 million payroll taxes

pressive. However, our study goes further than looking at Maersk's macro-economic impact on the Brazilian economy. What interests us in this study is the "additionality" that Maersk brings to the table in Brazil, understood as the economic, social and environmental impacts that are generated as a spin-off to Maersk's core transport businesses in Brazil," Westergaard-Kabelmann explains, and among other things points to Maersk's ongoing training efforts and specially designed ships.

"When Maersk is met with shallow waters in Brazil, Maersk introduces the SAM-MAX vessel that is designed to overcome the limitations of shallow waters and low port capacity in Brazil. This is a good example of how Maersk's contribution in Brazil becomes more than financial."

STUCK IN TRAFFIC

Someone who knows what poor infrastructure means to Brazil is professor and

consultant Sergio Pereira. When Mærsk Post first tried to reach him, he was stuck in traffic crossing the state of Paraná by car. No reliable railway lines are in place covering this route which means that the main road connecting São Paulo and Curitiba is heavily jammed with cargo trucks.

"Accidents involving trucks are common just as the occurrence of huge traffic jams. I witnessed both this weekend – and again, it left me wondering why we insist on road trucking instead of coastal shipping?" Sergio Pereira asks and hereby points to one of the main reasons why he is very positive towards Maersk's infrastructural plans in Brazil. These are plans that include upgrades to Brazil's busiest port in Santos to alleviate congestion and delays, as well as investigating coastal shipping as a feasible alternative to trucks.

"The majority of big Brazilian cities are situated close to the coastline. Still, only 13% of all cargo is transported through

waterways. It simply doesn't make sense," Pereira says.

According to Pereira, poor infrastructure has an impact both in terms of imports and exports. These are financial impacts that lead to higher prices for the end consumer.

"Someone has to pay the bill. Final consumers pay more for imported items while exporters lose markets due to higher prices in the global arena," Pereira states and concludes.

"Brazil is dangerously anchored to a transportation model that represents one of the weakest aspects of economic development. Further investments in inland, coastal and maritime water transport can help unlock the Brazilian potential." ❏

**Read more in the Maersk Group's
newly launched
Sustainability Report 2012**

Some jobs you can't leave at the office

MY MAERSK | Rig Supervisor
Caroline Beijersten gives a glimpse of her life offshore, with the added pressure of having overall operational responsibility for the rig.

BY ANDREA PERALTA IMSON

How do you relax after a hard day's work if your home is your office and the only company available are your colleagues?

Caroline Beijersten, Maersk Oil's first female Rig Supervisor to work offshore, shares what life aboard a rig is like.

"Intense" is a word that comes up very often as Caroline describes life aboard En-sco 72 in the Tyra East Field in the North Sea.

"It's intense because the same people you're on the rig with are the first ones you see in the morning and the last people you see at night," she explains.

"It's really about the people. If anyone ever claims that it's all about liking the work, I would send them offshore for a week or two," Caroline states bluntly.

Caroline is a Space Engineering graduate from Uppsala, Sweden who moved to Copenhagen six years ago to be a Well Site Engineer for Maersk. Earlier this year, she became the first female offshore Rig Supervisor:

ON TOP OF EVERYTHING, 24/7

Her rotations last for two weeks at a time, which she spends handling mainly operational but also administrative, personnel, safety and compliance issues for the rig and the 60 to 70 people on it. Apart from her technical expertise, Caroline is familiar with the massive amount of guidelines and procedures that cover "everything".

"Everything" includes how to take sam-



Caroline Beijersten in brief

Age:	33
Nationality:	Swedish
Education:	Master's Degree in Space Engineering with major in Solar Physics
First job:	Maersk Oil
Interests:	Canoe polo, skiing, sailing and kite surfing
Family:	Eldest in a family of four

ples from the helicopter fuel, how many hours specialists onboard are allowed to work and how many revolutions per minute a drill string should have.

According to Caroline, the simplest task such as transferring a piece of drilling equipment is backed by extensive documentation which is either legal or regulatory in nature, or both, and it is her job to stay on top of it all.

Being one of the few women on a rig

and in a leadership position, Caroline relates well with her colleagues.

"You connect with the interests you have. I enjoy listening to their stories of restoring a car or stories about their children, and sometimes they talk to me about things they normally wouldn't talk about with the other guys."

After her three-week assignments, Caroline fills her days with adventures that are off the beaten track:

"Hiking at 5,000 metres above sea level in Nepal, driving through the sand dunes in Namibia or camping in Iceland... my job then seems quite far away. It's a complete system recharge that eventually makes me keen to go back to the rig. I need both parts in my life."

When stressful situations happen on the rig, Caroline has since learnt the art of self-control, knowing full well that negativity is contagious and anything other than constructive feedback won't work. Without a new adventure to run off to, Caroline uses the on-board treadmill instead. 🌟

Who should we feature in the next MyMaersk?

If you believe you have an interesting colleague who lives our values, is a stellar performer and has helped your team achieve great results, nominate them for MyMaersk by sending an email to andrea.p.imson@maersk.com

Looking back...100 years ago in the Americas



s.s. Laura Mærsk entered the Maersk fleet on 1 January 1913 and during that year, she called at both South and North America. Laura Mærsk made Maersk's first transatlantic crossing and the first calls to Brazil and Argentina before returning to Europe. Later in 1913, Laura Mærsk performed the third "first" for Maersk when she called at the USA.

