2020
Sustainability Report
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**About the report**

This is the Annual Sustainability Report of A.P. Møller - Maersk A/S (hereinafter referred to as A.P. Møller - Maersk or Maersk as the consolidated group of companies and A.P. Møller - Mærsk A/S as the parent company). The report covers activities in the 2020 calendar year. Our approach to sustainability reporting is to focus on material issues and activities, in line with stakeholder concerns and relevance to our business and society in terms of context, completeness and balance. We strive for optimal accuracy, timeliness, clarity and reliability in the way we communicate. This report also represents our statutory statement on social responsibility, underrepresented gender and diversity in accordance with sections 99a & b and 107d of the Danish Financial Statements Act.

As a supplement to the Annual Sustainability Report, we prepare an ESG data overview of key performance indicators as well as SASB and TCFD index tables. The ESG overview can be downloaded at: https://investor.maersk.com under files for download at the release of the Annual Report.

Previous years’ data and our UN Global Compact Communication on Progress table are also available online. Please visit https://www.maersk.com/about/sustainability/reports.
What we do and how we create value

A.P. Moller – Maersk enables its customers to trade and grow by transporting goods anywhere. We work to provide customers with end-to-end logistics products and services, taking complexity out of global value chains.

Stakeholder relationships and partnerships
We rely on constructive relationships with e.g. customers, suppliers, peers and authorities to maintain supportive framework conditions. See our key partnerships on p. 10.

Technology and IT
Technology and IT are key to enhancing our operational performance and solutions for our customers.

Assets and end-to-end delivery network
Our assets, supplier relationships and expertise in end-to-end delivery networks ensure our customers resilient supply chains.

For our people
Our people bring key skills and capabilities to our business and in turn we must keep them safe and engaged while offering interesting career paths in enabling global trade. Read about our work on safety on pp. 30-31.

For the environment
Our industry is a significant contributor to global GHG emissions, and we are committed to decarbonising our operations through investments and collaboration. Read more on pp. 16-22.

For society
With global presence and potential for impact comes the responsibility and opportunity to ensure open, inclusive and sustainable trade. Read more on pp. 13-15.

For our investors
In our transformation to become the global integrator of container logistics, we continue to innovate and grow shareholder value.

For our customers
By connecting and simplifying our 70,000 customers’ supply chains, we enable them to focus on growing their business.

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Our brand
For more than a century, we have built partnerships with customers, enabling them to prosper by facilitating global trade.

Financial capital
We have a strong balance sheet and are committed to remaining investment grade-rated.

Our people and culture
Our talented and diverse group of 80,000 employees live our core values every day as they help customers realise their ambitions.

Natural resources
Our business relies on natural resources, in particular steel (the main component of our vessels) and oil for fuel.

Start destination

End destination
2020 was year of contracts. While the pace of modern life slowed down due to restrictions or lockdowns, trends and change agendas on digitisation and sustainability accelerated during the COVID-19 pandemic. While some industries came to a sudden halt others surged. And while lives and livelihoods were lost at tragic rates, human ingenuity and adaptability rose to new heights. Even though borders closed, air traffic stopped and roads blocked across the globe, industries came to a sudden halt others surged. Even as the urgent priorities of the pandemic spilled over to many other countries, and new waves of fomentos serve as timely reminders that we must continue conversations on diversity and inclusion and take action where needed.

Sustainability as a fully integrated business priority
Even as the urgent priorities of the pandemic and our business transformation have kept us busy, sustainability remains at the top of our customer’s and shareholders’ agenda. And we continue our commitment and support for the principles of the United Nations Global Compact. We see an acceleration in expectations from all stakeholders, not least customers, investors and employees. In 2020, we updated our sustainability priorities to further integrate sustainability into our business strategy, and we are accelerating our efforts to decarbonise shipping. The pandemic has only reinforced our resolve in multiplying the benefits of trade and in making these accessible to all so that more people and businesses can be part of a global, open and inclusive trading system. Towards this end, we work to reduce complexity by digitising global trade. As physical lockdowns moved more customers online during 2020, we saw significant growth in our digital solutions, such as MaerskGo, the Maersk app and Travail.

A step-up on decarbonisation
Decarbonising logistics is where we can and must move the needle the most for sustainable development. Maersk remains fully committed to our ambition of eliminating greenhouse gas emissions, as we continue to work towards net-zero emissions from our ocean activities in 2050, a 50% relative reduction in emissions from shipping by 2030 compared to 2008, and investigating how we can expand our net-zero ambition to cover our full operations and value chain across all emission scopes. We recognise that climate action is a strategic imperative for our company and have redefined our organisation in order to embed the agenda and ensure collaboration across our business activities. In 2020, we began a process to step up our efforts on decarbonisation. I strongly believe that we, as an industry leader and with the resources available to us, have an obligation to do all we can to get to a carbon-neutral fleet as fast as possible. We will not be using transition fuels, but will instead leapfrog directly to net-zero. The launch of the Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping in 2020, made possible by our majority shareholder, the A.P. Moller Foundation; together with a group of industry-leading players, is an important step in aid of our commitments.

As Maersk’s presence grows on land to offer integrated logistics solutions, so does our responsibility and commitment to help our customers decarbonise their global supply chains. This geographical presence and leadership position of A.P. Moller – Maersk (Maersk) enabled us to find new ways of being and ultimately bring essential goods moving for customers and societies, as they kept businesses running and fought the virus. Just as we as our company focused on protecting our employees, who play an instrumental role in moving global trade while dealing with long shifts at sea and disruptive routines on shore; I remain tremendously proud to experience how we responded to this global emergency by showing resilience, innovation and a natural willingness to care for colleagues, serve customers and help society respond and recover. I am at the same time saddened by the fact that the COVID-19 virus has claimed the lives of some of our colleagues. Guided by our core company values, our commitments to international standards and guidelines, and with high expectations from customers, investors, regulators, employees and other stakeholders, we continue to address challenges across our operations and supply chains, including key areas such as ship recycling and safety.

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As sustainability becomes a strategic imperative for A.P. Moller - Maersk, we have updated our sustainability priorities and governance to underpin a more targeted and integrated approach.

A.P. Moller - Maersk’s (Maersk) approach to sustainability is to take responsibility in line with our values and commitments, and to assume a leadership position on global issues where we have the necessary competencies and leverage to make a real difference. We do this through our business activities and in line with our business strategy, while we listen carefully to stakeholders’ expectations.

In 2020, this approach has led us to reassess and elevate our ambitions on sustainability, which are now further integrated in our Global Integrator strategy and the transformation of Maersk to one company. We see continued strong momentum on the sustainability and ESG (Environment, Social, Governance) agenda in society as the expectations and ambition levels of our customers, investors, regulators and civil society continue to rise. This impacts not only Maersk, but importantly also our customers, who are converting the expectations, risks and opportunities for sustainable products in the consumer market into requirements for us to deliver decarbonised and increasingly also end-to-end responsible supply chain solutions. Almost three out of four of our key clients seriously consider sustainability in their supply chains, and 90 of our top 200 customers have set or are in the process of setting ambitious science-based or zero carbon targets. ESG is moving from the niche confines of socially responsible investments to a focus on financial material impacts that matter to mainstream investors. The financial community expects companies to demonstrate a credible plan that aligns with the Paris Agreement’s 1.5-degree target across the full supply chain, and to take into account the physical effects of climate change and secure a viable business for the future.

Furthermore, lawmakers – particularly the EU – are moving rapidly on legislation related to sustainability, also on issues beyond climate change and decarbonisation. For example, the EU is enacting the taxonomy on sustainable activities, which through demands on the financial community will push requirements for transparency on ESG data across business sectors. Further initiatives are in the EU pipeline, including increased reporting obligations, ensuring sustainability in corporate governance and not least, mandatory social and environmental due diligence in supply chains. As a consequence, sustainability is becoming not only a values-based responsibility for us but also a commercial and strategic imperative for Maersk as part of our proposition to customers, capital providers, employees and regulators, and foundational to our broader societal licence to operate.

Defining a sustainable business strategy
Our sustainability efforts have matured over the last decade with increasing ambitions matching the maturity of the field and expectations of our leading customers and key stakeholders. The sustainability strategy and ambitions we defined in 2017 have served well in creating positive impact across multiple dimensions. We have made significant progress on the four shared value priorities that we identified in 2017 as those where Maersk has the strongest potential to contribute towards the Sustainable Development Goals, leveraging our business expertise and assets: decarbonising logistics, multiplying the benefits of trade, contributing to halving food loss, and leading change in the ship recycling industry. We have progressively embedded responsibility for sustainability implementation into core functions and business areas, and we are now ready to integrate our sustainability priorities as an embedded part of our business strategy.

In 2020, we have defined updated sustainability priorities for the Global Integrator strategy: Enabling sustainable trade by decarbonising logistics, sustainability in our end-to-end offerings and responsible business practices.

We will take leadership on decarbonising logistics as our single most important strategic sustainability priority.

Our commitments on inclusive trade and food loss are fully owned and driven in line of business, and remain part of our reporting on sustainability as they are integral to our strategy and what we do as a business. Responsible ship recycling is also fully owned in line of business and part of ensuring responsible business practices.

Maersk’s commitment to sustainability is a values-based responsibility for us but also a commercial and strategic imperative for our leading customers and key stakeholders.

Enabling sustainable trade: Sustainability priorities for the Global Integrator

Decarbonising logistics
Sustainability in our end-to-end offerings
Responsible business practices
Governing structures in place

Governance of sustainability in Maersk is overall anchored with the Board of Directors (Transformation and Innovation Committee) and the Executive Leadership Team. Under their oversight, our sustainability governance and integration approach secures executive ownership of sustainability and involvement in setting sustainability priorities and driving implementation, while also embedding sustainability in core processes related to strategy, performance, planning and risk management.

In 2020, we revised the governance structure on decarbonising logistics to support an acceleration of our efforts. This includes an expanded steering committee with two executive members serving as an accountable executive team. We also updated our overview of the Maersk Sustainability Advisory Group, preparing work to ensure that sustainability principles and performance are embedded in our strategic and operational decision making.

We remain engaged in a wide range of partnerships and are members of different organisations working towards sustainability goals.

Key partnerships

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Material sustainability issues 2020

Based on research, stakeholder dialogue and management prioritisation, we determine how sustainability issues are material to Maersk by applying criteria and filters of risk, responsibility and strategic opportunity assessment. The most material issues are outlined below and reported on in relevant sections of this report.

Changes to reporting as a result of strategy and materiality review

Our commitments to open, inclusive and sustainable trade are owned in line of business and delivered in particular through strategic investments in digitising global trade. We continue to report on our 2025 commitments as well as on key societal trends in global trade.

Supply chain sustainability risk is becoming more strategically relevant for us in our customer offerings. We report on it in the chapter on end-to-end sustainability in our offerings.

We no longer report on food loss as a separate disclosure topic but incorporate highlights in this year’s report as part of the chapter on sustainable trade.

Remote ship recycling continues to be a material responsibility topic which we report on in the responsible business practices section.

We no longer report on human rights as a separate issue, but have integrated human rights commitments and frameworks such as the UN guiding principles on human rights and business into our governance approach and issue management processes. See overview to the right.

Human rights in this report

There are many aspects of our business that touch on human rights. Commitment to human rights is expressed in the A.P. Moller - Maersk Code of Conduct and our human rights due diligence is described on the following pages of this report.

Air emissions

The right to the highest attainable standard of health.

Safety

The right to life and the right to the highest attainable standard of health.

Diversity and inclusion

The right to freedom from discrimination and the right to family life.

Responsible procurement

Human rights principles and standards related to labour.

Responsible ship recycling

Human rights principles and standards related to labour, in particular the right to life and the right to the highest attainable standard of health.

Employee relations

Human rights principles and standards related to labour, for example freedom of association and collective bargaining, equal treatment, child labour, forced labour, working hours, compensation, privacy, rest and leisure.
Wherever you live, chances are that your living conditions are closely tied to how much and how well your country trade. Since 2000, Bangladesh has seen a four-fold increase in exports with poverty rates declining from 45% to less than 15% today. In South Korea, another trading nation, an average employee generates 13 times more wealth in a day than she did fifty years ago. In China, the typical consumer can attribute a third of their real income to lower prices enabled by trade.

**Lessons from a pandemic**

During 2020, we saw how fragile this progress can be – a real-time demonstration of what can happen when economies shut down. The International Labour Organization has estimated that as a result of the pandemic, global labor incomes have declined by more than 10% in 2020, corresponding to hundreds of millions of jobs. The economic hardships caused by COVID-19 are not equally distributed, and inequalities within and among countries are likely to widen. According to the World Bank, during the pandemic the number of people living in extreme poverty (less than USD 1.90 a day) has gone up for the first time in twenty years and there is a real risk that we will not reach the UN Sustainable Development Goal of eradicating extreme poverty by 2030.

At the same time, 2020 also demonstrated the power of open trade and well-designed logistics. The pandemic has been a demand-side crisis, but the initial shut-down in China, and initial shortages of face masks, it has not been a supply-side crisis. Logistics supply chains have kept moving throughout the pandemic. Three factors in particular explain why this has been the case. First, the extraordinary efforts of those on the frontline that make trade move: seafarers, dockworkers, warehouse staff, truck drivers and many more. Throughout the crisis, they have kept supply chains moving. For our seafarers and their families this has come at great personal sacrifice (see p. 26).

Second, the investments we have made into operational excellence, expansion of our portfolio of services and new digital solutions over the past years have made supply chains much more resilient. Comparing 2020 to 2019, the Maersk App nearly doubled the number of business transactions – from an average of about 2,140 per week in 2019 to an average of about 4,260 per week in 2020. Similarly, business transactions on Maersk.com – one of the world’s largest B2B-sites – are up by 18% year on year. As the pandemic disrupted the global economy, our strategic focus on building end-to-end supply chain visibility helped our customers slow down, speed up and redirect supply as shut-downs rolled through global markets. Third, governments have on the whole consciously worked to keep trade open in order to preserve jobs and economic activity, enabling logistics companies to do their job.

**Using trade to drive recovery**

The learnings that helped us during the crisis will also be essential for the rebuild that lies ahead. Open, inclusive and sustainable trade should be at the centre of this effort. Much attention has been focused on the US-China trade war, but trade protectionism has been on the rise among all the G20 economies since the 2000 global financial crisis, and US and China account for no more than a quarter of protectionist measures since 2017. This can no longer afford. The removal of protectionist measures can offer a multi-billion-dollar stimulus to the global economy without burdening taxpayers and public finances. The pandemic has been particularly hard on small and medium-sized businesses that account for two-thirds of all jobs globally. Boosting their access to trade is critical for an inclusive recovery. Furthermore, helping SMEs grow will not only make them and the millions who depend on them more resilient to future crises.

**Live demonstration of the power of trade**

It is tempting to think that in an uncertain world, decoupling supply chains and increasing protectionism and self-sufficiency is the way to go. 2020 has demonstrated just how flawed this strategy is. It is because of open supply chains, digital connectivity and rules-based trade that countries and businesses have been able to maintain essential services and supplies, even as half the global population went into lockdown. But while global supply chains are essential during the crisis and for the recovery, going forward it will not be business as usual. The increased need for resilience experienced during the pandemic adds to an already existing set of factors, including technological innovations and geopolitics that are transforming supply chains. We expect that resilience, redundancy and scalability will play a bigger role for our customers, with more focus on the geographic diversity and resilience of suppliers, stress-testing supply chain networks, and just-in-case inventory management.

As the global integrator of container logistics, we work to ensure that trade is open, inclusive and sustainable.

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2. [https://ourworldindata.org/grapher/labor-productivity-per-hour-pennworldtable](https://ourworldindata.org/grapher/labor-productivity-per-hour-pennworldtable)
3. [https://www.nber.org/papers/w20331.pdf](https://www.nber.org/papers/w20331.pdf)

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Maersk is committed to helping connect the global containerised trade to digital solutions by 2025.

Delivering on our commitments

Through Twill, our digital logistics offering for small and medium-sized customers, and Maersk Growth, A.P. Moller - Maersk’s (Maersk) corporate venture arm, we pursue our commitment to connecting 100,000 SMEs, including women-led businesses, to international trade by 2025. As part of this work, we recognize that trade finance is one of the key barriers to trade for small businesses, and for this reason we have invested in MODIFI, which specialises in making trade finance accessible to small companies. In 2020, we integrated MODIFI’s offering into Twill. Women-owned businesses and women entrepreneurs held particular promise in making trade work better for inclusive growth in 2020, so we continued our collaboration with the Speler’s Initiative of the International Trade Centre, with the aim of connecting more women to trade. As shippers, logistics providers, customs officers and many more supply chain actors have been holed up at home around the world, digital platforms have enabled them to keep operations moving. Maersk is committed to helping connect 50% of global containerised trade to digital solutions by 2025. The potential impact of reaching this target was demonstrated in an analysis of our terminal in Mumbai in India concluded in 2019. This showed that digitising trade processes can help reduce costs for exporters and importers by up to USD 260 million annually in Mumbai alone, equal to approximately 15% of total costs.

Our aim is to help realise this potential on a global scale. In 2019, Maersk entered into an innovative partnership with the Government of Germany and the United Nations Conference on Trade and Development (UNCTAD). The aim of the collaboration is to develop ASYHUB, a digital platform that connects clients and administrations globally to exchange digital shipping information with platforms such as Tradelens, an open and neutral supply chain platform developed by Maersk and IBM. The ASYHUB solution enables customers to have greater visibility of goods entering and leaving their countries, while drastically cutting down on the time and cost for importers and exporters to clear their goods. Development of the solution was completed in 2020 and it will be tested by customs authorities in Cambodia and Sri Lanka during 2021.

The link between trade and climate change

We recognise that concerns over the sustainability of global consumption patterns remain and that in the light of the pandemic, this debate has come to include the added dilemma of jobs and livelihoods lost in production. Our commitment is that fighting climate change should not be at the expense of trade, because this will lead to another set of sustainability challenges: lack of decent work, increases in poverty, hunger, lower availability of funds to invest in sustainable transformation and new infrastructure and more. As the past year has shown, keeping trade up and running positively impacts the chances of sustainability staying on the global agenda.

Maersk is best positioned to impact two aspects of making trade and consumption more sustainable: by ensuring access to trade by removing friction in trade as explained above, and decarbonising logistics, described in detail on pages 16–22, which will result in the decoupling of the current growth in emissions driving transport from economic growth. Decarbonising logistics is only one part of the sustainability challenge related to consumption, but it is the one which we are able to impact directly, as opposed to cultural consumption resources, build-up of non-recyclable waste, etc., which are issues that must first be dealt with in the systems in which they occur. In simple terms, we are working to decarbonise how container cargo is moved around the world. The sustainability of what is inside the container is not within our direct sphere of influence, and must as a starting point be dealt with by the cargo owners.

Minimising food loss with customers

We are helping small and medium-sized businesses on their journey as part of our commitment to global sustainability. We opened one new cold chain facility and are progressing three construction projects in developing countries, which equals less waste and better quality in citrus fruit during transportation and help with the preservation of food quality in citrus fruit during transportation was challenging. We worked included quality-preserving processes related to packing, handling and temperature control in the cold chain resulting in less food loss, as well as further efforts required during 2020 to minimise disruptions brought by COVID-19 and ensure all elements across the cold chains including cold storages and trucking could continue to run smoothly, and ensure the stability of global food supply.

During 2020, the Cold Chain Logistics area expanded and now serves several hundred customers across nearly 50 countries globally. We opened one new cold chain facility and are progressing three construction projects to develop our network of cold storage warehouses. We work with customers to test solutions that target produce at the origin, working from harvesting to consumer in developing countries.

Our commitments on sustainable trade

- Contribute to trade facilitation reforms in 50 developing countries by 2025.
- Contribute to reducing food loss in logistics in support of sustainable development and growth of our cold chain business.
- Help connect 100,000 small and medium-sized enterprises (SMEs), including women-operated businesses, to international trade by 2025.
- TradeLens has integrated with over 220 organisations, including data from more than ten ocean carriers and more than 400 ports and terminals, resulting in coverage of nearly half of the world’s ocean container cargo. Integrations of CMA CGM and MSC owned terminals is being planned. TradeLens involvement in a multi-stakeholder project to automate advance sea cargo data for developing countries will contribute to reducing food loss in the supply chain.
- We work with customers to test solutions that target produce at the origin, working from harvesting to consumer in developing countries.

Twill employees coach women entrepreneurs

As part of Twill’s collaboration with ITC SheTrades, we organise coaching programmes between Twill employees and representatives of SMEs. In 2020, a pilot programme of four weeks and a subsequent eight-week-long programme, was undertaken to support a total of 29 women entrepreneurs from Nigeria, India, Mexico and Kenya. The business owners were coached by a Twill coach, and the pair worked on predefined challenges experienced by the business and communicated in advance.

These were not only logistics challenges, but also addressed questions related to sales, e-commerce, HR and marketing. The pair worked together on a follow-up, a full 94% of these reported that the programme would enable them to change their operations to increase their competitiveness in international trade.

This is the case for Rocio Aldana Noegarcia Sandoval, co-owner and CEO of Dos Cacaos in Mexico, producing and selling gourmet chocolate products, promoting the consumption of Mexican cocoa and on a mission to improve crops and support the social fabric of communities in their supply chain.

Rocio Sandoval came into the coaching programme with a desire to expand Dos Cacaos’ market beyond Mexico, but declaring that she did not know where to start and would like help to understand what the company’s target audience and pricing strategy might be when trying to expand.

At the end of the eight weeks, Rocio and her Twill coach, Maria Fernanda Moniz, agreed that good knowledge about the export process in Mexico had been achieved and a pricing strategy established. Furthermore, Rocio and Maria had worked on Dos Cacaos’ supply chain and designed an export plan based on ocean freight.

“Thank you for the fortune of being part of this programme, I now feel more capable in dealing with future challenges,” Rocio Sandoval wrote to Twill at the end of the programme.

The Twill employees working as coaches were equally enthusiastic about taking part in the project. A full 95% reported that they had increased their understanding of SMEs and their pain points, while 86% increased their understanding of developing markets, and 100% felt that they had improved their interpersonal skills.

The long-term potential for a partnered approach is illustrated by the results of a programme to improve cold chain logistics in MEXICO, where sales increased by 10%.

We have found that women-operated businesses and their entrepreneurs hold particular promise in making trade work better for inclusive growth. In 2020, we worked with women entrepreneurs from Mexico, producing and selling gourmet chocolate products. We have found that women-operated businesses and their entrepreneurs hold particular promise in making trade work better for inclusive growth. In 2020, we worked with women entrepreneurs from Mexico, producing and selling gourmet chocolate products.
Decarbonising logistics

Two years after setting our net zero ambition in December 2018, we have come further than we imagined possible at that time. In 2018, a 2050 net zero ambition for shipping was a moonshot goal. Today, we see it as a challenging target, but clearly possible to reach. Customers, investors and authorities are accelerating their ambitions, and their expectations are rising fast for A.P. Moller - Maersk (Maersk) and our industry to deliver more solutions, more visibility and more help in decarbonising supply chains.

Decarbonisation can make or break us

In 2020, we conducted a strategic review of global climate scenarios and transition pathways (see box on page 27). The conclusion was that climate action is a strategic imperative for all companies, and our company in particular, as we – due to our size and industry reach – have the opportunity to be a driving force in decarbonising shipping and logistics. We are both able and willing to take that role upon us.

There are specific trends in our stakeholder environment that underscore the need for urgent action on decarbonisation. First, a logistics provider without an ambitious plan for decarbonisation risks becoming irrelevant in the market, because it would become increasingly difficult for customers to embed services offered into their product offerings. This means that our company cannot be behind the curve on the carbon journey.

Second, political action is gradually but continuously beginning to reflect the reality of climate change. Spurred on by science, the evident rise in the number of extreme weather events, as well as pressure from a broad range of stakeholders, lawmakers are working on taxation or other pricing mechanisms as well as disclosure requirements related to CO₂ emissions, to incentivise transformation in all parts of society. These actions both emphasise and potentially mitigate the financial risks of climate change to companies, asset owners and societies. For example, while Maersk supports the introduction of uniform pricing regimes for CO₂, the potential added cost from a regulatory instrument such as a carbon tax might end up being calculated in billions of dollars for Maersk alone, if we do not decarbonise our operations.

Decarbonisation is a strategic imperative for our industry and our company. We are intensifying our efforts to achieve net zero emissions and support our customers to decarbonise their supply chains.

Our commitments on decarbonisation

<table>
<thead>
<tr>
<th>2030</th>
<th>2050</th>
</tr>
</thead>
<tbody>
<tr>
<td>60% relative CO₂ reduction from shipping</td>
<td>Net zero vessels in operation</td>
</tr>
<tr>
<td>By 2030, deliver 60% relative reduction in CO₂ emissions compared to 2018 levels.</td>
<td>By 2050, have commercially viable, net zero vessels operating in our fleet.</td>
</tr>
<tr>
<td>Net zero CO₂ emissions</td>
<td>Net zero CO₂ emissions from our own ocean operations.</td>
</tr>
</tbody>
</table>

**Continued progress on efficiency**

By end 2020, we had achieved 46.3% reduction in emissions compared to 2008, with 2.5% of that achieved in 2020 alone.

**Future fuels and vessels**

Our research shows that net zero technologies are available, and we will not use transition fuels (such as LNG) but leapfrog to fully net zero fuels.

**Pathways to 2050**

We are working with customers, partners and regulators to build the market, fuel supply chains and policy frameworks to support net zero emissions shipping.
Maersk has a history of pioneering solutions and being ahead of our customers’ demand. We were first to create a global network driving down the cost of transporting goods. We are the frontrunners in digitising the shipping and logistics industry, in making the chain and web based solutions.

Our decarbonisation efforts have matured over the past decade with increasing ambitions matching the maturity of the field and the expectations of our leading customers. We now want to reinforce our position, and we see this as an expression of our obligation – as an industry leader and with the resources available to us – to do all we can to get to a carbon-neutral fleet as fast as possible and to help our customers decarbonise their global supply chains end to end.

Today, 90% of our top 200 customers have set or are in the process of setting science-based or carbon targets. We have since 2018 been committed to set a science-based target, and we are actively engaging with the Science-Based Target Initiative on developing a methodology for shipping. Once this work is finalised, expected in the first half of 2021, we want to relate our emission reduction targets to this new calculation method, and measure our performance by the same yardstick as our customers do.

**Intensifying our efforts**

To be true to our history and strategic premise, we are in the process of reviewing our decarbonisation ambitions, and investigating where we can raise the bar. To drive this and coordinate all related processes, a new Decarbonisation function was launched in January 2021, tasked with ensuring collaboration and coordination all related processes, a new Decarbonisation target has been set in 2018, we continue to make progress along the strategic path along of the development of building markets, developing technologies and enabling policies.

Launched in 2019, Maersk ECO Delivery remains one of only a few options for carbon-neutral emissions shipping on the global market so far. A market for net zero emissions shipping

Building on the increased momentum from the past decade, in 2020 we implemented a new strategic priority across the business. The new team, counting more than 50 people, will assist, inspire and maintain direction and pace and ensure that decarbonisation is a business priority embedded across the entire company.

In pursuit of the decarbonisation targets set in 2018, we continue to make progress along the strategic path along of the development of building markets, developing technologies and enabling policies.

How decarbonisation affects consumer prices

Vincent Clerc, Executive Vice President and CEO Ocean and Logistics, A.P. Moller - Maersk A/S

How decarbonisation affects consumer prices

**The future of fuels**

Over the past two years, we have conducted an extensive analysis on the available technologies and fuel options for net zero carbon operations. Based on this work, we have concluded that there are technologies that are mature enough for us to participate in their development to scale by acting as an ambitious customer.

A number of technologies were evaluated and the four primary pathways we are now pursuing can be seen in the table above. As part of this process, we also developed a number of potential technologies. For example, bio-methanol and liquidated natural gas, a fuel cell, nuclear and onboard carbon capture due to concerns related to one or more of the steps in the fuel transformation supply chain (see illustration on the next page). For bi-methanol and liquidated natural gas, for example, we are very concerned with levels of emissions, and the risk of falling investments to marginal CO2 reductions rather than transform to real net zero emissions solutions. Fuel cells were put on hold because they are not ready to be produced efficiently in scale and costs are high, but we monitor this technology closely.

Our analysis shows that the technologies are available. As a market leader and in response to the increased urgency of delivering on decarbonisation, we believe that the right thing to do is to leapfrog to pure net zero vessel technology without any transitional technologies.

<table>
<thead>
<tr>
<th>Technology</th>
<th>Key advantages</th>
<th>Key limitations/risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bio-methanol</td>
<td>Can be used as drop-in fuel in existing vessels and engines.</td>
<td>Limited availability of biomass feedstock a challenge to scalability.</td>
</tr>
<tr>
<td>Lignin fuels</td>
<td>A new biofuel based on biomass residue (lignin) and alcohol (methanol or ethanol).</td>
<td>In development stage, production needs to be scaled up to create a new value chain and infrastructure for supply. Engine requirements would be the same as for methanol but additional handling of contaminants may be required.</td>
</tr>
</tbody>
</table>

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*Vincent Clerc, Executive Vice President and CEO Ocean and Logistics, A.P. Moller - Maersk A/S*

*A pair of running shoes for $100 would increase by $0.06 (+0.06%).*  
*A computer for $800 would increase by $0.60 (+0.08%).*  
*A banana for $0.25 would increase by $0.01 (+5%).*
The need for broad-based action

The full piece of our decarbonisation strategy relates to the policy frameworks established to further this process. Policies must not only secure that low performers are held accountable, but also that the first movers are truly rewarded for the risks taken on behalf of the whole industry. With very few exceptions, the political and legislative debate is currently not moving fast enough to fulfil its role. The International Maritime Organization (IMO) must start to address concrete long-term measures in order to close the competitiveness gap between fossil and renewable fuels. Global measures to accelerate the transition and create a more sustainable and profitable market are needed. In parallel, private action and advocacy initiatives should also continue. We are proud to have been part of the recent launch of the Maarss McKinney Moller Center for Zero Carbon Shipping (see box). This independent centre will engage scientists from all over the world in trying to find solutions on fuels for maritime transport. We are looking for more robust and comparable information on how companies are progressing and developed with industry, which would be to no one’s benefit.

The centre is possible due to a start-up donation of DKK 400m by the A.P. Moller Foundation. The founding partners are American Bureau of Shipping, A.P. Moller - Maersk, Cargill, MV2 Energy Solutions, Mitsui Heavy Industries, NYK Lines and Siemens, and many more partners are expected to join.

Climate-related risks and opportunities to our business

In 2020, we conducted a strategic review to analyse the likelihood and implications of different pathways for global warming, and how these might impact our business in terms of both physical and transition risks.

Limiting warming to 2.0 degrees appears to be the most plausible outcome. Reaching this goal will require significant policy measures and new capital investments beyond the lowest level recorded since records began in 1960.

The physical effects of climate change are already evident in the form of heat and water stress, precipitation, storms, and rising sea levels. These effects will intensify regardless of remedial actions taken, impacting customer supply chains and potentially Maersk’s ability to deliver a reliable product.

These scenarios confirm the urgency of climate action to mitigate the risks to our own business and stay relevant in the market by supporting our customers to decarbonise their supply chains. Climate change, more specifically the risk of not decarbonising our end-to-end supply chain at a speed that matches our customers’ and investors’ expectations, was in 2020 confirmed by our executive leadership as one of the top enterprise risks to Maersk.

TCFD disclosure

It is a cornerstone of our decarbonisation ambition to provide transparent capital on markets for greenhouse gas emissions across all scopes, our transition pathways, and climate-related risks and opportunities.

The key framework which guides our reporting is the TCFD Task Force on Climate-related Financial Disclosures framework which is also incorporated into a CO2 platform to which we have reported since 2015, and into new benchmarks such as the Climate Action 100+ net zero company benchmark launched in early 2021.

For an overview of that companies report on governance, strategy, risk management, and targets and metrics related to material climate-related risks and opportunities, to understand our governance of climate change work please refer to page 10 in this report.

To learn about our strategy as well as metrics and targets for decarbonisation, please read this chapter of the report.

For an overview of TCFD reporting, please see our ESG data table, which can be downloaded from our Investor Relations website.

The Maarss McKinney Moller Center for Zero Carbon Shipping

The Maarss McKinney Moller Center for Zero Carbon Shipping is an independent, non-profit, leading-edge research and development centre launched in June 2020. Mobilising around 100 of the best thinkers across technology, regulatory affairs and finance, the centre will work to create overviews of decarbonisation pathways, accelerate the development of selected decarbonising energies and powering technologies as well as support the establishment of regulatory, financial, and commercial means to enable and drive that transformation.

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The main contributors to the 2.5% reduction in 2020 are related to a series of energy efficiency initiatives. Retrofitting of our fleet, the further integration and use of Star Connect and improved utilisation of vessels.

Star Connect is a monitoring system being implemented on all our vessels to provide visibility on the efficiency of the engine and the most effective path forward. We are also implementing a more limited version of the system on chartered vessels.

Further efficiency improvements are dependent on a continued and enhanced energy efficiency drive, different fuel types, more modern vessels and technological advances.

Decarbonising end-to-end logistics

As part of our efforts to sustain leadership on decarbonisation and match customer needs and stakeholder demands, we are exploring ways in which we can work to include all emissions - our own, those related to the purchase of energy and those in our supply chain – in our decarbonisation efforts. As the graphic below shows, the vast majority of our emissions come from our own operations (scope 1), which are dominated by ocean transport. As we expand our activities on land, this situation is bound to change.

We are also implementing a more comprehensive approach to ensuring sustainable practices across our logistics supply chain (scope 3) and are working to expand our net zero solutions to customers. We are working towards integrating environmental sustainability into procurement criteria in tenders.

Maersk’s CO₂ footprint 2020

64% SCOPE 1: OWN OPERATIONS

Emissions coming from our financially controlled operations.

96% of our scope 1 emissions come from bunker fuel.

33,902 (1,000 tonnes CO₂ eq)

36% SCOPE 2: PURCHASED ELECTRICITY (location-based)

Emissions from the generation of purchased electricity.

Maersk has partial responsibility related to how much electricity we use.

305 (1,000 tonnes CO₂ eq)

<1% SCOPE 3: VALUE CHAIN

Emissions created in the value-chain as result of Maersk’s business activities, including emissions from carriers transported under vessel sharing agreements.

19,017 (1,000 tonnes CO₂ eq)

This comprises five major categories:

- Fuel and energy related activities, 787
- Capital goods, 21
- Use of sold products, 1,838
- Purchased goods and services, 2,750
- Upstream transportation and distribution, 13,322
- Cargo transported under vessel sharing agreements.

In 2015, we launched our Global Integrator strategy of connecting and simplifying our customers’ supply chains. Since then, we have transformed A.P. Møller - Maersk (Maersk) to a focused and integrated global logistics company.

Working with sustainability in logistics is a different challenge from that of decarbonising container shipping which is dominated by major market players, of which we are one of the largest. In contrast, the logistics industry is fragmented with its thousands of suppliers of trucking, warehousing, manning agencies, rail services. For example, Maersk works with more than 10,000 suppliers of trucking services.

As we grow our logistics business, we are determined to apply our commitment to responsible business practices, our willingness to use the leverage of our business to affect change - by ourselves alone and through partnerships – and our ambition of decarbonising our business and enabling open, inclusive and sustainable trade.

We have investigated the implications of the Global Integrator strategy on sustainability-related risks, opportunities and responsibilities.

* One conclusion is that our exposure to risks on social issues, anti-corruption, environment and CO₂ emissions grow substantially as we take our logistics business from end-to-end, but the relative impact on social issues is expected to be smaller.

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We have investigated the implications of the Global Integrator strategy on sustainability-related risks, opportunities and responsibilities.

“Responsible practices in our supply chain are important for maintaining our societal license to operate. We require our suppliers to live up to international standards on responsible business conduct, and this is equally important in transportation and logistics as it is in our factories and raw materials supply. When we hand over our logistics needs from end-to-end to an external party, we are looking for a logistics partner who can ensure responsibility and ultimately support positive societal and environmental impact in our logistics supply chain.”

Johanna Pihlén

Senior Vice President, Sustainable Sourcing and Logistics, Stora Enso
Better oversight of contract labour in African ports

In 2020, we investigated working conditions for contracted labourers in ports on the African continent. We focused on ports where Maersk vessels call, but which are not owned by us. This broader investigation was the result of unacceptable working conditions first reported by a Danish NGO in the port of Mombasa in 2019, which had found use 24-hour shifts with minimal breaks, to pay wages below the Kenyan hourly minimum wage and to lack provision of safety equipment for workers. This is not acceptable to us.

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level, applying to all businesses above a certain size that have activities with in the EU, because this provides a far more level playing field. The opposite, which is further proliferation of national regulation, we believe will fall short of solving the problems it is designed to alleviate.

Going forward, we can leverage our experience from our extensive work on decarbonisation of and reducing air emissions from shipping. On these issues, Maersk has been instrumental in standard setting for CO2 emissions, customer engagement through product development which implementation of tools can begin. Due to the fragmented nature of the logistics industry, we foresee a road to change consisting of many, comparatively smaller initiatives attacking the challenges bit by bit.

Wheels already in motion

We have begun to take action in key areas. One example is the development of a collaborative approach to improve the monitoring of supplier compliance related to depot services, warehousing and trucking. This approach will be tested and rolled out globally in 2021, and sees our

Comprehensive plan for the future

Applying a customer perspective on responsible business practices across environmental, social and governance issues.

We will use the levers most readily available to us to create impact. That includes:

- Strengthening our procurement digital landscape to enable the end-to-end performance monitoring.
- Defining the ambition level for responsibility and sustainability in our products.
- Engaging our customers on risks in their logistics supply chain.
- Collaborating across the industry to set standards and share cost of driving improvements.

These efforts will also help us prepare both for our own operations and to support our customers to comply with upcoming regulation on mandatory social and environmental due diligence in various national jurisdictions and from the EU. We welcome legislation at the EU level, applying to all businesses above a certain size that have activities with in the EU, because this provides a far more level playing field. The opposite, which is further proliferation of national regulation, we believe will fall short of solving the problems it is designed to alleviate.

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Responsible Procurement team carrying out due diligence in accordance with our Supplier Code of Conduct prior to the signing of a contract, while local Customer Experience and Health, Safety, Security and Environment teams carry out onsite audits for the duration of the contract. Furthermore, in all land-based activities we have contracted labour hired through third-party providers. We are working to enhance our management of risks related to this workforce. Because while the companies responsible for these workers sign our Supplier Code of Conduct, we are not satisfied with our controls for compliance in areas such as health and safety, wages, social security or insurance and working hours.

Finally, while due diligence and onboarding procedures are already part of our Responsible Procurement programme, we are taking steps to strengthen post-contract monitoring and corrective measures. This will include increased audit activities, training suppliers of contracted labour on our standards and ways of working, and support tools for local management, including basic due diligence, non-compliance response options and an overview of potential risks. We expect these measures, including a pilot of 50 new audits per year, to be implemented within the next two years.

Read more about our core programmes on safety, responsible procurement, employee relations and anti-corruption in the responsible business practices section in this report.

Improving working conditions for truck drivers

We are active participants in the Responsible Trucking project run by CSR Europe, which focuses on enabling better working conditions for truck drivers in the EU.

In 2020, the project drafted a set of social guidelines that set out minimum standards, which serves as a public stance from private organisations in support of better working conditions for truck drivers, and at the same time addresses the specific challenges this profession faces. Spot check tools and methodologies were also created for the group to use to understand the challenges on the ground, and for companies to have an indication of the extent to which these challenges are present in their own supply chain.

The guidelines will be published 2021, after which implementation of tools can begin.
In March 2020, the executive leadership defined three priority focus areas to guide our response to the COVID-19 crisis.

**Protecting our people**

- **“How are you? Is everyone safe?”** This greeting became the standard opening comment in Maersk meetings in 2020, as the COVID-19 pandemic impacted where and how all our 80,000 employees in 350 countries worked and lived. Alongside the threat to global health, the risk of collapsing economies with extensive job loss and shortage of goods grew as the pandemic progressed. While economies and individual livelihoods were widely impacted, global trade lanes and supply chains remained in service. Because of flexible supply chains and digital connectivity, countries and businesses were able to maintain essential services and supplies, even as half the global population was in lockdown.

- **Heroes trapped at sea** At exactly 12:00 local time, on 1 May 2020, Maersk captains around the world tooted their horns in a celebration of the essential frontline workers who were keeping supply chains running – at sea, on the road, in ports, warehouses and factories across the world. In Maersk, seafarers in particular were celebrated as “the unsung heroes of the COVID-19 pandemic”, as they continued to play an important part in national and regional supply chains to do their job – first and foremost that people everywhere need.

- **Keeping theWrite on the image:** world, when the build-up was at its highest, more than 2,500 colleagues had completed their contracts, but could not be relieved of their duties. Another, although much smaller, set of colleagues were hurt by the fact that they were unable to board vessels and fulfil their contracts.

To accelerate the process of bringing crew home, we gathered a cross-functional task force to create agreements with governments, airlines, airport operators, hotels and port authorities that would enable crews to obtain essential worker status to safely travel to and from major port hubs with major international airports, including on special Maersk charter flights. Moreover, an IT solution was put together to help track seafarer locations and maximise the number of people we could move, and procurement teams helped book over 100,000 hotel nights and 200,000 meals during the summer alone.

To overcome the multitude of bottlenecks we found on land, we created our own quarantine safe centres in strategic locations such as Manila and Bombay where crew could be tested and certified as healthy to travel to join a vessel. We also created hubs for local quarantine in high-volume areas such as the Suez, Europe, Singapore, Malaysia and Panama, which helped seafarers reach their destinations.

By the end of the year, we had succeeded in helping overdue crew members on or off vessels.

**Safe employment on land** More than 20,000 people work at the port terminals and inland facilities owned and operated by Maersk on six continents. Terminals play an important part in national and regional economies, first and foremost because they make sure goods flow to and from a country or region in same countries, a Maersk-owned terminal is the only gateway to international trade. The jobs created and economic activity sustained due to port activity have a positive impact throughout the surrounding communities.

Across the terminals, we applied procedures to mitigate the risk of contracting COVID-19. These included guidelines for the procedures that terminal and warehouse workers would have to adhere to before entering, while being in, and after leaving the workplace. This included training sessions and inspections of facilities to ensure safety for employees and other port and warehouse users. Furthermore, we outlined employee rights in case of quarantine or staying at home, and ensured visibility of these rights to all employees.

**Serving our customers – and helping suppliers** In addition to protecting our people, Maersk’s top priority during the crisis was to ensure that the global logistics chains we serve, so that businesses and people can trust supply chains to do their job – first and foremost that medical supplies reach hospitals and food reaches kitchen tables, but also to minimise harm to our economies and livelihoods.

Throughout the COVID-19 crisis, global supply chains have remained open. Our container ships continue to sail, our ports and warehouses continue to operate and trucks deliver goods to distribution and fulfilment centres. To take one example more than half the global economy being under lockdown, the world has avoided major disruption in global food markets. These include guidelines for the procedures that terminal and warehouse workers would have to adhere to before entering, while being in, and after leaving the workplace. This included training sessions and inspections of facilities to ensure safety for employees and other port and warehouse users. Furthermore, we outlined employee rights in case of quarantine or staying at home, and ensured visibility of these rights to all employees.

**Looking towards vaccines** The next phase in the COVID-19 pandemic is now starting, as vaccines become ready for large-scale distribution. Maersk began planning the logistics involved in this as early as the summer of 2020.

An important goal is to bring a vaccine to emerging and developing nations. To this end, COVAX and Maersk established a global logistics partnership to distribute up to a billion doses of a COVAXX vaccine worldwide in 2021. As members of the World Economic Forums Supply Chain & Transport Industry Action Group, we also endorsed a charter in support of globally inclusive, safe and sustainable distribution of COVID-19 vaccines. The charter calls for engagement, asset, competency and expertise sharing, and support for UNICEF’s distribution efforts.

**Organising new exports to save products** On 24 March 2020, India came to a sudden standstill as Prime Minister Narendra Modi announced a strict nationwide lockdown to contain the COVID-19 pandemic. For Maersk and its customers, this meant a massive disruption of supply chains. Since just a few days after the lockdown was announced, Maersk moved its full transport platform to meet the challenge and help its customers.

Reliance Industries is the largest private company in India and a conglomerate spanning the energy material, retail, entertainment and digital service sectors. Under the lockdown, Reliance saw local demand for its important polymers business fall to zero. Polymers are manufactured with a continuous process that is difficult to stop and restart, so Reliance needed to keep its factories open.

With over 16,000 container’s worth of polymers and no warehouse space, Reliance’s only option was to shift from local businesses to exports. As road movement in India was halted in the early days of the lockdown, Maersk saw rail as an obvious solution for Reliance. However, local rail suppliers were not prepared to handle the unprecedented jump in volume from one train a week to 47 trains a week. Our team contacted eight different rail vendors and closed an agreement with them in 48 hours.

An even larger challenge was securing containers to move the polymers. The lockdown meant that import clearances were not taking place at regular pace, and cargo inventory was building up in ports and yards. 15,000 40-foot containers were required for these exports – 3,000 of these were needed at Reliance’s Jamnagar, Gujarat plant alone.

To ensure an adequate number of containers, depots, terminals and carriers worked together to pool resources and flag any spare containers.

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**Applying disaster response expertise** The Logistics Emergency Team, the disaster response partnership which Maersk has been an active member of since 2011, was activated in response to COVID-19 in 2020. We received one request for deployment of a cold chain into South Sudan which will serve as storage for vaccines. We have placed three reefer containers with generator sets in a refugee centre, at a state hospital and the Ministry of Health, where they will serve as the backbone of a medical supply chain for ten million people. We are following this closely to ensure whether it can be a scalable model for the global market at a later stage.
Helping society in the fight

Beyond our support to employees and customers, Maersk contributions to support society in the fight against COVID-19 have taken the form of donations of containers, freight, storage space, logistics expertise, face masks and other personal protective equipment (PPE), and in some cases monetary donations. All cash donations are reviewed by Maersk’s Compliance team. All donations were made in accordance with our COVID-19 donations policy and approved by our Internal Crisis Management Team. The total amount donated by Maersk in the fight against the effects of COVID-19 is USD 4.2 million. Some examples of donations are shown below, in addition to some of the large operations our business was involved in to secure delivery of medical supplies and PPE to governments.

EUROPE

Maersk Bridges

A.P. Moller - Maersk has initiated and coordinated an air bridge and supply chain operation to secure delivery of personal protective equipment (PPE) to healthcare workers in Danish hospitals.

3D visor and ventilator tech

Colleagues at APM Terminals Algeciras used 3D printing to help make protective visors for hospitals, rescue workers and health centres.

AMERICAS

Masks

Maersk offices in Brazil donated funds to purchase masks, hand sanitisers and more to a local hospital.

Medical supplies

Donation of medical equipment including ventilators, thermometers and PPE to Villanueva Public Hospital in Guatemala.

Reefers

Maersk in San Antonio, Chile loaned two 40-foot reefers to the local hospital, so it could store pharmaceuticals.

AFRICA

Urgent supplies

APM Terminals funded a flight carrying 10,000 test kits, 15 oxygen concentrators, PPE and health kits for the Nigerian Government’s COVID-19 Response Plan and UNICEF’s work in support of healthcare workers, children and families.

Sanitisers

Maersk supported the Kenyan government requests for 35 20-foot containers to transport raw materials for sanitiser from Mombasa to Nairobi for distribution to hospitals and medical workers.

Food for schools

Maersk in Angola provided disinfectant gels, cleaning materials, gloves and masks as well as food and water to multiple local projects and schools.

Vaccine infrastructure

In response to a Logistics Emergency Team request, we deployed a cold chain consisting of three reefer containers with generator sets in three locations in South Sudan, where they serve as adequate storage for vaccines, and the backbone of a medical supply chain for 10 million people.

Responsible business practices are first and foremost about values, our commitments and meeting expectations of our stakeholders. It is also the foundation on which our entire value proposition of sustainable end-to-end offerings rests.

In this section, we report on our most material issues, with a more in-depth look into the issues of safety, responsible ship recycling and diversity and inclusion.
Responsible business practices

A.P. Moller - Maersk’s (Maersk) safety strategy is grounded in our Safety Differently philosophy, which is one of the most dangerous operations on a vessel. When a mooring rope breaks, it can move at over 800 km/hour and snapback incidents can potentially cause severe injuries and fatalities. Through the collaborative approach to critical risk project management, we ensured that maximum fire resistance. We aimed to work with the front-line community to make safe operations easier.

Why is it important

Safety at work is a basic human right, and workplace conditions directly impact influence workers as well as their families and communities.

Ambitions

We want to protect our people, the environment, and our business, eliminate fatalities and severe injuries, enable Maersk to be a preferred employer and provide safe and resilient products and services to our customers.

Targets

2020:
- Top 300 leaders have completed Leading Safety Differently workshops.
- Verification of effectiveness of critical controls.
- Continuous improvement in employee engagement, measured through our Gallup survey.
- Critical risk projects (on-time and on-scope delivery)

Progress in 2020

An existing safety framework was developed throughout 2020 and launched early in 2021, aligning how safety processes and critical controls are implemented across all operations, including the allocation of core safety responsibilities and accountabilities of both employees and leaders of all levels across the business.

We have set targets and actively pursue progress within our focus areas.

Leadership

The majority of the planned Leading Safety Differently workshops had to be cancelled due to COVID-19 travel restrictions. However, 80 of our targeted Top 300 leaders completed virtual sessions in 2020.

We designed a new leadership programme which we expect to launch in 2021. This consists of a toolkit for leaders to direct, lead and manage safety with easily accessible and inspiring content that is real and relevant to their role and will help them integrate it into their daily business.

Find out and implementation of the Safety Leadership Gamba Guidance which helps reconnect leadership to the reality of everyday work and to learn from the frontline, continued during 2020. Despite COVID-19 restrictions, more than 30,000 Gamba activities could take place across the company.

Building capacity

- The collaborative approach to critical risk project management, where different parts of our company work together to uncover risks, create controls and evaluate and validate those, was integrated into the business. Results include risks related to mooring, crane operations, access to cargo areas and more, as well as a new vessel inspection app.
- Adapting to the COVID-19 pandemic, we developed a virtual delivery solution for learning teams, which was tested late in 2020 and is being rolled-out in early 2021.

Culture

- We see safety as a foundational contributor to employee engagement, and in line with our target the overall score in our engagement survey improved throughout 2020.
- The annual Global Safety Day had a somewhat smaller reach than in previous years due to COVID-19. Where possible, the day was celebrated under the theme Learning from each other. This included more than 600 learning teams working on critical risks in their operations and on mental health and well-being, an area of great importance in 2020 due to the effects of COVID-19 on the well-being of our people. All learning collated from the frontline will inform the 2021 strategy and planning.

Fatalities in 2020

Safely, a person lost his life working on one of our facilities. We realise that there is still much more for us to do to learn and to improve in addressing our workplace risks.

Our Global Safety Day 2020, on 10 October, featured discussions on the risks, precautions and everyday experiences of connecting and disconnecting bollards to and from vessels. The results were applied to improve best practices across the company.

A.P. Moller - Maersk’s (Maersk) safety strategy is grounded in our Safety Differently philosophy, where the central premise is that safety is defined by having the capacity to manage risks under variable conditions. This must be enacted through leadership that engages with front-line employees and provides the support they need to make safe operations easier.

This philosophy is also evident in our safety targets, which do not highlight the absence of accidents, but rather the presence of leadership, that continuously engage with frontline employees to build capacity to eliminate as many as possible of the factors that contribute to the occurrence of accidents, and to manage the outcome of the accidents that still occur.

We pursue the targets through activities in three tracks: engaging with workers, building capacity and promoting a learning culture. See 2020 progress on the next page.

Aligning standards everywhere

Up until 2020, Maersk’s safety organisation was highly decentralised, which in some cases hindered the implementation of our safety strategy, and we have therefore reorganised our workforce to reinforce that Maersk has one, and only one, safety strategy, which is implemented and working to reinforce that Maersk has one, and only one, safety strategy, which is implemented and

Verification of effectiveness of critical controls.
- Continuous improvement in employee engagement, measured through our Gallup survey.

Progress in 2020

A 23-year old roofer lost his life when a scaffold collapsed after being hit by the boom of a tippping crane. We identified multiple factors that contributed to this tragic incident. Our employees and contractors have since used the Learning Teams approach to see if the gaps exist in other facilities, and how to close them.
Responsible ship recycling

Over four years after we landed our first vessel at the ShreeRam yard (Plot 78), taking our declaration of wanting to change the ship recycling industry from words to action, the 10-km stretch of beach with recycling yards in Alang is a different world. We are proud of the progress made in Alang and are expanding our ambition to focus on creating opportunities for responsible ship recycling globally.

We are proud of the progress made in Alang and are expanding our ambition to focus on creating opportunities for responsible ship recycling globally.

This situation is detrimental to the momentum achieved at Alang over the past five years, as well as to the shipowners. We do not agree with the claims made that the BBA now supersedes the EUSRR and the IMO Hong Kong Convention (once it enters into force). Both the EU and IMO regulations offer equal levels of protection as the Basel Convention and general legal principles dictate the application of the specific legislation on ship recycling rather than the general provisions of waste handling. Our position based on thorough legislative analysis is that there are legal options available to the EU and we are engaging with a multitude of stakeholders to find short- and long-term solutions to resolve this gridlock.

Why is it important

Despite many shipowners having policies for responsible ship recycling, around 90% of the vessels recycled globally are under poor health, safety and environmental conditions. As a leader in the shipping industry, we can make a real impact by driving opportunities for responsible practice-driven, financially viable recycling.

Ambitions

To create opportunities for responsible ship recycling globally for the benefit of workers and the environment as well as responsible yards and shipowners.

Targets

2021:
Create opportunities for responsible ship recycling of post-panamax ships globally
• Work with industry stakeholders to support yards globally, including non-OECD countries, to achieve EUSRR-compliance and thereby increase actual capacity on the EUsr
• Continue development of the wider Alang area
• Actively support and participate in the development of the Ship Recycling Transparency Initiative

Progress in 2020

Three vessels were sent for RSRS-compliant recycling to the Alang yards in India and one for EUSRR- and RSRS-compliant recycling to an Alang yard in Turkey. Through a robust framework, we continually ensure RSRS compliance which goes far beyond the Hong Kong Convention at all Maersk operations globally.

With our continual engagement to improve healthcare access in the wider Alang area in 2020, the mobile health unit provided 15,000 services and 1,750 laboratory tests. The training programme aimed at raising awareness on hygiene, substance abuse and sexually transmitted diseases covered 5,000 workers.

We remain steering group members of the Ship Recycling Transparency Initiative (SRTI), which we co-founded in 2018. The SRTI seeks to accelerate a voluntary, market-driven approach to responsible ship recycling practices, with today 11 shipowners disclosing. With a total of 38 signatories (shipowners and other stakeholders), it includes around 42% of the global container fleet by TEU capacity.

Audit results all yards: Number of findings in vessel landing month and in December 2020 (or at completion of vessel) at all yards with Maersk vessels in 2019 and 2020.

The Mobile Health Unit complied with COVID-19 guidelines while it served workers from all Alang yards.
Diversity and inclusion

2020 was a year of increased focus on inclusion and non-discrimination in much of the world, with movements such as Black Lives Matter originating in the US, as well of new bursts of attention to LGBTQ+ rights and continued focus on #metoo around the world. Our global presence means that we are affected by events and movements regardless of where they take place, and they impact us as specific actions and provide input to A.P. Møller - Maersk’s (Maersk) continued, global conversations on diversity and inclusion. Diversity and inclusion are part of our value system, and our support for social justice and anti-discrimination is also expected by our employees. In the North American part of our company, we took time to reflect on what discrimination means and how this impacts our teams. Conversation with our leaders began with virtual sessions focused on race discrimination, providing them with a framework to support discussions within their teams. We also ramped up our focus on allyship, where you work for change even if you are not personally affected by what you are aiming to change. This is not new to Maersk but we find that its importance to the diversity agenda is growing.

Openness relies on psychological safety

We have clear policies in place stating that we do not accept discrimination, and we have a whistleblower system with a range of options for our employees to communicate grievances. It can be daunting raising grievances on such sensitive issues and we want to do more to encourage our employees to speak up and report any concern of harassment and/or discrimination at Maersk. We are doing this through increasing awareness and capability in building psychologically safe teams and cultures. We build this into our leadership programmes and provide separate virtual learning sessions available to all employees. In 2021 we will be conducting our first global inclusion survey that aims to increase our understanding on issues such as discrimination, harassment, diversity and inclusion. The results from the survey will be used to focus our priorities going forward. We have taken the decision to set up an ombuds office to specifically hear grievances that employees do not feel comfortable reporting to human resources departments, line managers or posting to the whistleblower system.

Unconscious bias work continues

Our initiatives on diversity and inclusion shape our drive towards targets on gender and nationality representation in management. Our key approach is employee engagement and capability building, and over the past three years, we have worked on creating awareness of unconscious bias and related effects, establishing inclusion networks covering our global organisation. As is the case for race, gender, beliefs, disabilities and more, it is a basic human right not to be discriminated against due to one’s sexual orientation. In support of human rights, we have participated in Pride activities since 2018. 2020 saw our planned Pride celebrations move to a virtual platform and we used this opportunity to reflect on the history and evolution of Pride, among other things through a series of global webinars to understand its roots and essence, the ability to freely and safely express oneself. This also allowed us to address the racial conversations that were dominating societies around the world and the importance of talking about racism as well as where we stand as a company.

Why is it important

It is a basic obligation and a core element of our values not to discriminate against our employees. Discrimination bars people from living up to their full potential, creates inequality and less stable and prosperous societies. We also want to leverage the competitive advantage that diverse teams and inclusive cultures can bring to our business, and meet our employees’ demand for working in a company that values diversity and inclusion.

Ambitions

We aspire to create an inclusive culture where all employees can have a sense of belonging and contribute to their fullest. In doing this, we will be in a prime position to attract people from the widest talent pools, specifically increasing the gender and nationality diversity at our senior levels.

Targets

Our target is to have three women on the Board of Directors, if the Board consists of less than twelve members, and four women, if the Board consists of twelve or more members.

Progress in 2020

The target for representation of women on the A.P. Møller - Maersk Board of Directors was met in 202010. However, we are still not satisfied with the progress we have made towards our nominal targets on gender and nationality representation in senior management. We are implementing new controls and processes to drive improvements, and during 2021, we will set and share updated targets for the period from 2021 - 2025. Our progress on women in management is adversely impacted by the fact that the share of women working in logistics and technology – which are areas in which we recruit many candidates – is very low. In January 2020, we joined an initiative hosted by the Danish Shipping Association focused on attracting more women to shipping and logistics, and we have established a women’s network in our global technology function.

As part of our global maternity policy, we have a target of reaching a 90% retention rate for women returning to work after maternity leave. In 2020, this was the case for 73% of the target group. Maersk’s gender diversity and inclusion policy provides details of our actions to increase gender diversity. It is available on Maersk’s website11.

Targets and performance on diversity and inclusion

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<td>Representation of persons not from high-income OECD countries</td>
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<tr>
<td>Executives</td>
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<td>Senior leaders</td>
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<tr>
<td>Leaders</td>
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<tr>
<td>Senior managers</td>
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10 A.P. Møller - Maersk A/S has a number of subsidiary companies that fall under the Danish legislative requirements on gender reporting, and which have all set targets for the under-represented gender on the respective Boards of Directors. Of the companies, a majority have already outperformed their targets on the Board, while the remaining continue to strive for their targets, see the management reports of the respective companies.


Containers sending a message

While we recognise the need for our company to work harder to improve on our own targets on diversity and inclusion, we also believe that symbolic statements can help create global awareness of fundamental rights.

In that vein, we have branded two Maersk containers in rainbow colours. They made their debut in Mobile, USA and are now traveling the world with goods from our customers, and making appearances at select events for our company. The containers have raised interest from many of our customers who are also committed to driving inclusion in their organisations. In partnership with our customers, we will see these containers spread this important message. In 2020 both containers were deployed to deliver humanitarian relief to victims of Hurricane Laura in Louisiana, and later left Los Angeles to arrive in Shenzhen in China, whereafter they connected to Europe.
Employee relations

Why it is important
The way we treat our employees is fundamental to the way we want to do business, and our employees are essential to the success of A.P. Moller - Maersk's (Maersk).

This begins with ensuring respect for internationally recognised human rights and labour standards in all our workplaces.

Ambitions
All our employees will be treated fairly in a safe and healthy working environment, and we are committed to creating a working environment where each employee feels valued and can prosper.

Targets
2020
• Ensure compliance with our Commit Rule on Global Employee Relations, which is based on internationally recognised labour standards. Conduct bi-annual labour rights assessments.
• Help to make employee engagement and workforce management integral to the development of end-to-end logistics.
• Ensure that new ways of working (e.g. flexible working hours, digitisation/automation) are introduced responsibly and involving relevant stakeholders.

Progress in 2020
The work to align our business to future demands and opportunities will continue, and we are taking action to enter into these processes as prepared as possible.

One example is that we introduced a new way to engage management teams in our terminal business in working pro-actively with employee relations. We mapped the potential risks and level of maturity in managing employee relations in all terminals, with indicators such as the level of stability of political, social and environmental issues in the community and the frequency of communication between management and employee representatives. The goal is to build maturity in these relationships including a vision and strategy for each terminal on employee relations.

In 2020, the whistleblower hotline was used 46 times to report on issues related to potential violations of HR-related laws, rules or company policies. 11 of these cases were substantiated, 10 of which were related to the Commit Rule on Global Employee Relations. Appropriate action was taken according to company policy. 45 cases are still under investigation.

Why it is important
Through our operations and purchasing decisions we have an impact on social, environmental and economic conditions in our industry and global supply chains. Monitoring and addressing sustainability risks in our supply chain strengthens, on a long-term basis, our stakeholders’ trust in our brand and increases our preparedness for rising regulatory attention on due diligence in supply chains.

Ambitions
Manage the risk of supplier non-compliance with our Supplier Code of Conduct to support our commercial ambitions of end-to-end sustainable product offerings.

Targets
2020
• Ensure that all purchasing activities are aligned with Responsible Procurement requirements.
• Expand scope of Responsible Procurement in line with evolving risk picture from expansion of activities on land.
• Participate in collaborative efforts on trucking.

Progress in 2020
The A.P. Moller - Maersk (Maersk) Supplier Code of Conduct (Code) sets out minimum requirements on responsible business practices for our direct suppliers and select sub-suppliers, to operate in accordance with responsible business principles and achieve full compliance with all applicable laws and regulations. In our own supply chain, we work through our Responsible Procurement Programme. This is our integrated strategy which leads to purchasing logistics on behalf of customers outside our own supply chain. On activities related to this aspect, please see 23.

We have assessed compliance with the Supplier Code of Conduct with approximately 3,500 suppliers in high-risk categories, including supply chain due diligence activities such as audits, self-assessments and documentation reviews. This is out of a total supplier population of about 50,000. We use a risk-based approach working with suppliers in 15 high-risk categories, and timelines for improvement plans had to be extended. We did not terminate any relationship as a result of non-compliance.

To raise internal awareness of our standards in procurement, we created a short e-learning programme on responsible procurement in 2020, which is now part of the annual compliance training for all employees.

One of our most important high-risk categories is shipyards. In 2020, we co-led the work of a UN Global Compact Action Platform to develop a guidance for shipyards, which will serve as an implementation tool for the Sustainable Ocean Principles released in 2019. It will establish common industry standards for social and environmental performance, and is expected to be published in 2021.

Why it is important
Our audit and assessment activities in 2020 are shown in the table. The number of audits decreased due to the impact of COVID-19, and physical audits were replaced by virtual solutions. Equally, the number of self-assessments decreased, as possible.

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Audits and assessments in 2020
+/– 3,500
Suppliers in the high-risk categories

Control actions carried out
• Shipyard audits

Other audits
5
(15)

Other self-assessments
71
(15)

Pre-qualification assessments
442
(12)

Qualified suppliers
441
(12)

2020
2019
Improvement plans established to address critical and major findings
12 Our top 15 high-risk categories are: trucking and intermodal, warehousing services, facility management, outsourced services, shipbuilding and ship repair, drybulk, sales offices, procurement items, customs agents, supply chain construction, chemicals and paints, equipment, maintenance and repair, cargo handling (terminals) and mining (sandbars).
Responsible business practices

Air emissions and Ocean health

Why is it important?

Air emissions from ocean-going shipping have negative effects on human health and the natural environment, as they cause diseases and premature death.

Aim to continue to be an industry leader working towards reducing air emissions from international shipping, particularly in regard to SOx and NOx emissions, which are important in port areas and when sailing close to shore.

Why it is important

The global oceans redistribute CO2 and heat, supply people and communities with food, water, renewable energy, and build livelihoods through tourism, trade and transport. The health of the oceans is rapidly deteriorating due to increasing temperatures, acidification, depletion of natural resources and pollution from land and sea, including large quantities of plastic waste.

Ambitions

To reduce and minimise the negative impacts of ship emissions and to continue investing in and maintaining implementing solutions that will enable this.

To actively engage at international and regional levels to secure a level playing field and high levels of enforcement of regulation across the industry.

Reduction of sulphur emissions

Reduction of the impact of SOx

Reducing the impact of SOx

Research has shown that the annual, ship-related global health impacts from using fuel with 3.5% sulphur instead of 0.5% fuel are

137,000 premature deaths

7 million childhood asthma cases*

This is the driver behind the IMO's legislation on SOx, which from 2020 requires the entire global fleet to sail on fuels with

0.5% sulphur fuel content

The compliance measures approved by the IMO are

Carrying and using only low-sulphur fuels on vessels

The use of scrubbers to clean vessel exhaust

Enforcement of the legislation is critical. On just one voyage from Asia to Europe a large container vessel could save up to

USD 750,000 by using non-compliant fuels.

Developing new waste management practices

Why it is important

The global oceans redistribute CO2 and heat, supply people and communities with food, water, renewable energy, and build livelihoods through tourism, trade and transport. The health of the oceans is rapidly deteriorating due to increasing temperatures, acidification, depletion of natural resources and pollution from land and sea, including large quantities of plastic waste.

Ambitions

We see ourselves as citizens of the oceans and we are committed to doing no harm while at the same time actively participating in restoring ocean health and resilience and protecting animal habitats.

Targets

- Zero non-compliant oil spills above 10 m³.
- Fully comply with rules and regulations to minimise negative impact on ocean health, including waste management and ballast water systems.
- Continue collaboration with The Ocean Cleanup.
- Support ocean science research through data collection and partnerships.

Progress in 2020

Across A.P. Møller - Maersk's activities, we strive to minimise the known negative impacts related to our operations. This is also true for air emissions which include SOx, NOx and particulate matters. All of these are potentially harmful to human health and we strive to fully comply with regulatory demands to limit air emissions and strive to minimise the impacts.

On January 1, one of the largest changes in the maritime industry in decades came into effect with the International Maritime Organization's (IMO) 0.5% global cap on the content of sulphur in fuels. One of the enforcement mechanisms for this legislation is a ban on carrying non-compliant fuels on vessels, except for vessels where scrubbers are installed to clean exhaust gases. Mainly due to the IMO 2020 sulphur cap, Maersk complies with through the use of low-sulphur fuels as well as scrubbers on a share of our vessels. SOx emissions have dropped significantly from approximately 556,000 tonnes in 2019 to approx. 102,000 tonnes in 2020.

Thorpe preparators in the years leading up to this date ensured a successful switch from heavy fuel oil to low sulphur fuels across our fleet of both owned and chartered vessels. In 2020, we saw only four cases of non-compliance with international sulphur regulations caused by contamination in the supply chain of oil or by human error. As a remedial action, we have begun testing sulphur content of the fuel prior to bunkering.

The main concern in the years leading up to the cap taking effect was uneven enforcement, as it was estimated that a large container vessel could save around USD 750,000 sailing a port in Asia to a port in Europe when using non-compliant 3.5% marine fuel instead of compliant 0.5% fuel. While the level of control is not always as stringent as we would have hoped for, we have released no indication that compliance is lacking. Looking at which oil types are sold on the global market is a useful proxy for evaluating compliance, and it appears that the low-sulphur fuel uptake is at the expected level. However, it should also be noted that due to COVID-19, port state controls have been made more difficult. We therefore hope that enforcement campaigns can resume in 2021.

The use of scrubbers to clean the vessel exhaust of SOx remains a discussion point and no independent global survey of the effects of ship emissions has yet been produced to support global legislation. Still, more national and regional legislation is being implemented, for example in the EU, US states and Australia, requiring vessels to shut off the scrubber system when entering near-coastal waters and switch to low-sulphur oil. As a result, more ports are expected to declare a ban of open-loop scrubbers.

Maersk has installed open-loop scrubbers on a share of our vessels as a commercial risk management measure.

The Ocean Cleanup's support for The Ocean Cleanup

Since 2019, Maersk has been proud to partner with The Ocean Cleanup, providing offshore support for their plastic waste cleanup system in the Pacific Ocean. A new, three-year partnership agreement was established during 2020. It expands the collaboration to include both maritime and end-to-end logistics services, in line with the anticipated scale-up of The Ocean Cleanup's ocean activities as well as the expansion to include systems deployed in larger ships.

Maersk's assistance will range from shipping, customs clearance and warehousing and storage management.

On the offshore side, in addition to deployment services, Maersk will contribute to developing a more efficient and cost-effective alternative approach with alternative fuels and new fleet design. Maersk's support is provided as full or partial donations, or on favourable terms.

The Ocean Cleanup's goal is to reach a 90% reduction of floating ocean plastic by 2040. This is an important issue to many of our seafarers as well as to colleagues on land, and in 2020 we ran a campaign among employees and teams to become Ocean Champions, taking small but important steps to clean up beaches and their environment.

Despite COVID-19 restrictions, we saw around 80 team contributions from around the world.

* https://www.nature.com/articles/d41598-017-00874-0

Introduction

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Anti-corruption

Why is it important
Corruption undermines social and economic development. It distorts the business environment and adds to the cost of participating in global trade. It affects external confidence as well as company morale. Non-compliance with legislation on bribery and corruption may lead to legal and reputational risks, extra costs, rectifications in our business, fines, imprisonment and ultimately deliam from markets.

When third parties act on our behalf
Working through third parties is an inherent corruption risk to our business. To improve risk mitigation, we have invested in a third-party management system, and in 2020 we developed and initiated the roll-out of a structured risk-based third-party management process across Maersk.

Progress in 2020
The risk of corruption in our ocean business relates primarily to interactions with authorities in ports and at border controls, and mostly as facilitation payments. In our terminals, the risk is greatest when negotiating government agreements on concessions. Risks on land and in our supply chain are predominantly managed through our Responsible Procurement programme. We work to combat bribery, fraud, kickbacks and preferential treatment by performing due diligence on agents, joint venture partners, key suppliers, and M&A targets prior to signing a contract or entering a new market. Expectations to employees are outlined in the A.P. Moller - Maersk (Maersk) Code of Conduct and the Maersk Anti-Corruption policies and guidelines. We enforce rules on travel, meals, lodging gifts, amenities and entertainment, and employees complete annual training on compliance. Our current compliance programme is based on guidelines for complying with the US Foreign Corrupt Practices Act.

We work on projects focused on risk-based mitigation measures, e.g. in-person training, transaction testing, spot checks and appointment of business compliance ambassadors, strengthening our internal compliance control framework as well as rising out a conflict-of-interest policy. Executive commitment through words and actions has helped set the tone for the rest of the company.

One top priority in 2020 was finalizing the implementation of the Maersk third-party management process, which in this structured form is a new addition to our controls. Read more about this in the side bar.

In 2020, we registered five minor incidents of facilitation payments on own vessels, and reduced payments on chartered vessels by a further 30% compared to 2019.

We are investigating how we will address facilitation payments in ports and in the inland logistics and are among other things conducting a pilot study in Southeast Asia to map and understand where the money originates and how it travels through systems and processes. We will be scaling up this project to develop a global approach to this issue, just as we will continue to collaborate with the Maritime Anti-Corruption Network on this and other projects.

Through this process, we select the third parties best suited for our business based on their competence, integrity, and other relevant capabilities. We also have a process for comprehensive due diligence on acquisition targets, joint venture partners and shareholders through which we reviewed 60 potential partners in 2020, as well as created a process for timely and orderly integration of the acquired entity into existing compliance programme structures.

Why is it important
Well-functioning tax systems locally and internationally help finance education, infrastructure and other public services that support sustainable development, local societies, business and trade.

In the first year of operations,

- 1,200 leaders and employees have been trained
- 250 third parties have been or are being processed
- 5 third-party engagements were abandoned or stopped on ethical grounds

Ambitions
Be a compliant and accountable taxpayer with transparent and responsible tax practices.

Targets
• Ensure full compliance with tax regulations in all countries where we operate.
• Continue to engage in dialogue with stakeholders on tax matters.

Why is it important
In December 2020, as per the deadline for 2019 CBCR tax numbers, we disclosed full country by country reporting to the Danish tax authorities in accordance with our legal obligations.
This table provides an overview of our ambitions in the context of the UN Sustainable Development Goals, summary of targets and progress in 2020, and how the issues are governed.

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<td>Sustainability priorities</td>
<td>Responsible business practices</td>
<td>Data and assurance</td>
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**Ambition**

Ensure that trade serves as a positive contributor to global and local development and growth, with a particular focus on enhancing opportunities for small and medium-sized enterprises.

**Summary of targets and progress across all issues**

- **Sustainable trade**
  - A.P. Moller - Maersk will not use transition fuels.
  - By 2025, all vessels will only use transition fuels.
  - Full compliance with rules and implementing anti-corruption practices.
  - Full compliance with rules to advance inclusion of women and employees.
  - Full compliance with rules to advance inclusion of women and employees.
- **Decarbonising logistics**
  - By 2025, 50% of global revenue is from low- and zero-carbon services.
  - By 2025, 50% of global revenue is from low- and zero-carbon services.
  - By 2025, 50% of global revenue is from low- and zero-carbon services.
  - By 2025, 50% of global revenue is from low- and zero-carbon services.
- **Safety**
  - By 2025: 10% reduction in total manning.
  - By 2025: 10% reduction in total manning.
  - By 2025: 10% reduction in total manning.
  - By 2025: 10% reduction in total manning.
- **Responsible ship recycling**
  - Ensure that trade serves as a positive contributor to global and local development and growth, with a particular focus on enhancing opportunities for small and medium-sized enterprises.
  - Ensure that trade serves as a positive contributor to global and local development and growth, with a particular focus on enhancing opportunities for small and medium-sized enterprises.
  - Ensure that trade serves as a positive contributor to global and local development and growth, with a particular focus on enhancing opportunities for small and medium-sized enterprises.
  - Ensure that trade serves as a positive contributor to global and local development and growth, with a particular focus on enhancing opportunities for small and medium-sized enterprises.
- **Diversity and inclusion**
  - For more details on gender representation were owned by HR and other groups in the business.
  - For more details on gender representation were owned by HR and other groups in the business.
  - For more details on gender representation were owned by HR and other groups in the business.
  - For more details on gender representation were owned by HR and other groups in the business.
- **Employee relations**
  - A.P. Moller - Maersk will not use transition fuels.
  - By 2025, all vessels will only use transition fuels.
  - Full compliance with rules to advance inclusion of women and employees.
  - Full compliance with rules to advance inclusion of women and employees.
- **Responsible procurement**
  - By 2025: 50% of global revenue is from low- and zero-carbon services.
  - By 2025: 50% of global revenue is from low- and zero-carbon services.
  - By 2025: 50% of global revenue is from low- and zero-carbon services.
  - By 2025: 50% of global revenue is from low- and zero-carbon services.
- **Air emissions**
  - By 2025: 50% of global revenue is from low- and zero-carbon services.
  - By 2025: 50% of global revenue is from low- and zero-carbon services.
  - By 2025: 50% of global revenue is from low- and zero-carbon services.
  - By 2025: 50% of global revenue is from low- and zero-carbon services.
- **Ocean health (incl. spills)**
  - By 2025: 50% of global revenue is from low- and zero-carbon services.
  - By 2025: 50% of global revenue is from low- and zero-carbon services.
  - By 2025: 50% of global revenue is from low- and zero-carbon services.
  - By 2025: 50% of global revenue is from low- and zero-carbon services.
- **Anti-corruption**
  - By 2025: 50% of global revenue is from low- and zero-carbon services.
  - By 2025: 50% of global revenue is from low- and zero-carbon services.
  - By 2025: 50% of global revenue is from low- and zero-carbon services.
  - By 2025: 50% of global revenue is from low- and zero-carbon services.
- **Responsible tax**
  - By 2025: 50% of global revenue is from low- and zero-carbon services.
  - By 2025: 50% of global revenue is from low- and zero-carbon services.
  - By 2025: 50% of global revenue is from low- and zero-carbon services.
  - By 2025: 50% of global revenue is from low- and zero-carbon services.
- **Disaster response**
  - By 2025: 50% of global revenue is from low- and zero-carbon services.
  - By 2025: 50% of global revenue is from low- and zero-carbon services.
  - By 2025: 50% of global revenue is from low- and zero-carbon services.
  - By 2025: 50% of global revenue is from low- and zero-carbon services.
Performance data

Economic performance (USD million)

<table>
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</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>52,790</td>
<td>49,800</td>
<td>52,790</td>
<td>49,800</td>
<td>52,790</td>
<td>49,800</td>
<td>52,790</td>
<td>49,800</td>
<td>52,790</td>
<td>49,800</td>
</tr>
<tr>
<td>EBITDA</td>
<td>12,400</td>
<td>10,000</td>
<td>12,400</td>
<td>10,000</td>
<td>12,400</td>
<td>10,000</td>
<td>12,400</td>
<td>10,000</td>
<td>12,400</td>
<td>10,000</td>
</tr>
<tr>
<td>Net profit</td>
<td>8,000</td>
<td>6,000</td>
<td>8,000</td>
<td>6,000</td>
<td>8,000</td>
<td>6,000</td>
<td>8,000</td>
<td>6,000</td>
<td>8,000</td>
<td>6,000</td>
</tr>
<tr>
<td>Diluted EPS</td>
<td>1.20</td>
<td>0.90</td>
<td>1.20</td>
<td>0.90</td>
<td>1.20</td>
<td>0.90</td>
<td>1.20</td>
<td>0.90</td>
<td>1.20</td>
<td>0.90</td>
</tr>
</tbody>
</table>

Comments on 2020 performance data

**Social performance**

**Our employees**

- **Average salary growth**: 4.5% (2020), 5.0% (2019)

**Gender**

- **Female/(male)**: 60% (2020), 55% (2019)

**Target nationalities in leadership (cohort) in 2020**

- **Residual Nationalities**: 40% (2020), 35% (2019)

**Futuria**

- **Employees**: 52,000 (2020), 52,000 (2019)

**Renewable technologies (1,000 MWh)**

- **2020**: 28,000 (2019), 28,000 (2018)

**Other air emissions**

- **SOx (1,000 tonnes)**: 102 (2020), 102 (2019)

**Other resource consumption**

- **Water (1,000 m³)**: 1,758 (2020), 1,758 (2019)

**Emissions**

- **CO2 (1,000 tonnes CO2 eq)**: 53,902 (2020), 53,902 (2019)

**Economic performance (USD million)**

- **EBITDA**: $12,400 million (2020), $10,000 million (2019), $10,000 million (2018)
- **Net profit**: $8,000 million (2020), $6,000 million (2019), $6,000 million (2018)
- **Diluted EPS**: $1.20 (2020), $0.90 (2019), $0.90 (2018)

**Other air emissions**

- **SOx (1,000 tonnes)**: 102 (2020), 102 (2019)

**Other resource consumption**

- **Water (1,000 m³)**: 1,758 (2020), 1,758 (2019)

**Emissions**

- **CO2 (1,000 tonnes CO2 eq)**: 53,902 (2020), 53,902 (2019)

**Economic performance (USD million)**

- **EBITDA**: $12,400 million (2020), $10,000 million (2019), $10,000 million (2018)
- **Net profit**: $8,000 million (2020), $6,000 million (2019), $6,000 million (2018)
- **Diluted EPS**: $1.20 (2020), $0.90 (2019), $0.90 (2018)
Sustainability accounting principles

A.P. Moller - Maersk's sustainability accounting principles are aligned with the Global Reporting Initiative's (GRI) G4 Sustainability Reporting Framework as a guideline to determine report content and quality in terms of materiality, stakeholder inclusiveness, sustainability context, completeness, balance, comparability, accuracy, timeliness, clarity and reliability.

Reporting framework
A.P. Moller - Maersk does not apply a specific overview financial scope. The data reported under financial scope is included in the framework used to assure risks and controls for the control of content for our risk.

Data and categories
A.P. Moller - Maersk has defined two categories of data: documented and financial. Probable data comprises: safety, health and the environment.

Documented data includes: employees (FTEs), compliance, lost-time injuries (LTI), environmental data (e.g., greenhouse gas emissions, water use, and waste generations).

Probable data includes: fatalities, workplace illnesses, and non-occupational injuries.

Reporting period
Our reporting covers the period from 1 January to 31 December 2020.

Controls
While regarding number of employees, women in leadership, gender and target nationalities are generated from our HR systems, data regarding accidents, fatalities, exposure to noise, energy consumption, water, waste and spills are reported through our consolidated reporting tool based on summary data from all reporting entities within A.P. Moller - Maersk. This tool is validated via internal audit, with manuals and online training in place. All of a generally accepted accounting principles for sustainability has been established, which defines the reporting rules, processes and responsibilities. A controlling guideline has been distributed to help secure the businesses' own assurance of summary data.

Financial scope is applied for all other sustainability data, and is defined as follows: documented assets and leased in assets that are operated by A.P. Moller - Maersk but operated by another company. Mobile assets are included when operated by A.P. Moller - Maersk. For vessels, the data is provided by A.P. Moller - Maersk and is calculated via internal audit, with manuals and online training in place.

Competibility
Scope Operational scope is applied for safety and spills data when A.P. Moller - Maersk is the owner of its subsidiaries, which has the governing authority and responsibility for health, safety and environmental management at the asset level - either directly or indirectly via third-party contractual arrangements. This approach excludes data when operated by A.P. Moller - Maersk. For vessels, the International Safety Management Code Document of Compliance must be held by A.P. Moller - Maersk to include the data.

We report on relative CO₂ emissions reduction using EED (Energy Efficiency Operational Indicator) methodology. EED is the ratio between the GHG emission factor per transportation category (air, sea/truck/rail), which means that e.g. trucking only includes carrier hardware. Category 1 - use of energy in products and services, Category 2 - use of energy in operations, Category 3 - use of energy in products and services, Category 4 - use of energy in raw material extraction, and Category 5 - use of energy in raw material extraction.

Both for scope 3 emissions and for the total scope, all data is validated via internal audit, with manuals and online training in place. For vessels, the data is provided by A.P. Moller - Maersk and is calculated via internal audit, with manuals and online training in place.

Introduction
The data sources are: 1. CO₂ - based on fuel consumption, from departure voyage 1, to departure voyage 2, multiplied with relevant CO₂ factor (3.114 for HFO, 3.36 for MDO); 2. scope 1 emissions - calculated via draft and distribution; 3.scope 2 emissions - reported as reported; 4. scope 3 emissions - reported as reported.

In 2020, the baseline for EED has been recalculated to include missing data points for historical performance.

From 2020, scope 3 emissions are reported in two ways: location-based and market-based. For the market-based, factors are used. For countries, while TIEs are used for other countries.

We use a permanent loss of use, of any member or part of the body, as defined as any work-related injury, other than permanent partial disability (PPD) or permanent total disability (PTD) which is any work injury which incapacitates an employee for more than 50% of the work time by which time the injury continues to be incapacitating.

We use a permanent partial disability (PPD) which is any work injury which results in a permanent loss of use of any member or part of the body, as defined as any work-related injury, other than permanent total disability (PTD) which is any work injury which incapacitates an employee for more than 50% of the work time by which time the injury continues to be incapacitating.

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Independent assurance report

To the stakeholders of A.P. Møller - Mærsk A/S


Our conclusion

Based on the procedures we performed and the evidence we obtained, nothing came to our attention that causes us not to believe that the Performance data is free of material misstatements and prepared, in all material respects, in accordance with International Standard on Assurance Engagements 3000 Revised Assurance Engagements other than Audits and Reviews of Historical Information and, in respect of the greenhouse gas emissions, in accordance with International Standard on Assurance Engagements 3400 ‘Assurance engagements on greenhouse gas statements’.

Greenhouse Gas quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding the performance of the assurance work, professional standards and applicable legal and regulatory requirements. Our work was carried out by an independent multidisciplinary team with experience in sustainability reporting and assurance.

Understanding reporting and measurement methodologies

The Performance data need to be read and understood together with the Sustainability Accounting Principles on pages 39-45 which Management are solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Work performed

We are required to plan and perform our work in order to consider the risk of material misstatement of the Performance data. In doing so and based on our professional judgement, we:

• Conducted interviews with management at corporate and Brand level responsible for the Sustainability strategy, management and reporting.
• Performed an assessment of materiality and the selection of topics for the Sustainability Report and comparison to the results of a media search.
• Read and evaluated reporting guidelines and internal control procedures at corporate level and reporting entity level regarding the Performance data to be consolidated in the 2020 Sustainability Report.
• Conducted analytical review of the data and trend explanations submitted by all reporting entities to A.P. Møller – Mærsk Accounting & Controlling for consolidation; and
• Evaluated evidence.

Statement on other sustainability information mentioned in the report

Management of A.P. Møller - Mærsk A/S is responsible for other sustainability information communicated in the 2020 Sustainability Report. The other sustainability information on pages 4-45 of the Sustainability Report complies with the sections Introduction, Strategic sustainability priorities, Responding to a pandemic, Responsible business practices and Progress overview regarding A.P. Møller - Mærsk A/S 2020 sustainability approach, activities and results.

Our conclusion on the Performance data on page 44 does not cover other sustainability information and we do not express an assurance conclusion thereon.

In connection with our review of the Performance data, we read the other sustainability information in the 2020 A.P. Møller - Mærsk A/S Sustainability Report and, in doing so, considered whether the other sustainability information is materially inconsistent with the Performance data or our conclusions obtained in the review or otherwise appear to be materially misstated. We have nothing to report in this regard.

Management’s responsibilities

Management of A.P. Møller - Mærsk A/S is responsible for:

• Designing, implementing and maintaining internal control over information relevant to the preparation of the Performance data and information in the Sustainability Report that are free from material misstatement, whether due to fraud or error.
• Establishing objective Sustainability Accounting Principles for preparing Performance data; and
• Measuring and reporting the Performance data in the Sustainability Report based on the Sustainability Accounting Principles.

Our responsibility

We are responsible for:

• Planning and performing the engagement to obtain limited assurance about whether the Performance data for the period January 1 – 31 December 2020 are free from material misstatements and are prepared, in all material respects, in accordance with the Sustainability Accounting Principles;
• Forming an independent conclusion, based on the procedures performed and the evidence obtained; and
• Reporting our conclusions to the stakeholders of A.P. Møller – Mærsk A/S.

We welcome any questions, comments or suggestions you might have to this report and our performance. Please send your feedback to:

A.P. Møller - Mærsk
Esplanade 50
1098 Copenhagen K
Denmark
Attn: Sustainability
You can also send an email to: sustainability@maersk.com
www.maersk.com/about/sustainability
Print
Printed in Denmark in 2021 by Rosendahls, an environmentally certified printing agency on Arctic Matt.

Overview of brands that are part of A.P. Møller - Maersk

We value your feedback

Stay up to date

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• Reporting our conclusions to the stakeholders of A.P. Møller – Mærsk A/S.

We welcome any questions, comments or suggestions you might have to this report and our performance. Please send your feedback to:

A.P. Møller - Mærsk
Esplanade 50
1098 Copenhagen K
Denmark
Attn: Sustainability
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Overview of brands that are part of A.P. Møller - Maersk

We value your feedback

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