A. P. Møller - Mærsk A/S

Modern Slavery Statement

This statement is made in accordance with Section 54 of the UK Modern Slavery Act 2015 by Maersk Line A/S, reporting as part of A. P. Møller – Mærsk A/S.

It provides an overview of Maersk’s policies and processes relating to the management of the risk of modern slavery, and should be regarded as complementary to the A.P. Moller – Maersk Sustainability Report.

For further information on our activities and progress, please see the Sustainability Report 2017. A.P. Moller - Maersk is a global integrator of container logistics, aiming to connect and simplify our customers’ supply chains. Maersk employs about 85,000 people across operations in around 130 countries.
Policies and Governance

A. P. Moller - Maersk strives to conduct business in a responsible and upright manner, in line with the A. P. Moller - Maersk Values, and is committed to good and fair labour conditions in our own operations and supply chain. We refrain from practices that can give rise to risks of forced or involuntary labour, human trafficking and other practices defined as ‘modern slavery’, as per our Global Labour Principles and our Third Party Code of Conduct.

Global Labour Principles

All employees are covered by a single set of Global Labour Principles, designed to protect their rights and safety.

The Global Labour Principles framework is implemented across A.P. Moller - Maersk with the aim of furthering constructive and productive labour relations with employees and their representatives, ensuring that labour relations and labour conditions serve the interests of both, the employees and the company.

"Maersk will not use any form of forced or involuntary labour, and refrains from practices that can give rise to a risk of involuntary labour"

- Maersk Global Labour Principles

The Head of A.P. Moller - Maersk Human Resources is responsible for monitoring the implementation of, and compliance with, the Global Labour Principles. Progress is reported by the A.P. Moller - Maersk Global Labour Relations Council to the Head of A.P. Moller - Maersk Human Resources.

Third Party Code of Conduct

The A.P. Moller - Maersk Third Party Code of Conduct describes what we consider to be appropriate business conduct by suppliers, third-party agents and contractors (hereafter ‘suppliers’) and it is implemented through the Responsible Procurement Programme (read further below). The Code sets out expectations concerning responsible business behaviour in the areas of health and safety, equal opportunity rights, compensation and working hours, child labour and forced or involuntary labour, freedom of association, anti-corruption and environment.

"We expect our suppliers to not use or benefit from, forced or involuntary labour as per ‘Guidelines & Good Business Practice’ addition to the Code. All employees shall enjoy the freedom of movement during the course of their employment. Personal/employment documents or payment of compensation must not be withheld, thereby preventing such an employee from terminating his/her employment.

We provide specific guidance to our suppliers on how to identify and prevent forced labour in their own operations and their supply chains"

- Third Party Code of Conduct (Read more here)

The CEOs of our businesses and the Head of Maersk Procurement are responsible for implementing the Responsible Procurement Programme, while the A. P. Moller - Maersk Sustainability Council is responsible for overseeing progress of implementation.

A. P. Moller - Maersk Whistle blower System

We take seriously any allegations that human rights are not respected in our operations or business relations. Allegations can be reported by any person within or outside A. P. Moller - Maersk through our Whistle-blower system, available worldwide in more than 75 languages. It enables people to report concerns safely on a wide scope of human rights issues, including human trafficking and forced or involuntary labour, child labour, and actions harming persons, their livelihood or properties, related to our operations, suppliers, contractors, third-party agents, and other business partners with a direct link to A. P. Moller - Maersk. During 2017, the system received one report relevant to the issue of modern slavery. This case involved allegations of involuntary overtime by one of our contractors in West Africa.
Due Diligence in our Supply Chain

Managing our supply chain risks is of special importance due to less direct oversight and control of working conditions and recruiting practices. Since 2010, our Responsible Procurement Programme has aimed at integrating sustainability into A.P. Moller - Maersk’s purchasing processes, by measuring and ensuring compliance with the social and environmental standards contained in the A.P. Moller - Maersk Third Party Code of Conduct. Further, we strive to ensure that all suppliers with a contractual agreement are as a minimum required to follow our Third Party Code of Conduct, suppliers own equivalent, or international standards.

A.P. Moller - Maersk interacts with more than 100,000 suppliers every year in more than 100 countries. Out of these, we have a continuous engagement with more than 20,000 suppliers. Following a human rights and environmental due diligence exercise conducted in 2015, all A.P. Moller - Maersk businesses identified their top 10 high-risk supplier categories. There are approximately 5,000 suppliers in the first and second tier of these high-risk categories, enabling a more focused approach to risk management. We define a high-risk category as having high risk of severe social or environmental impact when sourcing, producing or delivering to us either directly or through subcontractors (see box).

Supplier risk assessment

We assess suppliers using a combination of onsite audits, self-assessments and documentation reviews, where suppliers’ performance is compared to the requirements of our Third Party Code of Conduct. The assessments are reviewed either by our Responsible Procurement team or by an approved third-party auditor. Based on findings, improvement plans are agreed and implemented.

For selected categories of suppliers, we undertake further due diligence measures:

- **Assets under construction** includes suppliers building vessels, tankers, rigs and terminals, where employment conditions of subcontracted workers could present a risk. These suppliers must be audited on-site prior to or shortly after contract signing.

- While indirect hiring and recruitment enables operational flexibility, it could pose a risk due to the less direct oversight of how workers, often recruited across multiple countries by e.g. manning and crewing agencies or local contractors, are hired. When contracting third party manning and crewing agencies for our shipping businesses, we follow standardised auditing guidelines. This includes: periodic audits and self-assessment questionnaires through our Responsible Procurement Programme, and additional assessments to ensure their compliance with the Maritime Labour Convention (MLC) standards before entering contracts.

Please visit our website for more information on how we address human rights and responsible procurement or have a look at our 2017 Sustainability Report.
Findings and experiences

During 2017, we conducted 68 audits and 569 self-assessments of suppliers in high-risk categories. In 379 of these we identified critical and major gaps against our Third Party Code of Conduct. This included instances where suppliers were found to store the passports of their workers, which can result in a risk of bonded labour. In those instances, we requested suppliers to cease this practice and followed up to verify that this had been done.

One of the key challenges in a global supply chain is how to ensure compliance with human rights and labour principles beyond the first tier of suppliers. We insist that our suppliers implement the standards of or similar to the Maersk Third-Party Code of Conduct in their own supply chains. During 2016, we became aware that a ship yard supplying vessels to Maersk was using a sub-supplier, who was in turn using sub-contracted workers from North Korea. We have engaged the supplier in a dialogue specifically focused on the implications of engaging the North Korean workers, and since put in place additional due diligence processes to be performed by all the yards that we use, when hiring workforce via a third party, to prevent similar occurrences going forward. Training of Maersk’s manning agencies has been taking place regularly since 2012.

Training

We train employees on an annual basis on issues related to modern slavery. In 2016, we introduced training on labour relations and human rights for our internal health and safety auditors, and in 2017, we established communities of practice on labour relations, in an effort to distribute best practices. We carried out 33 training workshops for a total of 327 employees across the A.P. Moller - Maersk businesses in 2017, both as face-to-face sessions and as webinars focusing on practices and rights related to labour. The roll-out of these new materials and priorities will continue in the coming years. During 2017 we developed a new e-Learning module on Global Labour Relations, to be introduced in 2018. In this training module, we pay explicit attention to the topic of forced labour.

This statement was approved by the Board of Maersk Line A/S on January 23, 2018.

Signed

Søren Skou
CEO and Member of the Board of Maersk Line A/S