

MAERSK

POST



#3 | SEPTEMBER - OCTOBER | 2016

NEW SKILLS IMPROVE LIVES

JOB CREATION STARTS WITH EDUCATION | Thousands of people benefit directly from the training and jobs created by Maersk all over the world. The new skills and new jobs improve lives and can even breathe life into local communities. José Alberto Sterlyn (pictured) is training to become one of the new crane operators – and hopefully a trainer – at the container yard of APM Terminals Moín in Costa Rica.

THEME 10-21

22 You cannot rely on trust alone **24** The ship that never calls at port **27** Grow your career

05 Continuing to build our company

- 05 Editorial: Continuing to build our company
- 06 Damco picks up the baton
- 08 Hard to handle, plenty of potential

10-21 THEME:

Training and education

- Training for a new career
 - Earning the stripes
 - José and 499 others
 - Drilling for oil, building a workforce
- 22 You cannot rely on trust alone
 - 24 The ship that never calls at port
 - 27 Grow your career with an 'on-the-job MBA'
 - 30 No threats and a lot less shouting
 - 34 A yellow giant rises above a Norwegian fjord
 - 36 Farming is in the blood
 - 38 Tax – creating investment, energy supply and jobs
 - 40 From outer space to offshore
 - 42 A shot of modern Mexico
 - 45 The offshore photographer
 - 46 Financial report Q2 2016
 - 48 Costa Rica's sweetest export

MAERSK POST

Published by: A.P. Moller - Maersk, Copenhagen
Chief Editor: Birgitte Henrichsen
Editor: Flemming J. Mikkelsen
Email: fjm007@maersk.com
Phone: +45 3363 1900
Layout: Boje+Co
Front page photographer: Jesper Schwartz
Print: Cool Gray A/S
Circulation: 54,000

Volume 73, No 3, September - October 2016.
 ISSN 1395 - 9158 · Reproduction permitted
 with clear source reference.
Email: maerskpost@maersk.com

The ship that never calls at port

INNOVATION | Could the future of the shipping industry involve autonomous vessels without a captain or a crew, and drones to deliver containers to the shore? This idea was put to participants at a recent Maersk Line workshop supported by Maersk Maritime Technology (MMT) on the future of cargo carrying.



Photo: Maersk Maritime Technology

24

From outer space to offshore

FOCUSING ON HUMAN FACTORS | There is an increased focus on human factors in the offshore industry, with the aim of improving communications and leadership in order to reduce the scope for human error. At Maersk Training, former NASA employees are bringing practices from outer space to the offshore industry. Meet Michele Blanton and Evelyn Baldwin as they help offshore workers eliminate errors and improve safety and performance.

40



Photo: Maersk Training



Damco picks up the baton

INNOVATION | With its new Supply Chain Orchestrator programme, Damco is making its first move into a new and growing area within the logistics industry - what is commonly known as fourth-party logistics or control tower services. Neil Wheeldon, Agnes Bagier and Gerry Daalhuisen are the enthusiastic project managers, holding the baton.

06

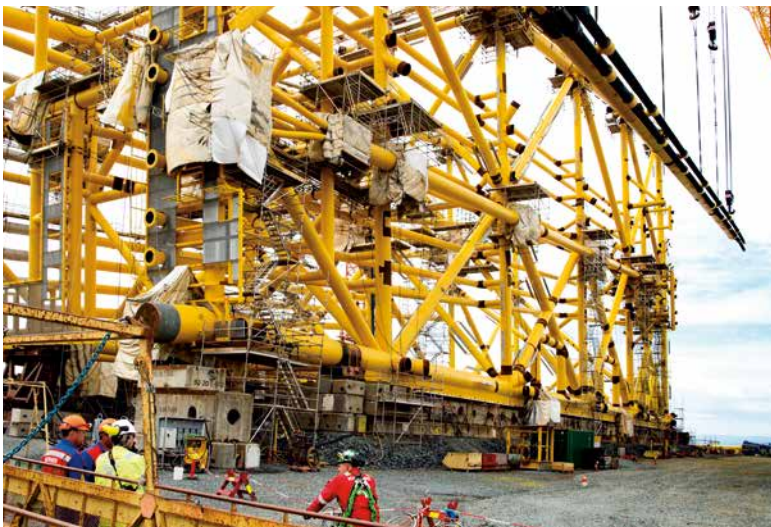


Photo: Olav Thøkle

A yellow giant

NEW PROJECTS | A huge and growing structure on the Norwegian shoreline is one of many parts that will make up the Johan Sverdrup project. It is the biggest planned investment in the North Sea basin for the coming decade, showing that it still holds significant potential.

34

Farming is in the blood

ENABLING TRADE | For American Flowers, a third generation family business with a perishable product and reputation to maintain, export containers carry more than just the product. Today, Jennifer Thomas runs American Flowers with her husband, Matt Parsons.

36



Photo: Jasper Schwartz



Talent on the rise

27

CAREER DEVELOPMENT | Maersk Management Consulting (MMC) is Maersk's in-house consultancy service. It also functions as an 'incubator' for future leaders – offering 'on the job MBAs' to high performers from within the business. Maersk Post meets three of them, Michael Juhler (picture), Gayatri Tharmaindran and Anne Mette Frejsel to discuss their motivations and career aspirations.

Photo: Christina Bode



Søren Skou
Group CEO

Photo: Anders Koch

Continuing to build our company

Maersk's history extends back more than 100 years. The question we are now addressing is how to build it for the next 100.

We are operating in challenging times. Our markets remain extremely tough, with freight rates at a historic low and oil prices at 2009 levels. The underlying profit this year will be significantly below the 2015 level, free cash flow was negative in the first half and the debt level is rising again.

"These streamlined businesses hold strong positions in their industries, and this is a good starting point to take advantage of the downturn in the business cycle"

Our answer to the profitability question has been to lower costs – something we have done successfully,

and which we will never stop doing. These streamlined businesses hold strong positions in their industries, and this is a good starting point to take advantage of the downturn in the business cycle.

Considering the background of low global growth, the Board of Directors has asked me to conduct a strategic review, which must address the challenge of growing our revenue, within and adjacent to our industries, and ensuring longevity of the company.

It is not a simple process and must be considered carefully. Securing growth will require leadership to shape the industries we operate in and using our unique capabilities for innovation and business development. The result of the strategic review will then inform how we best structure the company to achieve those objectives.

The Board of Directors will communicate progress before the end of the third quarter.

"It is absolutely essential that we remain focused so we are ready to take advantage of opportunities"

Implementation of any changes will take time and during this period, it is absolutely essential that we remain focused so we are ready to take advantage of opportunities both for the company as a whole, and for individual business units.

In everything we do, we rely on our talented employees. We need our best people, working at their best, to keep the businesses competitive and continue to build our company. ✨

Damco picks up the baton

INNOVATION | With its new Supply Chain Orchestrator programme, Damco is making its first move into a new and growing area of the logistics industry, what is commonly known as fourth-party logistics or control tower services.

BY JOHN CHURCHILL

► If a global supply chain is like an orchestra – with its many players that must perform well, both individually and together – then Damco could be considered the string section. With its new Orchestrator program, it aims to be the maestro.

"We call it Supply Chain Orchestrator because it enables an organisation to orchestrate all the separate supply chain actions in real time from one platform, much like a conductor controls the flow and tempo of an orchestra to create perfect harmony," explains Neil Wheeldon, who is responsible for Damco's Global Product Development.



How it works

Instead of monitoring multiple websites from multiple third-party logistics companies, Orchestrator customers will have a single, integrated, view of their global supply chain.

Shipment related Key Performance Indicators and other performance metrics are instantly available, with automated exception alerts highlighting issues that could impact the business.

Supplier control includes rule-based partner selection, shipment and order planning, performance monitoring and alerting, as well as root-cause analysis with corrective actions. Optimisation can be applied to individual daily deliveries, and include periodic supply chain network performance reviews and (re)designs.

With the implementation of Orchestrator, Damco is moving into a new area of the logistics business, namely, that commonly known as fourth-party logistics (4PL) or control tower services. Instead of managing some of the logistic services requirements of sections of its customers' supply chains (for example, Asia to Europe) through its third-party logistics (3PL) business, Orchestrator will enable Damco to become the lead logistics provider for a customer, managing its entire supply chain and all of the third-party logistics providers working within it.

Damco's edge on competition

Damco is not the first 3PL provider to enter the fourth-party logistics market. With the rising importance of data and technology, it is a fast growing sector of the industry as companies seek more information and greater optimisation of complex global supply chains.

The competition includes other 3PL providers, IT companies and large consulting firms, all selling their version of 4PL services. However, Damco says it has a tangible advantage over this growing field of competitors.

"We offer something different than the competition," says Agnes Bajger, Control Tower Program Manager for Damco. "Damco's core competencies are in our people and our knowledge of supply chain management and design. And our customers continually remind us of that."

"We have the platform and the expertise, and contrary to most of



the competition, we see things more from an operational perspective. This is about the quality of our people and technology, which together give us the ability to detect issues and act on them, while continuously improving upon them. We don't think anyone can deliver all of that in a 4PL solution better than Damco can."

This is big

"The 4PL space is a very interesting new area for Damco, and one that has the potential to contribute

Supply chain harmony: Niel Wheeldon, Agnes Bajger and Gerry Daalhuisen.

significant new revenue streams for the company,” says Gerry Daalhuisen, Global Control Tower Product Manager for Damco.

One challenge Damco expects early on, is how its new role with Orchestrator will be perceived. Since Damco will continue to provide 3PL services – sometimes to the same customer to which it is providing 4PL services – customers will want to know how Damco can ensure neutrality in its decision making.

As the lead logistics provider via Orchestrator, Damco will have a complete overview of, and responsibility for the customer’s entire supply chain. It will see where and what all 3PL providers are doing, and how they are doing it.

“Some structural requirements will have to be in place. Our reputation and credibility in providing this new service to our customers depends on us making all the necessary changes and that is what we are in the process of doing now,” says Daalhuisen, Global Control Tower Product Manager for Damco.

Daalhuisen says the 3PL and 4PL businesses will be completely separate, with independent staff and data centres and separate revenue statements. Damco will also offer ‘independency code of conduct’ agreements to all its 4PL customers that ensure Damco will treat its own 3PL business just the same as all the others being managed by Damco in a 4PL relationship.

“Combined with our supply chain management and design expertise, the IT platform we provide and the Damco people driving it all, we think we have one of the best 4PL offerings in the business with Orchestrator and we aim to prove it,” says Daalhuisen. 🌟



Graphic: Erickson Enriquez

Many players, one maestro

One of the major challenges faced when using multiple logistics service providers, is how to gain end-to-end visibility and control over supply chain flows while optimising efficiency across all parties involved. That’s where Damco’s Supply Chain Orchestrator comes in. It orchestrates each individual partner in the customer’s supply chain to achieve an optimal supply-chain harmony.

Hard to handle, plenty of potential

MATURE FIELDS | There is a lot more oil in mature basins like the North Sea that can still be extracted, with the right techniques. The team on the Halfdan complex is somewhat successful in extracting more at relatively low cost and the lessons being learned can be applied elsewhere.

The Halfdan field

- 210km west of Esbjerg.
- Discovered in 1999, production start in 1999, 2004 and 2007.
- Water depth 43m; Reservoir depth 2,100m.
- 51 producing wells.

BY SAM CAGE

▣ The Halfdan field is mature. That does not mean it cannot deliver good returns for a canny operator.

The eight platform complex in the North Sea contributes about 40% of the total daily oil production in the Danish Underground Consortium (DUC), of which Maersk Oil is the operator.

Oil production from the tight chalk reservoir, with its small pores making extraction difficult, requires long horizontal wells to maximise production, which reached its peak in 2005. However, the Halfdan team has found a variety of opportunities to extend the field's life in order to ensure that they can extract as much as possible, at the best value.

One new tool being used to maximise value in the Halfdan field is a technology which has the



Photo: Maersk Oil

Brian Pagaard Nielsen, Halfdan Asset Manager: "Getting water inspection right in a mature field is cheaper than developing a new field."

potential to unlock millions of barrels of oil. CannSeal is run into a well, where it injects liquid epoxy to create isolation plugs and facilitate the closing of fracture connections. The isolation of fracture connections improves waterflooding performance, the process of injecting water into the reservoir to increase pressure and hence oil production.

"Mature Fields still hold plenty of potential. There's a lot more we

can get out of Halfdan and other fields as well, especially if the new technology and work practices we are implementing turn out to be a success," says Brian Pagaard Nielsen, Halfdan Asset Manager.

Millions of barrels

The result is more production at a cost-efficient level, building value for the operators and government, creating jobs and encouraging investment. The lessons can be applied in other mature fields and indicate the potential that still remains in areas like the North Sea.

"In the early stage of the field's life, the focus was on drilling new wells. As the field has matured, that has shifted to maximising the value from the existing wells and facilities via collaboration and efficient workflows," says Luke Vagg, Team Head for Reservoir Management.

The Danish Underground Consortium

The Danish Underground Consortium (DUC) is a joint venture between Maersk Oil (31.2 %), Shell (36.8 %), Chevron (12 %) and Nordsøfonden (20 %) cooperating to recover oil from the Danish North Sea.

Today, The Danish Underground Consortium accounts for by far the majority of Danish oil and gas production and is the owner of the key points of the infrastructure of all activity in the Danish sector of the North Sea. Its sole concession covers 1,635.7 km² of the Danish shelf.

Improving waterflooding could add millions of barrels of reserves to Halfdan, and there are significantly more in total still to be recovered across the DUC fields.

"If you compare the cost, getting the water injection right in a mature field is much, much cheaper than going out and developing a new field," says Brian Pagaard Nielsen, Halfdan Asset Manager.

The Halfdan team are also using restimulation, when a vessel comes out to the field and injects fluid into a well to improve water injection. The estimated cost per barrel of additional production from the 2016 reservoir management projects – which include conformance and re-stimulation plans – is far lower than current market prices.

Predicting the maintenance

Mature assets also require more

maintenance, which can be made more efficient by planning and carrying out the correct and required work in a timely manner.

Using data for example on previous performance, how parts were designed, recommended use from the manufacturer and other background information, enables the reliability and maintenance team to proactively manage the maintenance of the equipment, which reduces related costs and results in less breakdowns.

"There are many complexities in safely operating and maintaining a field such as Halfdan," Nielsen adds. "There is increasing water production – double as much since we're treating oil – and very long wells. Imagine working 10km expand to optimise a well when you're standing on a platform." 🌟

News in brief

More news on the progress of the structural review in Q3

On 1 July, Søren Skou took office as Maersk Group CEO with the company in a strong position and showing top-quartile performance in seven of its eight business units, as it considers structural changes that should provide more flexibility in the future.

Søren Skou has worked for A.P. Møller - Mærsk since 1983 and been a member of the Executive Board of A.P. Møller - Mærsk since 2006. In 2012, Søren Skou was appointed CEO of Maersk Line, a position he will be retaining alongside his new position as CEO for the Maersk Group.

Next steps:

- Meetings with all Group Functions and Business Units.
- The creation of a project team whose purpose it is to work on the challenge at hand.
- Presentation to the Board of Directors of the progress reached in reviewing the options for a future Group structure. To be held before the end of Q3. The Board of Directors will subsequently reach a decision regarding the further process.
- Further communication of the progress being made in connection with the structural review in Q3.

Maersk Supply Service reduces its fleet

Maersk Supply Service is divesting up to 20 vessels and reducing its crew pool by 400 offshore positions. These decisions have been made in response to limited trading opportunities and over-supply.

The first ten vessels are expected to exit the fleet within 2016:

"One of Maersk Supply Service's prime objectives is to attempt to restore the balance between supply and demand in the offshore supply market. This is why the vast majority of the divested vessels will be recycled or modified by their new owners with a view to competing outside their present segments," says CEO of Maersk Supply Service, Jørn Madsen.

How to scan a QR code



THEME

TRAINING AND EDUCATION

Several Maersk businesses educate and train people all over the world to ensure that employees and operations are safe and efficient. But this is not the full story. Job creation starts with education - join Maersk Post as we unfold examples of how new skills improve people's job opportunities and increase living standards.

A low-angle, upward-looking shot from inside a crane cab. A person's hand is visible in the foreground, holding a black control joystick. The view through the glass window shows a dense stack of colorful Maersk shipping containers in shades of blue, red, and white. The word 'MAERSK' is printed vertically on several of the containers. The scene is brightly lit, suggesting a sunny day.

A NE

IT STARTS WITH EDUCATION | Training is a core element of all Maersk businesses, at a minimum helping to ensure that people and operations are safe and efficient. But the impact is much greater than that: as Maersk educates and trains people all over the world, the new skills and jobs improve lives and help lift up local communities.

TRAINING FOR NEW CAREER


BY JOHN CHURCHILL

➤ There are no ship-to-shore cranes in Costa Rica. And that means there are no experts to teach people how to operate them, either. A modern container terminal is a completely new industry in Costa Rica. So, for APM Terminals Moin, the company's new USD 1 billion terminal project, one of the first tasks is to turn promising job applicants into trainers.

Just outside the Moin terminal site, Aislan Cardoso is doing just that. He is a Training Manager at APM Terminals and is putting dozens of trainees through the paces inside a crane simulator, which provides realistic simulation of ship-to-shore crane and rubber tire gantry crane operation. The most qualified of them will be selected for further "trainer training". Cardoso says he has no doubt about what this opportunity means for the candidates.

"In this region of the country, people have a tendency to jump from one job to another, chasing a paycheck. There are not many big companies in the area and none of the tourism they have on the

Pacific cost. People do not have many opportunities for long-term work like this with salary and benefits," says Cardoso.

And so it is for others all over the world who are undergoing training of one kind or another in Maersk, learning skills that in many cases will change their lives and perhaps even their communities.

One global standard for training

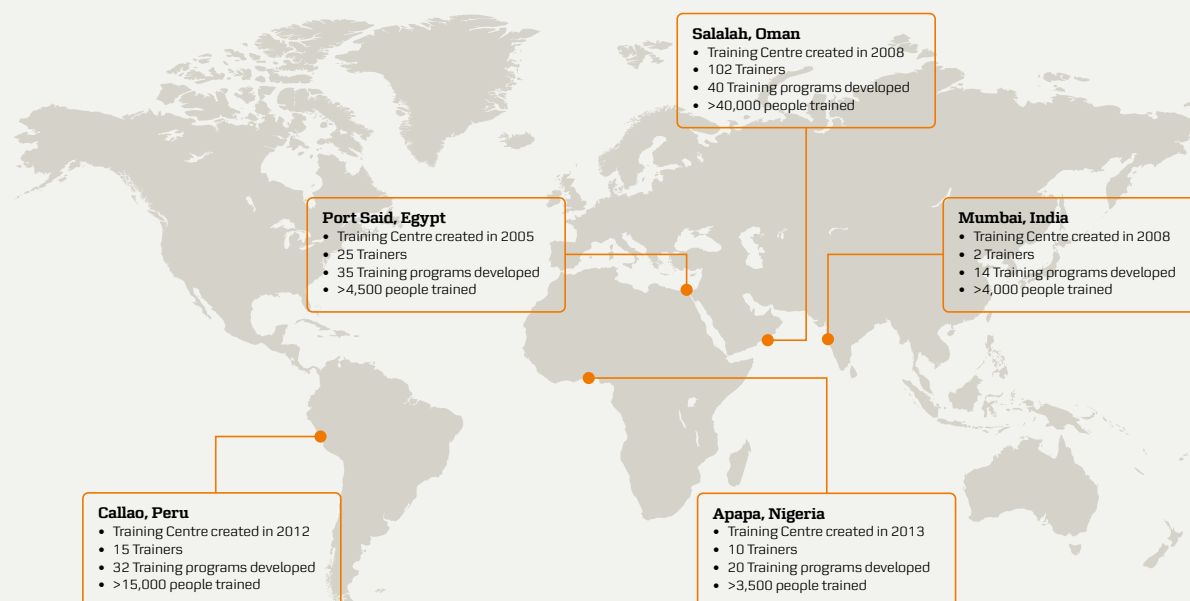
The purpose of training starts from a far more functional place. For APM Terminals, it is simple: training and education are critical for safe and efficient operations in all 72 of its port terminals and 140 inland facilities around the world. And making sure the training and the methods in every APM Terminals facility reflect the same high standard is the purpose behind a new initiative entitled the Impact Programme.

"We've taken the best practices and programmes that we've developed in our individual terminals and training centres over the years and combined them to create a top quality, safe and cost efficient set of global training standards that will

Carlos Teixeira (l) and Peter Jakobsen (r) are leading APM Terminals' efforts to implement global training standards via the Impact Programme.

Photo: Ruedi Thal

APM Terminal's five training centres



Each of APM Terminals' five training centres offer equipment and technical training as well as soft skills training in areas such as leadership. Together, they have developed more than 120 different programmes that have benefitted more than 65,000 attendees.



support our Reach 2020 strategy from a training and development perspective,” says Peter Jakobsen, Global Head of Talent Management at APM Terminals.

Initially, the Impact Programme will be rolled out in APM Terminals

Bahrain at the end of September. It will implement global training standards for such things as teaching methodology, and assessment criteria, not to mention for updating or creating new training programmes.

“The majority of our facilities have the same needs and requirements when it comes to training – the Impact Programme will ensure that we are consistent in our training methods across all our facilities and operations,” says Carlos



Photo: APM Terminals

APM Terminals Moin will be built on this artificial island, 500 metres out to sea in front of Moin Bay in Limon, Costa Rica.



Photo: Jesper Schwartz

“The training, jobs and economic activity that the terminal will stimulate will help to lift this part of the country”

Lisbeth Thomas,
Head of Human Resources
at APM Terminals Moin

→ Teixeira, Global Operations Training & Development Manager at APM Terminals.

Local investment, local impact

As Costa Rica's largest-ever private infrastructure project, the terminal project in Moin is the biggest employment opportunity the underdeveloped Limon region of the country has seen for decades. While

approximately 700 people will benefit directly from the training and jobs created by APM Terminals Moin once it is fully operational in 2018, expectations are that the indirect benefits will also be significant.

“The training, jobs and economic activity that the terminal will stimulate will help to lift this part of the country. I also think that it will have another impact,” says Lisbeth

Thomas, Head of Human Resources at APM Terminals Moin.

“The children and young people in these communities, where jobs are rare, will see their parents and their neighbours learn new skills as they help to build and subsequently work at this state-of-the-art terminal. I think that will be inspiring for them.” ✦

THE NEXT GENERATION OF SEAFARERS

TRAINING CADETS | The Global Cadet Administration has 3,100 cadets in its talent pool and is responsible for training cadets for work in Maersk businesses such as Maersk Liner Business, Maersk Tankers and Maersk Supply.

BY JOHN CHURCHILL

✦ Most Maersk businesses invest heavily in training future employees. For example, Maersk's Global Cadet Administration (GCA) is grooming the next generation of seafarers for the shipping businesses.

Currently, there are 3,100 cadets in the Global Cadet Administration's talent pool, which is responsible for training cadets for work in Maersk businesses such as Maersk Liner Business, Maersk Tankers and Maersk Supply. The Global Cadet Administration's vision is to provide a pipeline of competent and confident junior officers to meet the strategic requirements of the businesses in the Maersk Group.

“The cadet program plays an important role in ensuring that we maintain a strong pipeline of officers to support our fleet growth and attrition,” says Saurabh Mahesh, Head of Sourcing

& Global Cadet Program at Maersk Line. “It also ensures that we have competent officers who have been trained by our staff, on our vessels and with our values and training standards.”

Of the 3,100 cadets, roughly 82 percent are Maersk Line cadets. This year the Global Cadet Administration aims to recruit approximately 600 Maersk Line cadets, roughly 100 more than in previous years. The increase reflects an increasing emphasis within Maersk Line on filling officer and engineering positions in its fleet of owned ships with homegrown talent.

While the education and training of cadets varies slightly around the world, in general it requires a maritime university education and approximately 1-year on board a vessel with hands-on training followed by exams, to acquire an officer or engineer's certificate. ✦



Employee Engagement Survey 2016



Make your voice heard.
17 August - 23 September

EARNING THE STRIPES

HANDS-ON-TRAINING | Camilla Westergaard wants to be a Captain like her father. She is one of more than three-thousand cadets learning the theory and practical skills for work on Maersk vessels.

BY JOHN CHURCHILL

► Camilla Westergaard remembers the first time she said she wanted to be a Captain like her father. She was twelve years old. Today, she is 24 and well on her way.

She is currently back on shore for her last semester of university after having split the last 8 months between being a cadet on board a tanker ship and a container vessel sailing around Indonesia, Malaysia, Australia and New Zealand for Maersk Tankers and Maersk Line.

"My father was an officer in the Navy, so I've lived in that world since I was very young," says Westergaard who grew up in Denmark and Greenland.

"I always wanted to travel, to face different challenges, and to meet different people and cultures. I also love sailing, that's the main reason. I feel calm at sea."

"I love sailing, that's the main reason. I feel calm at sea"

Camilla Westergaard

A life at sea

Westergaard wants to become a deck officer, and would eventually like to be a Captain. While the last eight months have provided her with hands-on training, now it is time to focus on the theoretical side of things at the Svendborg International Maritime Academy (SIMAC) in Denmark.

In six months' time, she will have a Bachelor's degree and head out to sea again to finish her training there. Where she will end up after that is anyone's guess, but it will definitely involve a life at sea.

"I think this education is one, way too few people consider. A lot of people don't even know it exists. I had my father, that's how I got inspired. I think it's important to spread the word about this career amongst young people. It's just a great opportunity to get out and see the world." ■



Photo: Hanne Paludan Kristensen



Camilla Westergaard was twelve years old the first time she said she wanted to be a Captain like her father. Now she is well on her way.

JOSÉ AND 499

TRAIN THE TRAINER | APM Terminals' new container facility in Moín, Costa Rica will open for business in 2018. The container port is a completely new industry in the country, and is already creating new jobs and career paths for locals that were not possible before.

BY FREDDY SERRANO VARGAS AND JOHN CHURCHILL

➤ José Alberto Sterlyn grips the controls and focuses on the screen in front of him. His hands are shaking ever so slightly as he manoeuvres a container from a truck to a vessel. It is just a simulation, but the nerves and excitement of being here are real.

Sterlyn is training to be one of the new crane operators who will be working in the container yard of APM Terminals Moín on its completion in 2018. However, he also wants to become a trainer. APM Terminals will need 16 trainers to teach the new operators and Sterlyn hopes to be one of those selected to receive the required "trainer training" at APM Terminals Callao, Peru in the coming months. This group of trainers will subsequently train the more than 500 people needed to operate the various machines in the terminal yard.

"It would be a dream for me and my family," says Sterlyn, a native of Limón, the province surrounding the port of Moín. "To be able to manage equipment with such advanced technology and of such importance to the port and the country, that is something never seen, or done here. It is very special."

The simulator's arrival and the

training also constitute an important development for Costa Rica as a whole. There is no such training facility or simulator anywhere else in the country so photographers have arrived from various news outlets to capture the scene.

There are many stories to be told here. With its thriving export economy, for one, Costa Rica is one of Latin America's economic success stories; the new terminal will contribute valuable infrastructural expansion, enabling larger ships to call the port and make it cheaper for the nation to trade and continue its economic growth.

However, on display today at the training centre is the impact of the new terminal on the local population: i.e. the new jobs and career opportunities in the port industry that the facility will bring to the people living in the surrounding province of Limón, one of the country's poorest areas.

"From a practical viewpoint, right now no one in Costa Rica can operate a Ship-to-Shore (STS) or Rubber Tyred Gantry (RTG) crane. We will be creating the first of those who can," says Eduardo López, Operations Manager at APM Terminals Moín. "The simulator will allow us to do that, and in the long run this will help improve the remaining port operations of this country. Trainees selected to become trainers will be responsible for getting that process started, and that's a special responsibility," he says.

Wanted: great people

In the coming weeks, José Alberto Sterlyn will learn whether he is



among the 16 trainee candidates selected to become a trainer. Those selected will undergo training in APM Terminals Callao in Peru next year, before returning to teach the roughly 500 people needed to carry out the operational part of the Moín Container Terminal.

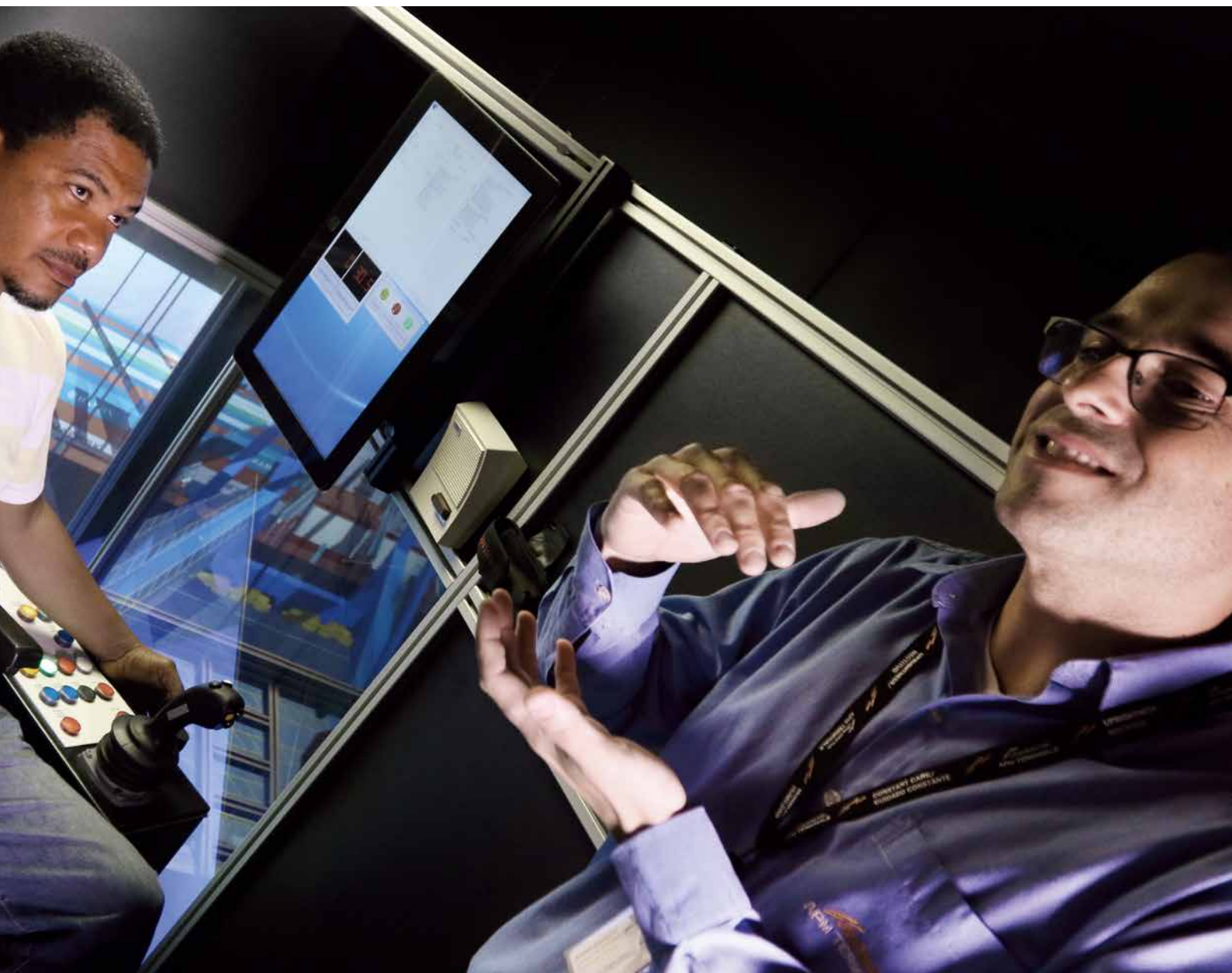
"We currently have a list of 140 potential candidates for the 'train the trainer' program. In addition to the operational skills needed in the role, we are also looking for people

High level of poverty

- According to a study carried out by the Costa Rican Ministry of National Planning and Economic Policy, 30% of Limón's roughly 386,862 residents live in poverty and 11% live in extreme poverty, meaning that they cannot meet their basic needs for food, clean water and shelter.

OTHERS

Photo: Jesper Schwartz



Knowledge sharing: Aislan Cardoso (r) Training Manager at APM Terminals, is teaching Costa Rica's first class of ship-to-shore crane operators, such as José Alberto Sterlyn.

who are leaders, who can communicate and who have strong values on issues of job safety, respect and teamwork," says Lisbeth Thomas, Director of Human Resources at APM Terminals Moín. "If the requirements seem extensive, it's because we want to have great professionals but we're also looking for great human beings," says Thomas.

Whatever happens, the experience has affected Sterlyn and placed him at the beginning of a career path he is excited about.

"Being in the simulator was a rewarding experience. Experiencing all the movement and sounds and feeling the floor vibrate. It must be an amazing experience to be suspended up there, 50 metres

above the ground. I have many friends who would also like to handle the huge cranes," says Sterlyn. "Thinking about it makes me want to improve myself and to achieve new things. I want this - to be an operator and be part of a change that will have a positive impact on my country." 🇸🇨



DRILLING FOR OIL, BUILDING A WORKFORCE

GOOD BUSINESS | One year into a three-and-a-half year deal, Maersk Drilling is not only ahead of schedule in Ghana. It is also training and creating opportunity for newcomers, like Mark Ebbah, in a country where the industry – albeit in its infancy – holds great potential.

BY ANDERS ROSENDAHL

► "I believe that Maersk Drilling has all the tools available for anyone who wants to learn and is ready to move forward. I think that is what I took advantage of to rise quickly through the ranks," says Mark Ebbah, emphasising his commitment to stay on a steep learning curve.

Ebbah is one of several Ghanaians that began working for Maersk Drilling last year. With a few years of experience in the industry, he stood out amongst his countrymen and starting as a roughneck, he quickly rose to become a lead roughneck. Recently, he was promoted again to Assistant Drilling Fluid Operator (ADFO).

"I set ambitious goals, looking to make the most of the opportunity at hand. My goal is to become at least an Assistant Driller before the rig leaves Ghana," he says.

Seizing opportunity

Still only 32 years of age, Mark Ebbah now has a life where he works four weeks on the drillship followed by four weeks at home with his wife and child. As he also supports his mother, he is keenly aware of the importance of being employed as well as having the chance to strive even higher.

"I believe in the future of this industry. My long-term ambition is to become a driller by the time I turn 40. Of course, knowledge is key, so

Climbing the company ladder: Positions on a drillship

1. Drilling Section Leader
2. Night Toolpusher
3. Tourpusher
4. Main Driller
5. Aux. Driller
6. Main Assistant Driller
7. Aux. Assistant Driller
8. DFO (Drilling Fluid Operator)
9. ADFO (Assistant Drilling Fluid Operator)
10. Lead Floorhand (Lead Roughneck)
11. Floorhand (Roughneck)
12. Roustabout



HR Advisor for the Maersk Voyager in Ghana, Anne Frifelt says:

"The lower positions are not very complex and you are not expected to be in them for long, though you should expect to spend at least a year in each. Once you reach the higher positions, it can take several years before you are ready for a promotion. A Drilling Section Leader normally has at least 20 years of experience in the industry before reaching that level."

I'm looking to learn and get as much training as possible," he says.

And training is exactly what Maersk Drilling is offering.

"It is difficult to find locals for some positions, so we take in people at lower positions and train them up," says Ben Pomford, Unit Director of the Maersk Voyager, an ultra deepwater drillship.

"Apart from working out very

well, it is also well-aligned with the ambition of the authorities to build a local workforce for the industry," he adds.

In June 2015, the Maersk Voyager began working on the Offshore Cape Three Points (OCTP) Project offshore Ghana for Eni Ghana Exploration and Production Ltd. The firm contract period is three-and-a-half years, with an



Mark Ebbah, recently promoted to Assistant Drilling Fluid Operator on the Maersk Voyager: "I believe that Maersk Drilling has all the tools available for anyone who wants to learn and is ready to move forward."



Photo: Anders Rosendahl

Ben Pomford, Unit Director of Maersk Voyager, in Ghana: "We take in local people and train them up. Apart from working out very well, it is also well-aligned with the ambition of the authorities to build a local workforce for the industry."

option to extend by one year, and has an estimated revenue of USD 545 million.

After a year in operation, the drillship was working on well number 12 out of 18, i.e. six months ahead of schedule. It was also ahead on its targets for local employment, its workforce being almost half Ghanaian. 60% Ghanaian is what is required when the contract ends, up from an initial 25%.

"We had a steep learning curve with the addition of a brand new drillship, a brand new client and a

brand new area to Maersk Drilling. This entailed a few challenges in the beginning, but we overcame them, and now the drillship is performing very well," says Ben Pomford.

Well-positioned

While West Africa's rich oil deposits are well known, particularly in Nigeria, the industry is young in Ghana. Nevertheless, the country is believed to have between 5 and 7 billion barrels of petroleum in reserves, which makes them the sixth largest proven reserves in Africa.

Also, Ghana has up to 6 trillion cubic feet of natural gas in reserves. Thus, Ben Pomford sees opportunities for Maersk Drilling as he seeks to give his client a "positive problem":

"There will come a point where they'll have to find something else for us to do, because we will be up to a year ahead of schedule. But I am sure that will not be a problem. Oil production and exploration will surely pick up here in Ghana. When they do, we'll be in a good position because of our track record, our partner and employees and our name." 📌

You cannot rely on TRUST ALONE

WHISTLEBLOW



LESSONS FROM A CEO-TURNED-WHISTLEBLOWER | Former Olympus Corp CEO Michael Woodford, who blew the whistle on a billion USD accounting fraud, calls the Maersk Group's new user-friendly whistleblower system a common-sense approach worth publicising.

BY TERRY BAYNES

► "It's a sensible and straightforward protection for employees, the board and the company."

At a recent Maersk Group gathering of in-house lawyers, former Olympus Corp CEO Michael Woodford commended the Group's new whistleblower system for reporting possible wrongdoing. Woodford, one of the highest-ranked executives to blow the whistle on his own company, knows the value of such a system first-hand.

When he became the leader of Japanese medical device and camera maker

Olympus in 2011, he never imagined the drama that would unfold in the coming weeks.

The first Western "salaryman" to rise through the company's ranks to become CEO, Woodford caught wind of allegations of a USD 1.7 billion accounting fraud at the company. Olympus had paid almost USD 1 billion to buy three obscure companies – a mail-order face cream company, a microwave dish company and a recycling company. In addition, close to USD 700 million was paid in "advisory fees" on a merger, to a shadow company in the Cayman Islands.

When Woodford started asking questions of the top leadership, he encountered stonewalling.

"I knew there and then that there was something rotten at the top of this corporation of 45,000 people which I was responsible for," he says.

The Maersk Group invited

Woodford to tell his story at the annual Lawyers Day to highlight the importance of having an anonymous, independent and reliable whistleblower system in place.

At the time, Woodford raised his concerns in a series of letters, including letters to the chairman of the board, the company's auditors and the entire board of directors. After the board voted unanimously to oust him, Woodford took the story to the media.

"In a well-managed company, concerns will often be dealt with internally. But if you don't trust your boss or your boss's boss, if you don't have a whistleblowing hotline, where do you go?" says Woodford, who chronicled his ordeal in *Exposure: From President to Whistleblower* at Olympus.

A safety net for the Group

The Maersk Group has had a whistleblower system in place



"In a well-managed company, concerns will often be dealt with internally. But if you don't trust your boss or your boss's boss, if you don't have a whistleblowing line, where do you go?" says Michael Woodford.

2015: A snapshot

- ✓ In 2015, 298 cases were reported through the Maersk Group's whistleblower system – none anywhere near the magnitude of the Olympus case.
- ✓ 140 were fraud-related and handled by Group Internal Audit.
- ✓ 51 were investigated as genuine whistleblower reports (excluding fraud). All were investigated following Group procedures, and if substantiated, appropriate remedial actions were taken. These included dismissal; reprimands; warnings and additional training; changes in operations, procedures and systems; and reports to regulators.
- ✓ The Group saw an increase in IT security reports, including external complaints about fake emails from Maersk or fraudulent inquiries made through social media.

How it works

1. Access the whistleblower system (at www.maersk.ethicspoint.com), or simply type "whistleblower" in your browser window when using the intranet.
2. Read the instructions carefully to determine whether your case is relevant for a report.
3. Follow the instructions to file a report.
4. In most countries, you can submit a report anonymously.



Photo: iStock Photo

since 2011. In March 2016, the Maersk Group launched a more user-friendly system that makes it easier for employees and external stakeholders to report suspected wrongdoing confidentially.

"You should be able to go to your manager or your HR partner if you suspect a breach of rules or Maersk's internal policies. But when those channels are not working, the whistleblower system serves as a safety net for the Group," says Cecilia Muller Torbrand, Group Senior Legal Counsel.

Not only does it help the Group learn about wrongdoing, she says, it provides an additional, anonymous reporting mechanism for employees regardless of their day-to-day situations.

"If wrongdoing is taking place, it's much better to deal with it internally before it escalates," says Woodford. "The best way to do that is to allow employees to report it anonymously, if necessary." That means publicising and ensuring people are aware of the whistleblower hotline.

Independence is key to a reliable whistleblower system.

Maersk's system is managed by Group Legal but hosted by an external vendor. All reported cases are screened by Group Legal and Group Internal Audit, a function independent of management, and assigned to the relevant units for further investigation.

That independence is key to a reliable whistleblower system, says Woodford, who reached a multi-million dollar settlement with Olympus over his dismissal. He is now a speaker and consultant on corporate governance, business in Japan and workplace cultures.

"To be effective, the system needs to be overseen by a non-executive director, or a function external to the organisation," he says, pointing to an independence that was missing from the whistleblower system at Olympus.

Commenting on the need for a whistleblower system, Christian Kledal, Group General Counsel & Head of Group Legal, says:

"In Maersk, we trust our colleagues and employees around the world to comply with the law as well as internal rules and policies. Yet, we also acknowledge that we cannot rely on trust alone but need to establish checks and balances, including a reliable whistleblower hotline. That's not in spite of being Values-driven with defined Group Policies and Rules, but rather precisely because of it." ❄

The Maersk Group Whistleblower System can be found at: <https://secure.ethicspoint.eu/domain/media/en/gui/102833/index.html>



THE SHIP THAT NEVER CALLS AT PORT

INNOVATION | Drones, 3D printing, robots and automation – what do these new technologies mean for the future of freight?

BY MONIKA CANTY

➤ A giant container ship looms into view on the horizon. From a distance it looks like one of the many thousands of container vessels plying the world's oceans at any given moment, but there is a difference – this ship has no captain and no crew. And it never calls at port.

The ship stops far out at sea. Suddenly a flock of drones whizzes overhead to the vessel, latching on to the containers and depositing them safely onshore. The containers are made of a super-strength, lightweight plastic that was 3D-printed at the port to fit the cargo dimensions.

The drones return to the vessel, this time bearing new cargo, which is slotted into place by an army of

on-board robots, before the unmanned ship continues on its journey.

It may sound like science fiction, but all these technologies – from drones to 3D printing, to automation and robotics are available today – the big question is how will they impact on the future of shipping?

Put your 'yes hat' on

This was put to participants at a recent Maersk Line workshop supported Maersk Maritime Technology (MMT) on the future of cargo carrying – the first in a series of 'innovation campaigns' designed to radically shake up the way innovation is tackled in Maersk.



Fostering an innovation culture

New communities are springing up across Maersk to foster a culture of innovation.

The Ideation Community meets to share best practice on how to generate new ideas, refine and mature them. The community consists of around 20 people and workshops have been

held on best practices for running digital idea campaigns, physical prototyping and graphic facilitation and illustrations.

The Innovation Symposia is dedicated to sharing knowledge and inspiration amongst innovation practitioners in the Group.

The Technical Innovation Board is a cross-business unit forum on future technologies. Its role is to improve Maersk's ability to develop and access technology that has a longer term outlook or is relevant for multiple business units. The board will hold the first Maersk Technology Conference in 2017.



Could the future of the shipping industry involve autonomous ships without a captain or crew, and drones to deliver containers to shore?

A diverse group of ship builders, naval architects and innovators from outside the marine industry – including a rocket builder - were urged to “put on their ‘yes hats’” and consider how the future might look for container shipping.

To do so is a new approach for Maersk Line, which has always innovated to improve efficiency and cut cost. But Paolo Tonon, Head of Maersk Maritime Technology says the speed of technological developments in the world today means it is time for a new approach: “Unconventional thinking is required if we are to make a difference in the commoditised market we are in.”

“We are here because we want to do something new, something different. To innovate in such a way that we create new opportunities, a new market, new space and a new type of service. We have hundreds of years of experience in ship design and this is a fantastic asset. But it can also be a constraint. So we need to think differently, challenge the accepted ways of doing things and not think of it as being impossible.”

Rocketman

The container industry is due a shake-up. Since the first container vessels were built back in the 1950's there has





Photo: Maersk Maritime Technology

Peter Madsen, an “inventrapreneur” from Denmark who is building his own space ship: “History tells us things will change, and they do all the time. I believe we will see an innovation in shipping comparable to the revolution of going from sail to steam.”

→ been no real change in the way cargo is carried. Even the way the containers are secured is done in the same way using twist locks and lashing ropes – a difficult and hazardous job carried out by an army of people. Just imagine if containers could be secured and released at the touch of a button?

Peter Madsen, an “inventrapreneur” from Denmark who is building his own space ship attended the workshop and was left in no doubt that radical change is on its way.

“It doesn’t matter whether the container ship of tomorrow has the same characteristics as the one we know today, as long as it’s more efficient”

Michael Heimann,
Head of Maersk Line New Building

“History tells us things will change, and they do all the time. I believe we will see an innovation in shipping comparable to the revolution of going from sail to steam,” he says. Madsen sees the future of

shipping as “unmanned, radio-controlled ships that are largely autonomous.”

Whether or not this becomes a reality remains to be seen, but Maersk Line is considering all possibilities. Michael Heimann, Head of Maersk Line New Building believes the future could be far closer than we think.

“It doesn’t matter whether the container ship of tomorrow has the same characteristics as the one we know today, as long as it’s more efficient. In extreme thinking it doesn’t really matter whether it’s a ship – we just need to find the very best way to transport our containers and our cargo in the future.”

130 ideas to change the shape of drilling

It is 2021, the oil price is USD 40, and all of Maersk Drilling’s rigs are on profitable long-term contracts. What innovations are behind Maersk Drilling’s success?

This was the challenge put to Maersk Drilling employees as part of an ‘Idea Campaign’ designed to spark innovation inside the company. The ideas came flooding in – 130 were received in just two weeks – half of them from offshore employees.

Ideas included the use of Virtual Reality headsets for training purposes and to control equipment on the rigs from onshore; and 3D printing hubs to print out spare parts for the rigs.

Many ideas involved automation. “It is expected that one day drilling operations will be fully automated,” says Jeanne Mia Lønstrup, Innovation Manager at Maersk Drilling. “But right now nobody knows when – it could be five, 10 or 20 years from now. The technologies are there, but there are still a lot of challenges to overcome.”

If some ideas appear somewhat far-fetched, Lønstrup says that is not surprising. “Our brains work in a linear way, but digital technologies are exponential, so you are embarking on a journey where you can’t see the outcome. Instead of looking at what it can do now, you need to look at what you want it to do.”

Grow your career with an 'on-the-job MBA'

TALENT DEVELOPMENT | Maersk Management Consulting (MMC) is Maersk's in-house consultancy service. It also functions as an 'incubator' for future leaders – offering 'on the job MBAs' to high performers from within the business. Maersk Post talks to some of them about their motivations and career aspirations.

BY MONIKA CANTY

✉ "We see ourselves as a 'leadership incubation platform,'" says Jesper Dalsgaard, Head of Maersk Management Consulting (MMC). "We bring in talented individuals from business schools or external consultancies who will eventually step into the business and build a career from there."

Maersk is one of a growing number of large companies – including Siemens, DHL and Samsung – to use an in-house management consultancy. Since its launch four years ago, Maersk

Management Consulting has expanded into a 35-strong team with offices in both Copenhagen and Singapore, offering consultancy services to Business Units across the Group.

While many team members come from top consultancy firms, others are high-performers from within Maersk that have transferred across on one-year assignments as part of what Dalsgaard describes as "an on-the-job MBA." Many have gone on to fill leading roles within the Group. Some of them are presented here. ✎

ANNE METTE FREJSEL
Strategy advisor, Group Strategy

My interest in space was sparked early on

Anne Mette has a PHD in astrophysics from the Niels Bohr Institute, Copenhagen. Prior to joining MMC she worked as a scientist at the European Space Agency. Today she works in Group Strategy.



Photo: Christina Bode

"My interest in space was sparked early on. My favourite book when I was six was about some kids who built their own space ship and travelled the solar system. Since then I've been fascinated about how the universe works.

Completing a PHD in astrophysics is not the traditional route into Maersk. What makes the PHD relevant to consultancy is the approach. A PHD is all about dealing with abstract ideas and solving complex problems. It's about applying method and logic. Often when you are called in as a consultant, the person calling you hasn't formulated in their own mind what the problem is that needs to be solved. You have to do a bit of detective work, figuring out where to put one's lens to take a closer look.

My astrophysics background also means that I have the advantage of having a more technical understanding of things, so being able to talk passionately about flow meters or something else like that is something I can relate to.

On one of my first projects with Maersk Management Consulting I was assigned to work with Group Strategy. They were building the team so I ended up transferring here permanently. In strategy we have to consider all angles of a problem, and come up with new ideas. It's an interesting intersection between a theoretical approach and an understanding of the frontline business – it's a lot like doing science.

"I would still love to go up into space one day, and I'm sure that when they have a new call for astronauts, I will be there"

Anne Mette Frejsel

I would still love to go up into space one day, and I'm sure that when they have a new call for astronauts, I will be there. Until then there's always the wild idea of Maersk expanding into space shipping. I think it could become a big thing in the future, maybe 30 to 50 years from now. You already have SpaceX (founded by tech entrepreneur Elon Musk) who are providing the supply route to the international space station. I'm just saying watch this space!" ✎

→ **GAYATRI THARMAINDRAN**

Consultant, Maersk Management Consulting

Every project is like an MBA module

Gayatri has an MBA from Australia. She has transferred to Maersk Management Consulting on a one-year development assignment from her role as Head of Working Capital for Maersk Line in Malaysia.

"I joined Maersk back in 2007 in Malaysia. The role of a finance person has evolved since then. The routine tasks have been offshored and it no longer just entails account keeping and collecting money - it's a business partner role, which is about adding value and acting as sparring partner to senior leadership.

At Maersk Management Consulting, I'm learning the

day-to-day tools of management consultancy. It's a structured approach which is about breaking down and tackling bite-sized problems. Maersk Management Consulting is unique in Maersk because you gain a lot of exposure to all business units. I've worked with Maersk Supply Service and Damco doing projects on strategy, operational structure and costs. Every project is like an MBA

Photo: Maersk Line

**MICHAEL JUHLER**

Global Head of Special Cargo, Maersk Line

I see my blood growing steadily more 'blue'

Michael has been with the Maersk Group for seven years. He transferred to Maersk Management Consulting for two years before returning to Maersk Line as Global Head of Special Cargo.

"I got my Masters at Copenhagen Business School and joined the very first graduate programme at Maersk Line. I've been fortunate to have held a number of interesting positions since then. I started as an assistant trade manager before going on to become a personal assistant to Vincent Clerc, CCO at Maersk Line and subsequently a trade manager.

Maersk Management Consulting offered an opportunity to explore different businesses and gain a greater understanding of general business while staying within the Group. The work was

interesting and varied. Projects spanned organisational transformation, restructuring, commercial due diligence, growth strategies and performance management.

Typically, one is pulled in and have three or four months to help fix some quite critical problems one doesn't know much about. A successful project depends on establishing an honest and collaborative relationship with the local team. Luckily, at Maersk Management Consulting one's customers are also one's colleagues, which means there's a high level of mutual trust and commitment.

The project way of working can be demanding. I travelled for 120 days last year and was often living out of a suitcase. But I found, and still find, it inspiring to work with people who are so driven and motivated, and it makes for a brilliant training ground.

After my experience with Maersk Management Consulting, I feel that I look at business in a different way. It has sharpened my analytical understanding, strategic thinking and problem solving capabilities.

My plan was always to come back to Maersk Line. Now I'm Head

Photo: Christina Bode



“As well as learning about the business you also have to get your hands dirty and get involved in the implementation side of things. It’s a chance to put theory into practice”

Gayatri Tharmaindran

module. But as well as learning about the business you also have to get your hands dirty and get involved in the implementation side of things. It’s a chance to put theory into practice.

I’m currently working with Damco in The Hague. I fly out on Monday mornings and head back to Copenhagen on Thursdays. I do miss the stability of having a ‘home base’ but it’s not a bad sacrifice to make. Not many people get the chance to be away from their jobs, experience so much and move on to a different role within the Group.

I’m a bit of a ‘runaway bride’. I got married in February and my

husband, Rajev is back in Malaysia. He is a commercial airline pilot so it wasn’t easy for him to relocate. Rajev has always been very understanding and supportive of my career. Given the distance, technology has made it a whole lot easier for us.

It is such a joy working in a global company. I’ve been with Maersk long enough that I have friends in Copenhagen from all over the world. As it’s driven by the Group Values, Maersk culture in Denmark is almost identical to that where I come from in Malaysia, so everyone in Maersk pretty much behaves the same way.”

“The project way of working can be demanding. But I find it inspiring to work with people who are so driven and motivated”

Michael Juhler

of Special Cargo. I have a great team around me and we are on an exciting mission to optimise Maersk Line’s approach to a growing but increasingly competitive segment of the industry.

What I enjoy most about Maersk is the global scale, the people and the culture - there’s a great deal of pride and dedication associated with working for Maersk which is carried across the Group. I see my blood steadily becoming more ‘blue’ in the future, but I don’t have a definite career plan. I’ve come to realize that the most important thing is to simply enjoy what you are doing.”

News in brief

New container weighing rules

The International Maritime Organisation (IMO)’s new rule requiring all packed containers to have a verified weight before loading will result in a safer supply chain. More than two month into operation, collaboration has proven key to its smooth implementation.

The new IMO ruling requires every packed container to have a verified weight before being loaded onto a ship. The rule is intended to improve safety in an industry where incorrectly declared container weights have contributed to many accidents over the years. But, with more than 100 million containers entering the supply chain on an annual basis – each one now requiring a Verified Gross Mass (VGM) – there is no denying the scale of the implementation challenge, and that it is one that impacts every part of the supply chain. Maersk Line, APM Terminals and Damco all faced different challenges when it came to implementing the new rule. As it falls to the shipper to provide the Verified Gross Mass (VGM) of their container, Maersk Line embarked on a direct mail campaign to inform customers of the IMO rule and clarify the responsibilities of the shipper.

“The regulation affects hundreds of thousands of shippers that are generally unfamiliar with IMO work, a fact that adds to the challenge,” says Lars Lorenzen, Vice General Manager/Project Manager at Maersk Line.

SuperGroup selects Damco

Damco has won an Asian Distribution Centre contract with a fast growing global lifestyle brand.

The 3-year contract will involve fulfilling orders for all markets outside of Europe on behalf of SuperGroup, processing 11% of their annual global volume through Damco’s Fulfilment Centre in Hong Kong. By 2019, the Damco account team aspires to handle 38% of SuperGroup’s annual global volume.

Damco showed the most credible approach and a collaborative cross-functional team from Commercial, Solution Design, Contract Logistics, IT and Implementation. James Savagar, Chief Commercial Officer, South China says:

“The fact that we challenged the customer with a different solution to the one they originally had in mind showed that Damco is an expert in Asian lifestyle fulfilment and that we understand the customers’ customer. This and our market leading Fulfilment Centre in Hong Kong were the key components of the win”.



NO THREATS

and a lot less shouting

FACILITATION PAYMENTS | Since Maersk Line introduced its data-driven anti-corruption strategy last year, facilitation payments in ports around the world have plummeted by 84%, and captains in the Africa fleet are experiencing the benefits.

BY TERRY BAYNES

➤ On his first arrival at port in Apapa, Nigeria, in 2014, Captain Marcin Slawewski was caught off guard.

After a difficult approach into the port, with long delays, groups of officials in uniform came on board looking for the captain. When the Immigration authorities took issue with the documentation in Slawewski's and his crewmembers' discharge books, they threatened him with arrest unless he paid with goods from the vessel's stores. The price: cartons of cigarettes and cases of soda.

"I was quite stressed and didn't know what was going on. As the captain, it's you up against all these people in uniform," Slawewski recounts. Nevertheless, he remained firm, refusing to hand anything over, until the authorities left the



Photo: Maersk Line

"I love the emails we are sharing between ourselves. They boost me up for action as I know I'm not one lone rider in Africa," says Marcin Slawewski.

ship more than three hours later, after local agents and representatives from Maersk Nigeria had become involved.

Demands for facilitation payments – small payments such as cash, cigarettes or soft drinks sought by low-level public officials

in order to perform their routine duties – have long been a challenge for the shipping industry in Africa as well as in other parts of the world.

That is why, when Maersk Line Ship Management informed the ships of a new data-driven strategy to combat facilitation payments globally in 2015, it was met with scepticism by the captains and crews who call at African ports.

"We simply could not believe it would work. We expected a huge response from the officials, seeking to preserve their income," says Captain Gijss IJssel de Schepper of the Maersk Cape Coast.

Yet the results of the new strategy have far surpassed all expectations.

A unified front

According to Maersk Line's Anti-corruption Network, facilitation payments fell 84% globally during the first seven months of 2016, compared to the same period in 2015. Africa has been one of the key drivers, with a reduction of 92% over the same period. The biggest drop occurred in December 2015, soon after instructions on the new policy had been sent out to the vessels.

"We are surprised that we have come this far in such a short time. The whole atmosphere of interactions with the officials has changed for the better. It has removed the tension as everybody knows there will be no negotiations, no threats and there is a lot less shouting" says IJssel de Schepper.



What is a bribe and what is a facilitation payment?

Bribe:

- ✓ Any payment to obtain something the giver is not entitled to receive.
- ✓ Payments greater than USD 150 made to one person, and smaller payments to higher-level officials, for something the giver is entitled to receive could be potential bribes.
- ✓ Maersk has a zero tolerance policy for bribes.

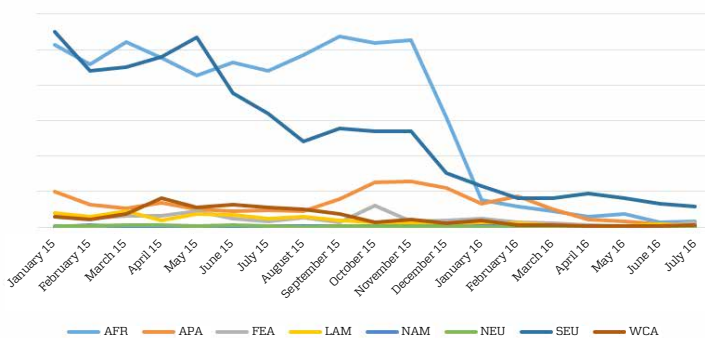
Facilitation payment:

- ✓ Small payments such as cash or cigarettes demanded by low-level public officials to perform routine duties, which they otherwise refuse to perform. They are given to obtain something the giver is clearly entitled to receive.
- ✓ Maersk's policy is that facilitation payments must be opposed and avoided. If this cannot be done without significant consequences for the company or its employees, facilitation payments must be documented and reported. The Group's ultimate goal is to eliminate facilitation payments entirely.

Demands for facilitation payments – small payments such as cash, cigarettes or soft drinks sought by low-level public officials in order to perform their routine duties – have long been a challenge for the shipping industry in Africa as well as in other parts of the world.

Reductions in facilitation payments over time for each region, covering Maersk Line vessels, including brands such as MCC Transport, Seago Line, Sea-Land and Mercosul.

Facilitation Payment Progress



AFR: Africa
 APA: Asia Pacific
 FEA: Far East Asia
 LAM: Latin America
 NAM: North America
 NEU: North Europe
 SEU: South Europe
 WCA: West Central Asia

“These sharings have proven to be one of the most effective tools so far, and truly in line with our Values”

**Claudia Bech,
Business Process Coordinator,
Maersk Line Marine Standards.**



Photo: Maersk Line

→ In some cases, officials have even stopped coming on board because there is nothing to gain, he adds. Instead they rely on the third party agents to run documents back and forth between the vessel and their offices. The agents are integrated in the anti-corruption initiative, provided with the same written instructions as the captains and directed not to pay the officials.

A central element of the strategy has been to increase communication and knowledge-sharing, with captains sending internal emails to one another before and after port calls, sharing their best practices and latest experiences.

“This sharing of knowledge has proven to be one

of the most effective tools so far, and truly in line with our Values,” says Claudia Bech, Business Process Coordinator, Maersk Line Marine Standards.

“I love the emails we are sharing between ourselves. They boost me up for action as I know I’m not one lone rider in Africa,” says Marcin Slawewski.

24-hour backup

Other key tools implemented globally include providing 24-hour support for vessels from each region’s operations cluster; escalating any issues in real time; as well as identifying remedies for recurring problems.

When captains run into pushback from authorities

A strategy blueprint

Maersk Line has collected data the facilitation payments paid by its owned vessels since 2011. Where facilitation payments cannot be avoided, captains are required to document and report them. Marine Standards in Maersk Line Ship Management follows up on reported cases.

Maersk Line has complete insight in the dealings of its owned vessels and works with its supply chain and chartered vessels to increase their level of reporting.

Inspired by New York City’s data-driven strategy for fighting crime, in 2015 Maersk Line’s Anti-corruption Network decided to make use of the data from its owned fleet to target offending ports around the world. Each Liner Operations Cluster was tasked with mapping countries by risk level and crafting an action plan to combat facilitation payments.

“As in most parts of our business, we rely heavily on data to form an unrivalled benchmark. The comprehensive empirical comparison of our performance drives our actions and helps us focus,” says Claudia Bech, Business Process Coordinator, Maersk Line Marine Standards.

Most of the effect from the action plans came at the end of 2015. As in Africa, significant reductions have been achieved in Far East Asia, West Central Asia, North Europe and Russia.

Broader scale

Maersk Line is now looking at how to apply the strategy on a broader scale beyond the company.

“We’re putting together a blueprint so that we can share our learnings with governments and enlist them in the battle against corruption. We aspire to a future in which governments and the private sector work together to tackle corruption,” says Kristin Berglund, Head of Anti-corruption in Maersk Line.

The Nigerian government has already made great strides, in collaboration with the Maritime Anti-corruption Network, of which Maersk is an active driver. In June 2016, the government introduced a set of Standard Operating Procedures, clarifying the roles and responsibilities of port officials, in order to promote accountability and prevent corruption.

at the Apapa and Onne ports, the third-party agents report the issue to John Odunewu, Maersk Line's Operations Performance Partner in Nigeria. He then looks at the case in question, analyses the local requirements, and escalates the issue up the authorities' chain of command, visiting their offices if necessary.

"If pushed to the wall, we'd rather have the issue sorted out via official channels than leave and give something under the table, even if we are one hundred percent entitled to the service," Odunewu says.

Keith Svendsen, Vice President of Operations Execution at Maersk Line, applauds the results, which he says will have a positive impact in the world in the long run while improving the lives of our seafarers:

"Tackling corruption is important, and we want to make an impact by saying 'No' to facilitation. This is easy to say sitting in an office building in Copenhagen. It is an entirely different situation out in the world. The positive results and changes we are seeing have been delivered by our people taking a stand, and by having communication on-board the vessels, in the ports and with vendors and authorities." 🌐

Past encounters

In the past, the refusal to pay facilitation payments has led to expensive commercial delays for a vessel or even threats to the captain and crew.

Past incidents include:

- ✓ A captain being taken off the ship and held for hours for questioning
- ✓ Threats of imprisonment
- ✓ Use of physical force, including a captain being shoved with a rifle
- ✓ Officials conducting a sweep-type operation of the entire vessel, preventing the crew from sleeping and raising safety concerns
- ✓ Pilot boats refusing to guide a vessel to birth
- ✓ Tug officials cutting a vessel's mooring lines
- ✓ Seafarers being denied shore leave passes to visit their families on shore

The cost of corruption

Corruption – the abuse of public or private office for personal gain – is one of the main obstacles to sustainable economic, political and social development. It erodes public trust, undermines the rule of law and increases the cost of doing business. It is also increasingly being recognised as a precursor of global security threats such as extremism and terrorism.*

More than USD 1 trillion in bribes are paid each year**, and corruption can cost a country up to 17 percent of its Gross Domestic Product (GDP)***.

*Sarah Chayes, *Thieves of State*; echoed by U.S. Secretary of State John Kerry and former UK Prime Minister David Cameron

**World Bank Institute

***Asian Development Bank

IN MY OPINION

Captain Grosu George, Maersk Casablanca

A fresh master with one year of experience, Captain George Grosu achieved a tour of Africa in May with no facilitation payments.



Photo: Maersk Line

"In the past, that was something very difficult to achieve. On my first tour of Africa, I felt exposed and alone. I did not think it was possible to go without facilitation payments.

Now I can see the captains have a different attitude:

The ship is not going to get penalised; we will not get arrested. However, it took some time to build that confidence. It came from reading the success stories of other captains."

Captain S.K. Wong, Maersk Cotonou

"I was quite sceptical as to whether the new policy would work, but we gave it a go, posted our policy in the ship's office and reminded the agents and officials that we in Maersk do not encourage facilitation payments. There was an instance when the Health Quarantine ladies stormed off the ship in disgust when I mentioned that we have an anti-corruption policy. That suited us fine. We still have to be vigilant in our paperwork. But one thing that has really changed is that the officials are no longer holding all the trump cards. They know we will not give in to demands for facilitation payments."

Captain Joseph Birtles, Safmarine Chilka

In his 26 years as Master, Captain Joseph Birtles has made many transits off the West African Coast, and up until November of last year, a constant factor was dealing with the officials who typically came on board in groups of three to six.



Photo: Safmarine

"This made the Masters' and the crews' lives very difficult as the authorities were intent on finding as much as possible and gaining as much as they could. They would subsequently want assistance with packing their items and getting them down the gangway.

I feel the change happened towards the end of November last year, when Anti-corruption management published the documents advising that Masters were not to give anything. The strong drive in ensuring that the agencies in the ports were fully on board with this also played a huge part in turning the situation around. When the situation was explained to the authorities, and they came to realise that no matter what was found there would be no personal gain, there was a dramatic change for the better."

A YELLOW GIANT

above a Norwegian fjord

NEW PROJECTS | A huge and growing structure on the Norwegian shoreline is one of many parts that will make up the Johan Sverdrup project. It is the biggest planned investment in the North Sea basin in the coming decade, showing that it still holds significant potential.

BY SAM CAGE

► The yellow tubes towering over Verdal are the first thing to strike the eye, even before the first houses of the small Norwegian town come into view.

This giant structure, which reaches 70 metres into the air even when just lying on its side, will be the jacket – i.e. the legs that form the base of one of the four platforms in the first phase of the Johan Sverdrup development. On completion, it will be even bigger, with two further sections due to be attached on each side.

Maersk Oil is investing heavily in oil and gas projects in the North Sea region that will bring future production. Both Johan Sverdrup and Culzean in the UK sector were sanctioned in 2015 and together they are making Maersk Oil's portfolio more robust and will help it become one of the top five producers in the North Sea by the middle of the next decade. The lower oil price has also given companies with large projects an opportunity to renegotiate contracts and potentially lower costs and break-even prices.

"The project is huge," says Mark Seger, Maersk Oil's Project Manager for Johan Sverdrup, as he surveys the



Photo: Olav Thokle

Maersk Oil CEO Jakob Thomasen: "Johan Sverdrup is an important building block in Maersk Oil's future."

RISES



The yellow tubes towering over Verdal are the first thing to strike the eye, even before the first houses of the small Norwegian town come into view.

The Johan Sverdrup development

- Situated 140 km offshore Norway in 120 metres of water, four jacket-based fixed platforms will house risers – pipes that connect the offshore structure to the sub-sea system – processing, wellhead and drilling facilities and living quarters, connected by bridge links.
- The recoverable resource range of 1.7 to 3.0 billion barrels of oil equivalent makes Johan Sverdrup one of the five largest fields ever discovered in Norway. For the full field, peak production will be up to 650,000 bpd.
- Maersk Oil holds 8.44% in the development. Statoil (operator) 40.0267%; Lundin Norway 22.6%; Petoro 17.36%; Det Norske Olieselskap 11.5733%.
- 108.3 billion NOK is being invested in the phase 1 development, with an expected capacity of 315,000-380,000 boepd.
- The plan envisages additional phases of development to recover the vast quantities of oil in Johan Sverdrup will occur over a period of 50 years.

describe the reservoir, they start to smile,” says Kjetil Digre, Johan Sverdrup Project Director for Statoil, the operator. “Because of the size and ambitions involved, we are spreading what would normally be done on one platform across four.”

Understanding the geology

Characterised by good flow, those reservoir rock properties, characterised by good flow, mean it is estimated that about 70% of the oil in Johan Sverdrup could be economically recovered and that is pressure and temperature are normal. By comparison most Danish fields yield about 26-28%.

“Projects like Johan Sverdrup and Culzean can help Maersk Oil in a lower price environment. Along with effective cost optimisation, operational excellence, and a focus on technology, project delivery and long-term growth, we make ourselves a more robust company,” says CEO Jakob Thomsen.

With more than 50 years experience in the North Sea, Maersk Oil has a strong pedigree of participating in phased developments similar to Johan Sverdrup.

The top of the jacket commands distant views across the town, surrounding hills and the fjord that leads to the waters where the platforms will eventually be established. Thomsen, reflects on the characteristics of the discovery.

“The quality of the reservoir is excellent so the oil flows much more easily here,” he says. “So it’s not just the size, but it’s the very good quality. It’s an important building block in Maersk Oil’s North Sea ambition.”

struts that are still waiting to be fitted to the jacket, and work continues behind him. “It’s going to produce a lot every day and it’s going to do so for decades. The person who is going to shut this down may not even have been born yet. This is really looking far into the future.”

Smiles for the subsurface

Development is coming on apace, with first production expected in 2019. The drilling of the first production well has started as has construction of the jackets – including the one being built by Kværner, a Norwegian company, in Verdal – and the topsides which will sit on top to make up the four platforms.

The story of the field is an instructive one. Johan Sverdrup is located in the area in which the very first licence on the Norwegian Continental Shelf was awarded in 1965. After several dry wells were drilled in the 1960s and 70s, the area was considered to have no hydrocarbon potential. But another look in 2010 found a reservoir that is very large in size and of high quality.

“When the subsurface people in Statoil start to

Photo: Olav Thøkle

FARMING is in the blood

ENABLING TRADE | For American Flowers, a third generation family business with a perishable product and reputation to maintain, export containers carry more than just the product.

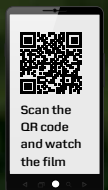
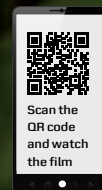
BY JOHN CHURCHILL

▶ As a child, Jennifer Thomas would get out of bed on weekends, long before the sun was up, to join her father on the family's macadamia farm in Guapiles, Costa Rica. She and her sister would play

while her dad worked or just follow along in his footsteps.

Jennifer Thomas' father did the same when he was a boy, following his father around the farms they owned in Florida

and North Carolina. The grandfather moved the Thomas family to Costa Rica in the 1960s, and later to Panama, bringing his five children into a business that would become American Flowers.





Jose Samudio is the Head of Logistics for American Flowers and came to the farm in 2000. He was just a boy when his parents worked on another farm run by Jennifer Thomas' grandfather in another part of Panama.

Today, Jennifer Thomas runs American Flowers with her husband, Matt Parsons, with assistance from her father. The couple and their 19-month old daughter, Lily, live next to the company's 65-hectare farm in Volcán, in western Panama, in the heart of the country's food producing region.

"The truth is, I didn't expect to be here. I have a degree in biology. But I ended up working on a farm in the United States and thought to myself, why am I farming for someone else when this is what my family does," says Jennifer Thomas. "It's a heavy responsibility, carrying on the family business. Matt and I are trying to continue what my family built, the farm's reputation for quality, and also make our own mark with new products and new customers."

Reputation is everything

American Flowers grows a wide variety of flowers and fresh produce, all of which are sold locally to markets and restaurants in Panama City.

However, leather-leaf ferns are the farm's specialty and also its one export. Row after row of the frilly, waist-high green plants cover the majority of the farm's area. A canopy of white plastic helps the ferns grow big, shielding them from direct sun and the heavy rains of the region's rainy season.

Matt Parsons and Jennifer Thomas, owners of American Flowers: "Our fern exports comprise 60% of our total business."

Add this to a dedicated, attentive staff and you have the reason the fern quality is so high and the farm has the loyal customers it does in Europe, the United States and as far away as Japan.

"Our fern exports comprise 60% of our total business. We have a handful of fern customers and they mean everything to us. We cannot afford to lose them or jeopardise the American Flowers name with a bad product," says Matt Parsons.

A partner they can trust

Maersk Line has been the primary carrier of American Flowers' ferns since the 1980s. What the company wants

loses value over time, so to compete with airfreight we can't simply be cheaper; we need to be better," says Ariadna Fuentes, Sales Executive at Maersk Line Panama.

"Much of this region is going through a tough period economically, but the growth potential for fresh exports in the region is very big and we want customers to know we're committed to serving them."

American Flowers says the new service Maersk Line launched early in 2016 is a great start. Fast and direct, it connects Balboa, Panama and other ports on the West Coast of Latin America to all the biggest Asian ports, including Yokohama, where some of American Flowers' important customers are.

A family of 138 to support

As American Flowers' latest generation of owners walk the farm together, their faces beam with pride. They stop to examine leaves and to talk to the employees who are cutting, weeding and cleaning the ferns.

The farm has 135 workers, all of them local and most of them indigenous to the area. In this small, rural region, American Flowers is a big employer. Many of the employees have been with the farm from the beginning, suggesting the good reputation of the farm is not only about the ferns.

"It means a lot to us that we have so many long-term employees. It feels in many ways like the farm is a big family," says Jennifer Thomas. "We want to see this farm grow and continue to succeed so we can continue to have that role here, and to support our future and that of our daughter, Lily. One day, she might be the fourth generation." 🌱

Latin America accounts for

35-40%

of Maersk Line's refrigerated cargo

in a shipping line is straightforward: a refrigerated container, fast and reliable vessel transit, and good communication. According to the farm, Maersk Line has not been perfect but it has been the best at meeting those expectations.

"Fresh exports out of Latin America are a very important business for Maersk Line. American Flowers is a good example. They have a valuable, perishable product that

TAX – CREATING INVESTMENT IN ENERGY SUPPLY AND JOBS

FISCAL REGIMES | Given the current oil price outlook, governments and companies need to work together to extract the most value from mature fields. A change in the UK fiscal system allowed the Culzean project to go ahead and can be a pointer for other projects.

BY SAM CAGE

➤ When Maersk Oil representatives first met with UK Treasury officials about the proposed Culzean development, the company found they were not very familiar with the project.

That changed, as Tom Tildesley – CFO of Maersk Oil in the UK – and the team explained the potential to meet 5% of total UK demand and the complexities of drilling under temperatures of up to 175°C and pressure equivalent to being nine kilometres under water, which made it a challenging project to undertake.

The process Maersk Oil went through with the Treasury, over a period of time and series of discussions, underlines how companies and governments can transform oil fields, which might otherwise not be economic, into important assets by working together. Their combined strength can extend the life of some assets or bring about the development of a field that might otherwise be left untouched, creating additional investment, energy supply and jobs.

On Culzean, it became apparent that operator and government needed to work together to make the project economic considering the challenges of the high-pressure, high-temperature (HPHT) field, which requires stronger, larger and

more advanced hardware to handle the conditions.

"Politicians are looking for solutions to wider problems, and Culzean fits that niche," says Tildesley. "The government came with the mindset of an investor rather than a regulator, or saying that this is a nice to have but not essential."

Benefits for both

With the current oil price outlook, fiscal changes are one way in which governments can support additional investments in a mature area with high costs, like the North Sea.



CFO of Maersk Oil in the UK Tom Tildesley: "The government came with the mindset of an investor rather than a regulator."



Photo: Maersk Oil

In Denmark, an economically viable solution for continued operations in the Tyra field is being sought.

In 2015, the UK introduced incentives for the oil industry in the North Sea. The special compensation for high-pressure, high-temperature (HPHT) projects like Culzean that was crucial for the final investment decision, taken in August 2015, is an example of these.

The HPHT fiscal allowance exempts a portion of a company's profits from the supplementary charge, or top-up tax, paid by the North Sea industry.

"It's not a choice of making more or less. It's whether it happens or not, and therefore whether it brings benefit to both us and to society," says Anders Wurtzen, Head of Group Public Affairs.



TMENT, OBS

On Culzean, it became apparent that operator and government needed to work together to make the project economic considering the challenges of the high-pressure, high-temperature (HPHT) field, which requires stronger, larger and more advanced hardware to handle the conditions.

"It's in the mutual interest of governments and companies to make this happen, and ensure jobs, income and security of supply."

Co-investors

The most important factor was the dialogue with government about terms for investments in mature fields. Linda Ritchie, Maersk Oil's UK Tax Manager, was impressed at the work done in the Treasury and found officials were open to considering allowances for projects like Culzean to ensure they went ahead.

The portion of profits reduced by the HPHT allowance is dependent on a company's capital spend on oil and gas projects in the surrounding area, or cluster. It removes an amount equal to 62.5% of capital expenditure incurred by a company.

That has helped ensure the smooth progression of the project, with the platforms now starting to take shape and first wells to be drilled later this year.

"Culzean is a marginal and difficult technical project to lift without help, and we were transparent with our requirements and the state of the project," Ritchie says. "And then the government came with the proposal on the allowance, which lifts the tax burden a bit, without which we would most likely not have been able to sanction the project."

"We felt the government was almost a co-investor, as there is a proportional risk," Ritchie adds. "The government was long-sighted and did something to assist. They have to take credit for that." ✱

The Culzean project

- The USD 4.5 billion gas project in the North Sea is expected to reach peak production in 2020/21. Maersk Oil's share of the investment is about half.
- Production is expected to start in 2019 and continue for 13 years at least, with a plateau production of 60,000-90,000 barrels of oil equivalent per day.
- Maersk Oil UK (49.99%) is the operator. Britoil (BP) doubled its interest in May, to 32%, following the acquisition of an additional 16% from JX Nippon, which still holds the remainder.

FROM OUTER SPACE



FOCUSING ON HUMAN FACTORS | There is increased focus on human factors in the offshore industry, aiming to improve communications and leadership to cut down the scope for human error. At Maersk Training, former NASA employees are bringing practices from outer space to the offshore industry.

BY SAM CAGE

What do the International Space Station and an offshore drilling rig have in common?

In Maersk Training's brand new, light and airy Houston centre – packed with simulators that mimic situations found on rigs, ships and platforms – former NASA employees Evelyn Baldwin and Michele Blanton are bringing practices from outer space to offshore workers, to eliminate errors and improve safety and performance.

They hold regular classes for

drilling teams, both offshore and onshore colleagues, focusing on human factors – understanding how we behave in certain situations and improving the fit between people and the systems in which they work.

"We look at the skills that turn a team into a system – communications, leadership – and strengthen those," says Baldwin, who worked for NASA, the US space agency, for eight years as a communications and tracking instructor for the International Space Station (ISS). Baldwin then moved to GE Oil & Gas, part of the US conglomerate General Electric, before joining Maersk Training in 2015.

Baldwin and Blanton were part of the NASA ground team in Houston that works with astronauts and researchers to develop processes and skills to keep them safe at an altitude of more than 400 kilometres.

The ISS is a research laboratory which aims to help us better

understand the earth it is orbiting. It has a crew of six who are switched in and out on a regular basis. In this context, working clearly and efficiently across cultural and national boundaries – and indeed the boundary of space – is vital.

"It's about how humans work with equipment, technology and so on and reducing errors," says Blanton, who spent almost 15 years with NASA before taking the opportunity to get in at the start of human factors training in a new industry.

"The aim is to have set ways of communication. At the moment, there are no strong protocols. So we're trying to teach people on drillships to use correct terminology and be aware of the audience they're speaking with – no unfamiliar words or slang."

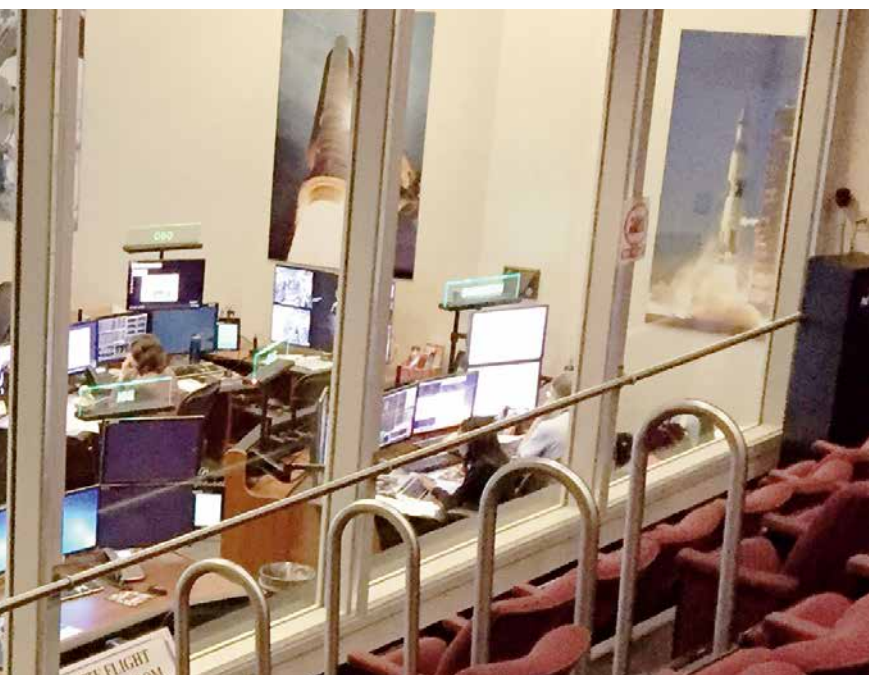
Aeronautics and aerospace

For BP, which is working with Maersk Drilling's ultra-deep-water semi-submersible Maersk

Maersk Training in Houston

- ✓ The Houston centre, which opened last year, is the world's most advanced offshore simulation complex.
- ✓ Maersk Training now carries out training in 10 facilities around the world and counts more than 100,000 man-days per year.
- ✓ BP, Transocean and Seadrill are just some of the external companies that Maersk Training signed new contracts with in 2015.

to offshore



Lessons from NASA are being applied in the offshore industry.



Former NASA employees Michele Blanton and Evelyn Baldwin are bringing practices from outer space to offshore workers.

Discoverer offshore Egypt, human factors is a major focus area, says David Lobdell, Competence Management Manager at BP.

The crew – onshore and offshore, BP, Maersk Drilling and third parties – has gone through human factors training and it contributed to completion of a drilling programme with no significant safety incidents, over 100 days ahead of plan and at approximately 40% less than the planned cost.

“Everywhere we operate, we’re still dealing with people, and people make mistakes – it’s a fact of life, so the question is, how do you minimise these?” says Lobdell, who appreciates the importance of human factors from his time flying fighters for the US Navy.

“BP feels strongly that by training and exercising together, we enhance the competency of each individual on the team and the team as a whole,” says Lobdell. “By working together, we will make wells safer, more reliable and bring up the performance of the industry.”

The safety and operational performance accomplished by Maersk Discoverer can support Maersk Drilling’s overall position in the current difficult market conditions, where there is a strong focus on the ability to deliver a safe drilling operation in an efficient way. So investing in human factor training can be good business.

“As proven in other industries such as the airline industry, you

need integrated technical and human factor training conducted in an environment as close to reality as possible, to train and observe people’s human factor skills like situational awareness, leadership, decision making and communication,” says Vibeke Sam, Head of Learning at Maersk Drilling, which worked together with BP to develop the tailored training course for Maersk Discoverer.

“Both in the simulation environment at Maersk Training in Houston and in Svendborg, we have the opportunity to run real life offshore scenarios and have very skilled human factor specialists that can give valuable feedback to the crew on their performance.”

A lot in common

Half of human factors training is spent in the classroom, talking about theory and the language that team members use. The other 50% consists of simulator time and debriefing, with the aim of recreating real-life situations and observing the way people interact with one another and their reactions and behaviour in a totally safe environment.

It is about how people communicate when they are working – with immediate colleagues, other teams, leaders and onshore colleagues – to eliminate errors. One such error could be, for example, someone using a word that another person, of a different nationality, does not understand, a dangerous situation not being properly reported, or a worker not fully absorbing a warning from a colleague.

“They are two different industries but they have a lot in common,” says Blanton, the human factors trainer.

“Both have high expertise and technical equipment that have to work together, and whether you’re up in space or offshore, you’re a long way from outside help. Everything has to tie together.”

A SHOT OF MODERN M

THE AMBASSADOR | Mexico's most iconic product, tequila, is seeing a surge in popularity. The spirit embodies the passion of the country, and Maersk Line is helping carry it to every corner of the world.

BY ANDERS ROSENDAHL

► Decades after it emerged on the global scene, tequila is undergoing a massive change.

The good old sprinkle of salt, quick and dirty shot, then chased by a wedge of lime, is becoming an anachronish. Instead, high-end artisanal, pure versions of the spirit are flourishing. With help from Maersk Line, the spirit is also reaching new markets in Sydney, Australia, Cape Town, South Africa and Tallin, Estonia.

"All the benefits of tequila have barely begun to be recognised," says Eduardo Orendian, owner of the El Llanito tequila distillery in the town of Tequila in Jalisco, Mexico, which is the heart of tequila production.

The export value of tequila broke the USD 1 billion threshold in 2014. Tequila sales in the U.S., the world's biggest importer, had grown by 63% in the previous decade. Premium tequila sales soared by a whopping 365%.

A unique spirit

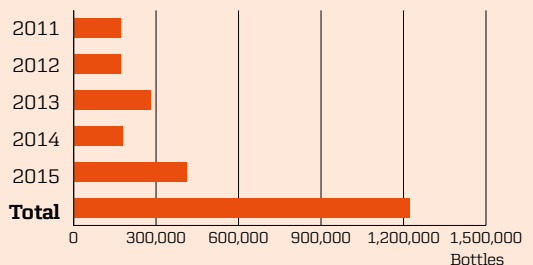
In the past five years, Maersk Line has shipped one million bottles of the spirit worldwide.

"This is a beautiful example of the impact of enabling trade," says Mario Veraldo, Managing Director of Maersk Line's Middle America Cluster.

"On the one hand, you have a product that's unique to a region, which nevertheless, anyone, anywhere in the world can experience. On the other hand, you're also helping local communities position their products in much bigger market places, while creating jobs and improving social conditions locally."

Tequila received a Designation of Origin in 1974, which dictates that tequila can only be produced in Mexico, more specifically in the area surrounding the town of Tequila. Thus, the livelihood of the 70,000 people employed by the industry was secured.

Maersk Line, bottles shipped per year



EXICO

Tequila is exported to 120 countries. While the United States is the biggest market, China is the fastest growing.



Photo: Felix Seuffert



Eduardo Orendain, a fourth generation tequila producer: "Inside each bottle we pass down the love and the passion that my father and grandfather taught me about this industry."

→ Today, the Tequila area boasts 27 tequila distilleries. "Tequila began as a spirit, but now it's a way of living," says Araceli Ramos at the La Rojeña distillery, the oldest tequila distillery in Tequila, with its production dating back to 1758.

Ramos, a director with José Cuervo, another tequila producer, has earned the title Doña Araceli, recognising

"The numbers show the potential. In the U.S., the destination of 80% of the total exports, tequila barely has a 6% market penetration"

Eduardo Orendain,
Owner of the El Llanito tequila distillery

her work, commitment and contribution to tequila and Mexico for more than two decades:

"These days we have tourism and a lot of events going on, but most importantly we

have the roots, the tradition, the patience, the love and the passion for tequila," she explains.

Tequila diplomacy

In 2013, China and Mexico signed a bilateral trade agreement dubbed the 'Tequila Pact' because the spirit is one of the major products Mexico will be exporting to China. Prior to this, pure tequila was banned in China, and the Asia Pacific has been identified as a key region for the future growth of tequila.

Eduardo Orendain, belongs to a fourth generation in the tequila business, and is a producer of premium tequila only. He has a simple plan to take tequila from strength to strength in coming years: Produce quality and tastings will win new palates and market share. After all, as he points out, there is room for so much more:

"The numbers show the potential. In the U.S., the destination of 80% of the total exports, tequila barely has a 6% market penetration. So even in our biggest market, there is great potential for growth – not to mention that in Europe, South America and Asia." *



MY MAERSK

What is it really like to live and work offshore? Few will have the chance to find out, but Steve Birrell has it all recorded in his camera.



The offshore

BY SAM CAGE

Steve Birrell was at the airport with an unexpected 500 pounds in his pocket, a gift from his wife's grandfather. He had always been interested in photography and now, seeing the models on sale before flying on holiday, he decided to take the plunge.

That purchase three years ago has opened up a new hobby for Birrell, who has captured a series of unusual shots of offshore life on board Maersk Interceptor and an unusual glimpse into the routine of offshore crews.

When offshore, Birrell is busy as a tour-pusher – liaising with the rig's client and Maersk Drilling's own crew, developing plans for the work that needs to be carried out and making sure the crew is prepared, which contributes to the strong operational performance of Maersk Interceptor. But he always keeps the Canon 6D camera in his cabin, and a gas detector to make sure the environment is completely safe for photography in connection with opportunities that crop up when he is not on duty.

At home, Birrell spends his time out and about around the beaches, cliffs and seascapes of the Shetland Islands off the north coast of Scotland, looking for angles and views to record.



Photo: Maersk Drilling

STEVE BIRRELL

Age: 39 years

Nationality: Scottish

Family: Wife, two children ages nine and four

First job: Started working offshore at 18 as a painter

Current job: Tourpusher on Maersk Interceptor

Interests: Photography, football

For more photos: <http://stevebirrell.zenfolio.com/>

Steve's photography tips

- Play with the camera until you know what it can and can't do. Take a lot of pictures on different settings, then decide what looks good and what does not
- Shoot from an unusual angle – it turns a normal picture into a different kettle of fish
- Buy decent editing software. Processing your picture correctly is just as important as taking a good photo in the first place

e photographer

"It's a bug I've got, like an addiction. I can't handle not having the camera with me," says Birrell, explaining how when off-duty, he will collect his camera and gas meter – to ensure the conditions are safe to take photos – when he spots an interesting shot.

Space ship

Maersk Interceptor is one of four new XLE jackup rigs designed for year-round

operation in the North Sea, in water depths of up to 150 metres.

Birrell has been working offshore for more than 20 years. He says working on Maersk Interceptor is like "going into a space ship" compared with some of the older, manual rigs he used to work on. "The equipment available to us makes everything easier. There's very little manual handling to be done," he says.

"Your mind is always on the job. You're always thinking ahead about what needs to be done – and if you don't think about these things, you could cost the company thousands and thousands," says Birrell, adding that the off-time onshore – and his relaxing walks with the camera – are essential so that he can maintain 100% focus when he is working. 📷

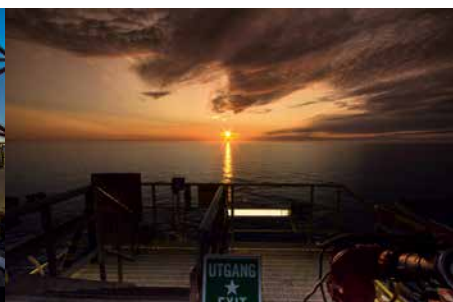


Photo: Steve Birrell

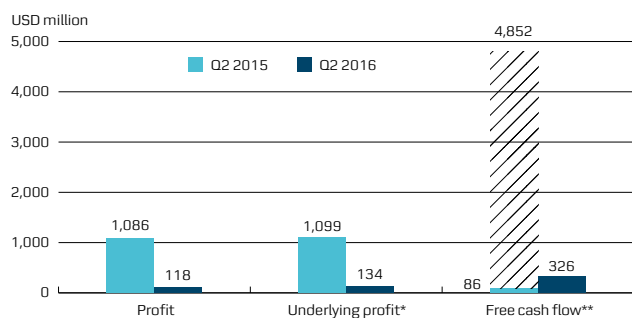
Steve Birrell has captured a series of unusual shots of offshore life on board the Maersk Interceptor and a glimpse into the routine of offshore crews.

Who should we feature in the next MyMaersk?

If you have an inspiring colleague who leads an extraordinary life inside or outside of work, nominate them for MyMaersk by sending an email to maerskpost@maersk.com.

Profit based on a continued focus on cost and operational optimisation

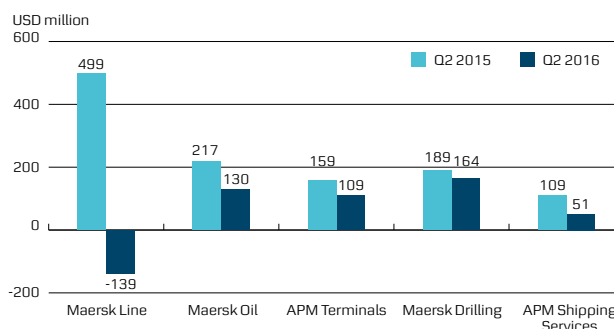
Group Financial Highlights, Q2 2016



* Underlying profit is equal to the profit or loss for the period excluding net impact from divestments and impairments.

** Free cash flow in Q2 2015 include the sale of shares in Danske Bank of USD 4.8bn.

Underlying profit by activity, Q2 2016*



The Maersk Group delivered a profit of USD 118m (USD 1.1bn) negatively impacted by the average container freight rates and oil price. The return on invested capital (ROIC) was 2.0% (10.2%).

GROUP HIGHLIGHTS

The Group's revenue decreased by USD 1.7bn or 16% compared to Q2 2015, predominantly due to 24% lower average container freight rates and a 26% lower oil price. This was partly offset by 6.9% higher container volumes and 8.2% higher oil entitlement production.

Operating expenses decreased by USD 808m, mainly due to lower bunker prices and cost saving initiatives as well as lower oil exploration costs.

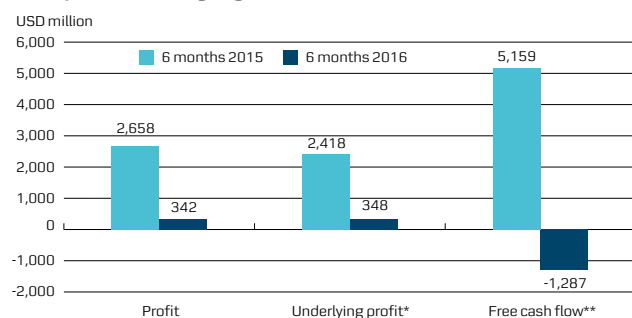
"The result is unsatisfactory. Cost reductions and operational optimisations, however, made a significant contribution to mitigating the impact of the negative market conditions"

Maersk Group CEO Søren Skou



Maersk Drilling acquired the newbuild, Maersk Highlander, during Q2. The rig is on a firm five-year contract with Maersk Oil.

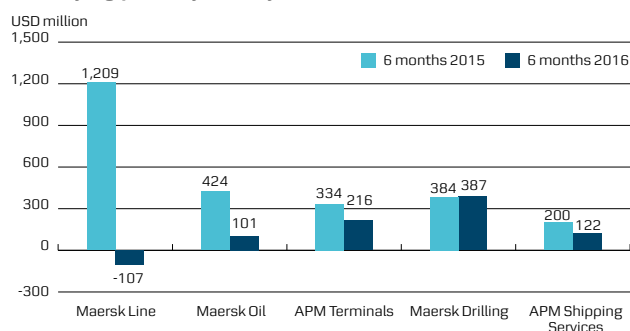
Group Financial Highlights, 6 months 2016



* Underlying profit is equal to the profit or loss for the period excluding net impact from divestments and impairments.

** Free cash flow for the first six months of 2016 include the sale of shares in Danske Bank of USD 4.8bn.

Underlying profit by activity, 6 months 2016*



PORTFOLIO HIGHLIGHTS



Maersk Line reported an unsatisfactory loss of USD 151m (profit of USD 507m) in challenging market conditions. ROIC was negative 3.0% (positive 10.1%).

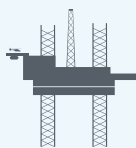
Revenue of USD 5.1bn was 19% lower than Q2 2015. The development was driven by a 24% decline in average freight rates to 1,716 USD/FFE (2,261 USD/FFE) partially offset by a 6.9% increase in volumes to 2,655k FFE (2,484k FFE). The costs in Maersk Line have been reduced to an all-time low level and are under USD 2,000/FFE for the first time.



Maersk Oil reported a profit of USD 131m (USD 137m) and a ROIC of 12.1% (9.2%) in Q2 2016. The return to profit in Q2 was mainly due to an oil price of USD 46 (USD 62) per barrel compared to USD 34 in Q1 2016 as well as improved operational performance and reduced costs. Entitlement production of 331,000 boepd (306,000 boepd) was 8.2% higher than in Q2 2015 and exploration costs of USD 47m (USD 109m) 57% lower than the same period last year. Maersk Oil reduced operating expenses compared to the same quarter last year by 25% excluding exploration, upholding a break-even of USD 40-45 per barrel.



APM Terminals made a profit of USD 112m (USD 161m) on par with Q1 2016 (USD 108m) and with a ROIC of 5.8% (10.9%). For APM Terminals, profits remain under pressure, as terminals in oil dependent markets face declining volumes and commercially challenged terminals in Latin America, North-West Europe and Egypt have not regained business to compensate for earlier lost services.



Maersk Drilling delivered a profit of USD 164m (USD 218m) and a ROIC of 8.3% (10.6%). Maersk Drilling continues to be positively impacted by a strong contract coverage secured at higher dayrates in a different market environment than the current one. However, the market outlook for the offshore drilling industry remains challenging over the medium-term, which will impact Maersk Drilling's future earnings. Since the launch of the cost reduction and efficiency enhancement programme in Q4 2014, Maersk Drilling has reduced cost by more than 15%.

At the end of Q2 2016, Maersk Drilling's forward contract coverage was 73% for 2016, 56% for 2017 and 45% for 2018. The total revenue backlog by the end of Q2 amounted to USD 4.7bn (USD 5.3bn).



APM Shipping Services made a loss of USD 44m (profit of USD 138m) and a ROIC of negative 3.6% (positive 11.8%) due to Maersk Supply Service delivering a loss of USD 106m impacted by an impairment of USD 97m. The underlying profit was USD 51m (USD 109m).

	Q2	Q2		FY
(USD million)	2016	2015	Change	2015

Maersk Line

Revenue	5,061	6,263	-19%	23,729
Reported profit	-151	507	N/A	1,303
Operating cash flow	89	873	-90%	3,271
Volume (FFE '000)	2,655	2,484	6.9%	9,522
Rate (USD/FFE)	1,716	2,261	-24%	2,209
Bunker (USD/tonne)	194	335	-42%	315
ROIC (%)	-3.0	10.1	-13.1pp	6.5

Maersk Oil

Revenue	1,278	1,583	-19%	5,639
Reported profit	131	137	-4.4%	-2,146
Operating cash flow	514	611	-16%	1,768
Prod. (boepd '000)	331	306	8.2%	312
Brent (USD per barrel)	46	62	-26%	52
ROIC (%)	12.1	9.2	2.9pp	-38.6

APM Terminals

Revenue	1,064	1,033	3.0%	4,240
Reported profit	112	161	-30%	654
Operating cash flow	163	176	-7.4%	874
Throughput (TEU m)	9.4	9.2	2.6%	36.0
ROIC (%)	5.8	10.9	-5.1pp	10.9

Maersk Drilling

Revenue	566	624	-9.3%	2,517
Reported profit	164	218	-25%	751
Operating cash flow	129	248	-48%	1,283
ROIC (%)	8.3	10.6	-2.3pp	9.3

APM Shipping Services

Revenue	1,109	1,234	-10%	5,080
Reported profit	-44	138	N/A	446
Operating cash flow	127	193	-34%	806
ROIC (%)	-3.6	11.8	-15.4pp	9.5

Guidance for 2016

The Group's expectation of an underlying result significantly below last year (USD 3.1bn) is unchanged. Gross cash flow used for capital expenditure is now expected to be around USD 6bn in 2016 (USD 7.1bn) from previously around USD 7bn.

The Group's guidance for 2016 is subject to considerable uncertainty, not least due to developments in the global economy, the container freight rates and the oil price.

For more details regarding the financials for Q2 2016 please visit the Investor Relations website: <http://investor.maersk.com/financials.cfm>

Unless otherwise stated, all figures in brackets refer to the corresponding figures for the same period of the previous year.

Costa Rica's sweetest export

THE BIG PICTURE | The view from inside the Agromonte pineapple farm's packing area. Located in San Carlos in northern Costa Rica, Agromonte is a long-standing Maersk Line customer and exports more than 55 million pineapples a year, mostly to Europe and the USA. Costa Rica is the world's largest pineapple exporter. In 2015, these exports were worth USD 821.9 million, accounting for nearly 50% of the global export value. Pineapples grow on the ground inside a waist-high plant with leaves that are identical to those shooting from the pineapple's top. Each plant produces one pineapple, a process that takes 14 months.



Maersk Post is distributed worldwide, and is available in English, Spanish, Portuguese and Chinese.

For Maersk Group employees, you can sign up and receive a copy here: <http://team.apmoller.net/sites/mpdpg/default.aspx>.

For external readers, please send a message to maerskpost@maersk.com for distribution-related matters.



MIX
Paper from
responsible sources
FSC® C009089