

A.P. MØLLER HOLDING A/S

CSR REPORT

2020

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A.P. Moller Holding's statutory statement on CSR in accordance with section 99a of the Danish Financial Statements Act. The CSR report is part of the Annual Report for 2020.

A.P. MOLLER HOLDING

This report represents the statutory consolidated statement of A.P. Møller Holding A/S on CSR in accordance with section 99a of the Danish Financial Statements Act. It represents policies, activities and results achieved in 2020 for entities owned and controlled by A.P. Møller Holding A/S.

A.P. Møller Holding A/S (A.P. Møller Holding) is 100% owned by A.P. Møller og Hustru Chastine Mc-Kinney Møllers Fond til almene Formaal (the A.P. Møller Foundation), one of the largest, industrial foundations in Denmark.

As the parent company of the A.P. Møller Group, our purpose is to build and develop businesses that have a positive impact on society – ‘nyttig virksomhed’. We drive long-term value and growth in our businesses. Through engaged and valued ownership, we leverage our family name, values, insights and global networks to set our businesses up for success.

‘Nyttig virksomhed’ is a key element in our investment strategy, and we are open to reconsider ownership of a business, if its business model does not have a positive impact on society. Hence, social responsibility is integrated into our purpose and is core in everything we do.

Striving for good governance is part of our ethical culture, why we continue to update our policies and systems to secure a

solid basis for our future activities as an engaged investment company.

We focus highly on mitigating the risk of being abused by third parties that A.P. Møller Holding engages with. This is especially relevant in relation to our investments, where we always conduct proper and adequate due diligence measures on relevant counterparties being advisors, co-investors etc.

An example is our Anti Bribery and Corruption policy which illustrates our zero tolerance towards fraud and bribery. This is one of the cornerstones in our overall framework for how to exercise due care to prevent bribery and corruption internally as well as in relation to third parties acting on behalf of A.P. Møller Holding. The policy gives overall guidelines in relation to procedures to be followed when investing, when interacting with other business relationships e.g. government officials, and in relation to gifts and hospitality etc.

OUR INVESTMENTS

As an international investment company with a broad range of investment activities, A.P. Møller Holding has a significant influence on society. We acknowledge the responsibilities that this entail and make an effort to ensure that we are recognised as a trustworthy group of companies.

The Board of Directors of each of our portfolio companies, A.P. Møller – Mærsk A/S (A.P. Møller – Maersk), The Drilling Company of 1972 (Maersk Drilling), KK Wind Solutions Holding A/S (KK Wind Solutions), Maersk Product Tankers A/S (Maersk Product Tankers) and Maersk Tankers A/S (Maersk Tankers) as well as A.P. Møller Capital P/S (A.P. Møller Capital) define their own specific CSR policies and Codes of Conduct. We are represented on each board, and these representatives ensure that CSR policies, including human rights, climate change and environmental impact, are enforced. Policies are adapted to meet the circumstances in which each of the affiliates operates.

CSR POLICIES AT A.P. MOLLER HOLDING

At A.P. Møller Holding, being a good corporate citizen is an integral part of the way we do business, globally as well as locally.

We are committed to work internally and with our business relations, to promote responsible practices. Our aspiration is to ensure that all our business relations acknowledge our values and share our commitment to conduct business in an ethical, legal and socially responsible manner. Continually, we strive to improve the performance of our business relations within the areas of human rights, labour standards and the environment, and to work against any form of corruption, fraud and bribery.

We strongly believe that high standard governance measures will create value for all parties and contribute to establish a long-term sustainable relationship with our business partners, our employees and the societies where we operate.

We expect our suppliers to avoid participation in or knowingly benefit from any kind of corruption, money-laundering, market abuse, extortion or bribery.



Furthermore, we expect our suppliers to respect all applicable laws and regulations and prevailing industry standards.

As such, we expect our suppliers to integrate environmental considerations in their activities and strive for continuous improvement by minimising any adverse effects of their activities on the environment.

We expect our suppliers to provide a safe and healthy working environment for all their employees. This includes high focus on a safe and healthy working environment, respectful treatment, equal opportunity rights, freedom of Association and Collective Bargaining, compliance with applicable working hours, etc.

Based on the CSR policies of A.P. Moller Holding, specific CSR policies and codes of conduct for the subsidiaries are laid down by their respective Boards of Directors, in which A.P. Moller Holding is represented.

In this report, the CSR reports of A.P. Moller - Maersk, Maersk Drilling, KK Wind Solutions, Maersk Product Tankers and Maersk Tankers – each outlining company-specific policies, activities and results for 2020 – have been enclosed. Furthermore, there is a section on APMH Invest and A.P. Moller Capital, which are not publishing CSR reports on their own.

WE ARE GUIDED BY OUR FIVE CORE VALUES



CONSTANT CARE

Take care of today,
actively prepare for tomorrow



HUMBLENESS

Listen, learn, share,
and give space to others



UPRIGHTNESS

Our word is our bond



OUR EMPLOYEES

The right environment
for the right people



OUR NAME

The sum of our Values:
passionately striving higher

APMH INVEST

In the fully owned holding company, APMH Invest A/S, A.P. Moller Holding decides upon and includes investments' CSR policies in the continuous assessment of which companies should be invested in.

Invest IV and APMH Invest VI are committed to act in an ethical, legal and socially responsible manner.

As part of the pre-investment analysis, the CSR policies of potential investment objects are analysed and assessed in the effort to ensure that the investments have a positive impact on society.

CSR POLICY OF THE INVESTMENT COMPANIES

As of 31 December 2020, the investment companies fully owned by A.P. Moller Holding comprise:

- APMH Invest A/S
- APMH Invest IV A/S
- APMH Invest V ApS
- APMH Invest VI A/S
- APMH Invest VIII ApS
- APMH Invest IX ApS
- APMH Invest X P/S
- APMH Invest XI ApS
- APMH Invest XIII ApS
- APMH Invest XIV ApS
- APMH Invest XV ApS
- APMHI GP ApS
- Faerch Group Holding A/S

APMH Invest V ApS, APMH Invest VIII ApS, APMH Invest XIV ApS and APMH Invest XV ApS are dormant companies as of 31 December 2020.

Being 100% owned by A.P. Moller Holding, APMH Invest takes its origin in the values and commitments towards CSR as A.P. Moller Holding. Hence, APMH Invest is committed to make investments in an ethical, legal and socially responsible manner.

APMH INVEST IV AND APMH INVEST VI

APMH Invest IV and APMH Invest VI (holding company) are performing A.P. Moller Holding's activities on geothermal energy. We are seeking to introduce geothermal energy on a large scale in Denmark and potentially outside of Denmark. Geothermal energy is a renewable and currently untapped energy source with potential to cover approximately 30% of Denmark's energy supply for district heating. The project is still in its early stages and with a number of uncertainties, but the potential for geothermal energy in Denmark is very interesting and the A.P. Moller Group has the capabilities from subsurface operations to explore it further.

Being 100% owned by A.P. Moller Holding, APMH Invest IV and APMH Invest VI take origin in the same values and commitments towards CSR as A.P. Moller Holding. Hence, APMH

A.P. MOLLER CAPITAL

A.P. Moller Capital is a fund manager primarily focused on investments that combine attractive risk adjusted returns with a positive social impact.

A.P. Moller Capital was established in 2017 to manage stand-alone funds focusing on infrastructure in growth markets. The company is governed and regulated by the Danish Financial Supervisory Authority (FSA).

A.P. Moller Capital launched its first fund to be managed, The Africa Infrastructure Fund, in August 2017, focusing on infrastructure investments in Africa.

The senior team in A.P. Moller Capital has more than a century of combined experience of doing business in Africa, and they have an extensive advisory network and industry partners in more than 40 African countries.

The Africa Infrastructure Fund is not just a passive investor. The fund leverages the senior team's strong industrial knowhow, operational backgrounds and capabilities, paired with private equity fundamentals and experience. The combination of the two is the key formula in optimising overall value creation. Environmental, Social and Corporate Governance (ESG) is a key element and an integrated part of the entire investment life cycle.

ESG

As a fund manager, A.P. Moller Capital pledges to be an ethical partner within the countries, cities and communities in which it operates. This means that as well as delivering a competitive return for the fund investors, it will seek to create businesses that benefit society through economic and social development.

Maintaining high ESG standards is not only the best way to mitigate risk in emerging markets, it is also a compelling opportunity to create value. That is why ESG considerations are a central part of the investment strategy and are included in all phases of our investment process.

Focusing on ESG is embedded in the risk analysis, decision-making and ownership practices for the investments we make. The result is companies with better governance, more social focus, lower environmental impact and, ultimately, higher value.

To uphold high ESG standards, A.P. Moller Capital is a signatory to the UN Principles for Responsible Investment, supports the principles of the UN Global Compact, and uses the IFC

Performance Standards on Environmental and Social Sustainability as an international benchmark.

Good governance is essential to project management in A.P. Moller Capital, and the team firmly believes being transparent and fair makes us better investors. A.P. Moller Capital has a zero-tolerance approach to corruption and is committed to avoiding investments that do not minimise any negative social or environmental impacts.

Complying with the applicable laws and regulations, working in the investors' best interests and keeping high ESG standards, A.P. Moller Capital as a fund manager has adopted numerous policies that deal with topics such as anti-bribery, anti-corruption, prevention of Money Laundering, compliance, ethics, risk management, etc.

THE AFRICA INFRASTRUCTURE FUND I (AIF I)

AIF I is an investment fund creating and enabling opportunities through investments in African infrastructure. The purpose is to support sustainable economic growth and prosperity on the continent, which has a working-age population likely to reach more than one billion people in the next decades, and at the same time deliver attractive returns to the fund investors.

AIF I is targeting infrastructure projects within power and transportation infrastructure. The fund has an initial target of 10 to 15 investments, and an operation period of 10 years.



A.P. MOLLER - MAERSK

The Sustainability Report for 2020 is enclosed
on the next pages.

A.P. Møller - Mærsk A/S
Esplanaden 50
DK-1098 Copenhagen K
Tel. +45 33 63 33 63
Company reg. no. 22756214

www.maersk.com

ALL THE WAY



2020 Sustainability Report





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About the report

This is the Annual Sustainability Report of A.P. Møller - Mærsk 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>.

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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.

Start destination

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.

RESOURCES

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.

VALUE CREATED

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 our investors

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

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 customers

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

2020 performance highlights

Revenue
(USD million) 39,740

EBITDA
(USD million) 8,226

Relative CO₂ reduction
(percentage vs 2008 baseline) 46.3%

Greenhouse gas emissions (1,000 tonnes CO₂ eq.)

Direct emissions (scope 1) 33,902

Indirect emissions (scope 2), location-based 305

Value chain emissions (scope 3) 19,017

See more performance data on pp. 44-45

End destination

Letter from our CEO



2020 was year of contrasts. 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, global supply chains remained open. The geographical presence and leadership position of A.P. Møller - Maersk (Maersk) enabled us to find new ways of keeping essential goods moving for customers and societies, as they kept businesses running and fought the virus. Just as we in 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, new 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.

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 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 role 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

"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."

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 Maersk Spot, the Maersk app and Twill.

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 60% 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 redesigned 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 fuels. The launch of the Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping in 2020, made possible by our majority shareholder, the A.P. Møller 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 end to end. This is an integral part of our strategic promise of serving all our customers' transportation and logistics needs, and we will engage with customers and industry partners to develop standards and solutions to support this green transition.

Strengthening the foundation

We are strengthening the responsible business practices that constitute the foundation of our sustainable end-to-end offerings to our customers as well as our own operations.

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.

We have taken on the task of using our leverage to drive responsible practices in the ship recycling industry. After four years in Alang, India, we know that this is possible, and with still larger vessels in our fleet nearing end of life, it is imperative that we create opportunities for responsible ship recycling at yards outside OECD countries. We are engaging actively to find options that ensure enforcement of international conventions while also enabling global opportunities for responsible ship recycling that benefit both shipowners and local communities.

Failing safely

The foundation for safety in Maersk is to build capacity for 'failing safely', acknowledging that even while all precautionary measures must be applied, some accidents and incidents are likely to still occur, but the implications of these should be as small as possible.

One of our contractors lost his life while working for Maersk in 2020. This saddens me deeply and emphasises that we need to do more to manage our risks and build the capacity we need to avoid such a tragic event.

To this end, we centralised the organisation of our safety work in 2020. The new organisation reinforces that Maersk has one shared safety strategy which is implemented and enforced equally across the company.

The decision is driven by the need to match and mirror the integrated company that Maersk is becoming, and also by the need to establish a stronger link between the company's strategic priorities and the implementation level, to ensure that we continue to learn and manage risks by listening to our frontline employees. Most importantly to ensure the continuous safety and security of our people, but also to assure our customers that this is the case when they leave their supply chain obligations in our hands.

In simple terms, we will not be satisfied until we reach our ambition of eliminating fatalities and severe injuries and provide safe and resilient products and services to our customers.

Social movements a timely reminder

2020 saw the renewed strength of social movements to promote race and gender equality.

Our global presence means that we are affected by events and movements regardless of where they take place. Notable examples such as Black Lives Matter in the US, which has spilled over to many other countries, and new waves of #metoo serve as timely reminders that we must continue conversations on diversity and inclusion and take action where needed.

Maersk is a values-driven company. We treat our colleagues and partners with respect and dignity, and we do not tolerate discrimination or harassment of any kind. It is as simple as that.

In 2020, we have addressed these issues in our organisation and clarified how we deal with them. We have clear policies in place and a whistleblower system with a range of reporting options.

For Maersk, 2020 was a year of crises in global health and economies, lockdowns, closed borders and distress – but also of new opportunities for our company, accelerated progress towards our strategic goals and a chance to see what we as leaders and our employees are truly capable of.

In the coming year we will be applying our capacity to the global distribution of vaccines and to keeping supply chains open, and as such we will continue to play our part in enabling open, inclusive and sustainable trade – together.

Søren Skou

Søren Skou
CEO of A.P. Møller - Mærsk A/S



Strategy, governance and materiality

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 financially 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's 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

Enabling sustainable trade: Sustainability priorities for the Global Integrator



Decarbonising logistics





Sustainability in our end-to-end offerings





Responsible business practices



Our sustainability governance framework

<div>Board of Directors <i>Transformation & Innovation Committee, Audit Committee</i></div> <div>A.P. Moller - Maersk Executive Leadership Team</div>			
Key programmes	Governed by	Key external policies and commitments	
Decarbonising logistics	Decarbonisation SteerCo Executive sponsors: Henriette Thygesen and Vincent Clerc	The Paris Agreement The Intergovernmental Panel on Climate Change (IPCC)	IMO Strategy on Reduction of GHG Emissions from Ships Task Force on Climate-related Financial Disclosure (TCFD)
Health, safety and environment	Commit* Rule Executive sponsor: Morten H. Engelstoft	UN Global Compact IMO SOLAS Convention EU Sulphur Directive 2016/802 UNCLOS	IMO Ballast Water Management Convention IMO MARPOL Convention Annex VI IMO International Safety Management (ISM) Code
Responsible ship recycling	Responsible ship recycling SteerCo A.P. Moller - Maersk Responsible Ship Recycling Standard Executive sponsor: Henriette Hallberg Thygesen	Hong Kong Convention ILO Conventions	UN Guiding Principles on Business and Human Rights OECD Guidelines for Multinational Enterprises
Employee relations (labour rights)	Commit Rule Executive sponsor: Ulf Hahneman	UN Global Compact ILO Conventions	UN Guiding Principles on Business and Human Rights OECD Guidelines for Multinational Enterprises Maritime Labour Convention, 2006 (MLC, 2006)
Anti-corruption	Commit Rule Executive sponsor: Caroline Pontoppidan	UN Global Compact	OECD Guidelines for Multinational Enterprises The US Foreign Corrupt Practices Act and the UK Bribery Act
Responsible procurement	Commit Rule Executive sponsor: Henriette Hallberg Thygesen	UN Global Compact ILO Conventions	UN Guiding Principles on Business and Human Rights OECD Guidelines for Multinational Enterprises
Responsible tax	Maersk Tax Principles Executive sponsor: Patrick Jany	B Team's Responsible Tax Principles	OECD Guidelines for Multinational Enterprises
Human rights	A.P. Moller - Maersk Code of Conduct Executive sponsor: Caroline Pontoppidan	UN Global Compact	UN Guiding Principles on Business and Human Rights OECD Guidelines for Multinational Enterprises
Diversity and inclusion	Diversity & inclusion policy Executive sponsor: Ulf Hahneman	UN Global Compact	UN LGBTI Standards for Business

* Commit is Maersk's core governance framework prescribing how we work including the A.P. Moller - Maersk Code of Conduct and 23 policies (known as "Rules") covering Business Ethics and Governance topics

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 along 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.

- We will increase our focus on end-to-end sustainability in our offerings in response to the increased responsibility and opportunity to manage supply chain risks for our customers as part of our Global Integrator business strategy.
- We continue to ensure responsible business practices across our operations with clear governance, accountability, and transparency on policies, commitments and performance.

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 the business and part of ensuring responsible business practices.

Governance 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 decision-making forum, supported by a broader decarbonisation advisory group, preparing work plans and strategies and ensuring alignment across the company. The advisory group has defined a set of workstreams covering commercialisation, vessel design, energy efficiency, fleet and network, retrofitting, new fuels, sourcing and framework conditions.

Stakeholder engagement

Five stakeholder groups are prioritised for sustainability strategy, reporting and engagement: customers, employees, investors, authorities and NGOs/thought leaders. Issue owners and leaders across Maersk engage with representatives of these groups as part of their

daily work, and we incorporate feedback from the regular engagements in determining the materiality of sustainability issues and setting strategic direction for our work.

In 2020, our engagement with customers on sustainability has focused particularly on providing transparency on responsible business practices and visibility of logistics emissions, as well as on sustainability innovation, encompassing our currently available and future solutions for net zero carbon shipping. Our engagement with investors, banks and insurers on ESG/sustainability has likewise centred on decarbonisation, but ship recycling, air emissions, ocean health and safety are also topics important to our large investors.

We engage actively in many partnerships on key sustainability topics (see overview below). In addition, we are active members of industry organisations such as Danish Shipping and the World Shipping Council.

Materiality: Working on issues that matter

In line with our practice of reviewing materiality annually, we have updated our overview of material sustainability issues drawing on the outcome of stakeholder engagement and research conducted as part of the update of strategic sustainability priorities. The research has provided insights into expectations, leading practices and emerging topics across customers, investors, and broader society, and has added to our existing knowledge and analyses

from previous years including an analysis of how Maersk relates to the UN Sustainable Development Goals.

Revisions and additions to our model

We are simplifying our representation of material issues to reflect our new strategic approach, highlighting the issues that are strategic imperatives and hold the greatest potential for value creation: decarbonisation, end-to-end sustainability in our offerings, and sustainable trade. Furthermore, we continue to be guided by the perspective of double materiality in determining how sustainability issues may constitute responsibilities or risks, enabling us to understand where Maersk has a responsibility to mitigate potential negative impact on society or the environment and where issues may pose significant risk to our business.

Our disclosure of sustainability issues as potential risks to our business draws on our enterprise risk management process, which assesses top risks to achieving our business plan within a 5-year horizon. The sustainability issues that are assessed as among our top risks are safety (failure to ensure the safety and security of our employees), climate change (failure to decarbonise our end-to-end supply chain at a speed that matches our customers’ and investors’ expectations), and anti-corruption (being involved in a large compliance case).


Key partnerships

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




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.




Sustainable and inclusive trade




Safety




Responsible ship recycling




Responsible procurement




Climate change / Decarbonising logistics




Diversity & inclusion




Air emissions




Responsible tax




End-to-end responsibility in supply chains




Employee relations



Ocean health



Disaster response





Human rights





Anti-corruption


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.
- 

Air emissions continue to be a material responsibility topic, while the potential financial risk impact of IMO 2020 (lack of enforcement of the cap on sulphur in fuel oil) as reported on in previous years is reduced.
- 

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.
- 

Responsible 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. Møller - 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.	38
Safety The right to life and the right to the highest attainable standard of health.	30
Diversity and inclusion The right to freedom from discrimination and the right to family life.	34
Responsible procurement Human rights principles and standards related to labour.	37
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.	32
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.	36

Strategic sustainability priorities

Sustainable trade, decarbonisation and sustainability in our end-to-end offerings are strategic imperatives to our business.

Enabling sustainable trade

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

Wherever you live, chances are that your living conditions are closely tied to how much and how well your country trades. Since 1980, Bangladesh has seen a four-fold increase in exports with poverty rates declining from 45% to less than 15% today¹. In South Korea, another trading nation, an average employee generates 13 times more wealth in a day than she did fifty years ago². In Turkey, the typical consumer can attribute a third of their real income to lower prices enabled by trade³.

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 labour incomes have declined by more than 10% in 2020, corresponding to hundreds of millions of jobs⁴. 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 2030⁵.

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 bar 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 21,400 per week in 2019 to an average of about 42,600 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 2009 global financial crisis, and US and China account for no more than a quarter of protectionist measures since 2017. This we 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 and diversify their export markets will 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.

1 <http://povertydata.worldbank.org/poverty/country/BGD>

2 <https://ourworldindata.org/grapher/labor-productivity-per-hour-pennworldtable>

3 <https://www.nber.org/papers/w20331.pdf> p. 39

4 https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_755875/lang--en/index.htm

5 <https://www.worldbank.org/en/news/press-release/2020/10/07/covid-19-to-add-as-many-as-150-million-extreme-poor-by-2021>

Maersk is committed to helping connect 50% of 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. Møller - Maersk's (Maersk) corporate venture arm, we pursue our commitment to connecting 100,000 SMEs, including women-operated business, to international trade by 2025. As part of this work, we recognise 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

"Because of flexible, connected supply chains and rules-based global trade, countries and businesses have been able to maintain essential services and supplies, even as societies across the globe went into lockdown."

Søren Skou, CEO, A.P. Møller - Mærsk A/S

accessible to small companies. In 2020, we integrated MODIFI's offering into Twill. Women-owned businesses and women entrepreneurs hold particular promise in making trade work better for inclusive growth. In 2020, we continued our collaboration with the SheTrades 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 hub that will allow customs 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 will enable customs 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 countries in particular. Our premise 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 us, 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

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 were established to support a total of 29 women entrepreneurs from Nigeria, India, Mexico and Kenya. The business owners were allocated a Twill coach, and the pairs 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. 19 of the 25 participants in the eight week programme took part in a follow-up, and 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 Aslida Norzagaray Sandoval, co-owner and CEO of Dios Cacao 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 Dios Cacao's 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 Muniz Tapia, 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 Dios Cacao's supply chain and designed an export plan based on actual quotes and risks. "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.

above, and decarbonising logistics, described in detail on pages 16-22, which will result in the decoupling of greenhouse gas emissions during transportation 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 consumption of natural resources, build-up of non-recyclable waste, etc., which are issues that must first be dealt with in the systems where 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 to halve food loss during transportation as an integrated part of our Cold Chain Logistics business, focusing on developing and scaling solutions to connect and integrate our customers' cold chains. Substantial extra

efforts were required during 2020 to minimise disruptions brought on by COVID-19 and ensure all elements across the cold chains including cold stores 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 on three construction or expansion projects to develop our network of cold storage warehouses. We work with customers to test solutions that target produce at the origin, working from harvest to container station and beyond to ensure that the product is treated in the best possible way to sustain quality and secure as little food loss as possible. One such example is how we have worked with citrus growers in Morocco, where preservation of food quality in citrus fruit during transportation was challenging. Our work included quality-preserving processes related to packing,

handling and temperature control in the cold chain resulting in less food loss, as well as working with customs to ensure faster processing, which equals less waste and better prices for the farmers. We piloted this project in 2019, and in 2020 we have worked to scale it up to cover more farmers and more destinations. Maersk also contributes to reducing food loss both during transportation and at supermarket and consumer level through investments made by our venture arm, Maersk Growth. These include investments in for example Fliit, a Germany-based digital freight forwarder specializing in food logistics, Ripe.io – a platform leveraging blockchain technology and AI to provide data insights along the food supply chain, and Spoiler Alert, a company building a marketplace for discounted perishables. Our focus during 2020 has been on efforts to create change on the ground, and the development of a metrics framework and broader partnerships to guide and document our impact on food loss in the supply chain remains a work-in-progress.

Our commitments on sustainable trade



Commitments	Progress
Connect 50% of global containerised trade to digital solutions that reduce supply chain barriers by 2025	TradeLens has integrated with over 220 organisations, including data from more than ten ocean carriers and more than 600 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 start with pilots in Cambodia and Sri Lanka.
Help connect 100,000 small and medium-sized enterprises (SMEs), including women-operated businesses, to international trade by 2025. ⁶	<ul style="list-style-type: none">• Twill, our digital shipping platform focused on SMEs, counted over 4,000 active customers in 2020.• Almost 1,700 participants joined Twill's webinars and coaching programmes.• By the end of 2020, we had invested in 21 start-ups enabling trade for SMEs. These start-ups reach more than 15,000 customers and help them connect to global trade.
Contribute to trade facilitation reforms in 30 developing countries by 2025.	Through our participation in the Global Alliance for Trade Facilitation, we provide knowledge and data to enable reforms in developing countries. By the end of 2020, we had contributed to reforms in ten countries. Action was delayed on a number of projects, predominantly due to COVID-19.
Contribute to halving food loss in logistics in support of sustainable development and growth of our cold chain business	In 2020 our Cold Chain Logistics business expanded to cover several hundred customers across nearly 50 countries globally. We opened one new cold chain facility and are progressing three construction/expansion projects in our network of cold storage warehouses. The fundamental challenge during the COVID-19 pandemic in 2020 has been to help ensure the stability of global food supply. We did not make progress in 2020 on the development of a metrics framework and broader partnerships to guide and document our impact on food loss in the supply chain.

6 We no longer report on a previous target on SME share of Maersk revenue because we have come to understand that their overall share of Maersk revenue does not contribute to providing meaningful measures of the impact on our work.



Decarbonising logistics

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.

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 21). 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.

Our commitments on decarbonisation



STEPS TOWARDS DECARBONISATION



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 with blockchain 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 ambitious science-based or zero 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 promise, 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 across commercial, operational, technological,

and corporate entities. With the new setup, decarbonisation will be an even stronger strategic priority across the business. The new team, counting more than 50 people, will assist, inspire, set the direction and transition 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 pathways 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 our customers, in 2020 we implemented a new commercial strategy on sustainability aiming to respond to and aid customers on their decarbonisation journey, however far they have come.

One key feature in this is the Maersk ECO Delivery product. Launched in 2019, it remains one of only a few options for carbon-neutral emissions shipping on the global market so far.

Maersk ECO delivery uses externally certified biodiesel in the form of used cooking oil to power vessels in our network. The CO₂ savings generated from this are used to neutralise emissions related to transport of specific cargo by customers.

In 2020, customer uptake of Maersk ECO delivery shipping exceeded our expectations. So far, approximately ten major customers have chosen to purchase this carbon-neutral emissions

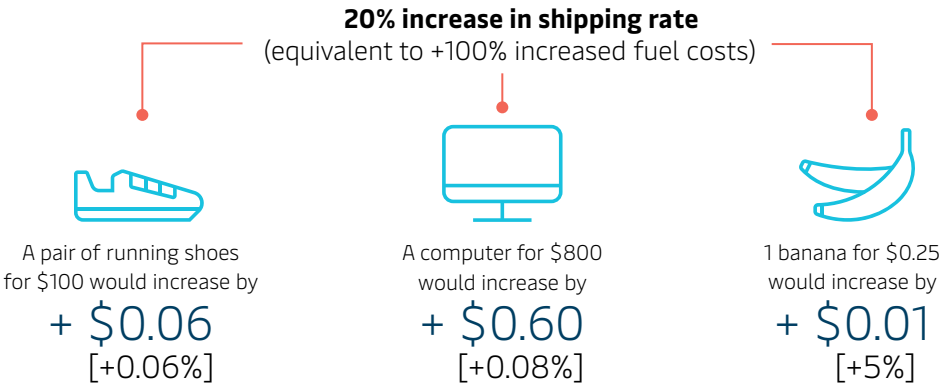
transport solution, and we expect this number to increase. We are also in conversation with some customers on the possibility of converting all their shipments to the Maersk ECO delivery product. While this is very promising, it represents a small share of the total amount of containers transported by Maersk, and we need much more customer demand to scale net zero emissions offerings and enable a transition to full decarbonisation.

Most importantly, however, we are learning that the commoditised freight market is open for price differentiation related to sustainability. Driven by the end-consumers' increased willingness to pay for sustainability, and growing climate urgency, this represents a solid contribution to the development of a business model for decarbonised logistics and transport, lowering the risk we take on when investing in the development of decarbonised logistics and transport services (shipping, rail, road, air).

Reflecting this, we have developed a multi-tier value proposition for sustainable logistics, allowing us to respond to customer needs aligned with their maturity and ambition level for carbon reductions. We continue to build ties and partnerships with the group of customers who match or exceed our ambitions on decarbonisation, and the solutions we co-develop with them are crucial levers in showcasing and shaping the broader market of the future.

A very relevant aspect related to the value proposition of net zero emissions logistics is understanding where the cost of transition will be felt. Analysis from the Energy Transitions Commission⁷ shows that for most product categories, price increases for final consumers will be negligible, even though the intermediate costs are higher. See graphic below.

How decarbonisation affects consumer prices




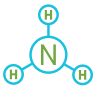


Source: Calculations by Maersk

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

7 Energy Transitions Commission, Making Mission Possible – Delivering a Net-Zero Economy, September 2020

Four priority fuels for net zero emissions shipping

Fuel	Key advantages	Key limitations/risks
 Biodiesel	<ul style="list-style-type: none">Can be used as drop-in fuel in existing vessels and engines	<ul style="list-style-type: none">Limited availability of biomass feedstock a challenge to scalabilityPrice pressure due to high demand from competing industries
 Methanol (bio-methanol and e-methanol)	<ul style="list-style-type: none">Already in operation as marine fuelEngine is availableLiquid at normal conditions, well-known handling	<ul style="list-style-type: none">Bio-methanol: Production at scale is challenged by uncertainty over availability of biomassE-methanol: Availability of biogenic CO₂ source at production site, cost and maturity of electrolyser technology
 Lignin fuels A new biofuel based on biomass residue (lignin) and alcohols (methanol or ethanol)	<ul style="list-style-type: none">Lignin fuels are potentially the most price-competitive net zero fuel with the lowest price estimate almost on a par with fossil fuels	<ul style="list-style-type: none">In development stage, production needs to be scaled up to create a new value chain and infrastructure for supplyEngine requirements would be the same as for methanol, but additional handling of contaminants may be required
 Ammonia (green ammonia)	<ul style="list-style-type: none">Fully zero emissions fuelCan be produced at scale from renewable electricity alone	<ul style="list-style-type: none">Safety and toxicity challengesInfrastructure challenges at portsFuture cost depends on cost of renewable electricity and cost/maturity of electrolyser technology

The future of fuels

Over the past two years, we have conducted an extensive analysis of the available technology 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 broad range 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 de-selected a number of potential technologies. For example, bio-methane and liquified natural gas, fuel cells, 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 bio-methane and liquified natural gas, for example, we are very concerned with levels of methane emissions, and the risk of tying investments to marginal CO₂ reductions rather than transformation to real net zero-emissions solutions. Fuel cells were put on hold because they are not ready to be produced efficiently at scale and cost is still high, but we monitor this technology closely.

Our analysis shows that the technologies are available. As a result, 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.

Barriers to progress

As shown in the graphic on the next page, fuel transformation involves the entire supply chain, and holds barriers to progress which we are working to overcome:

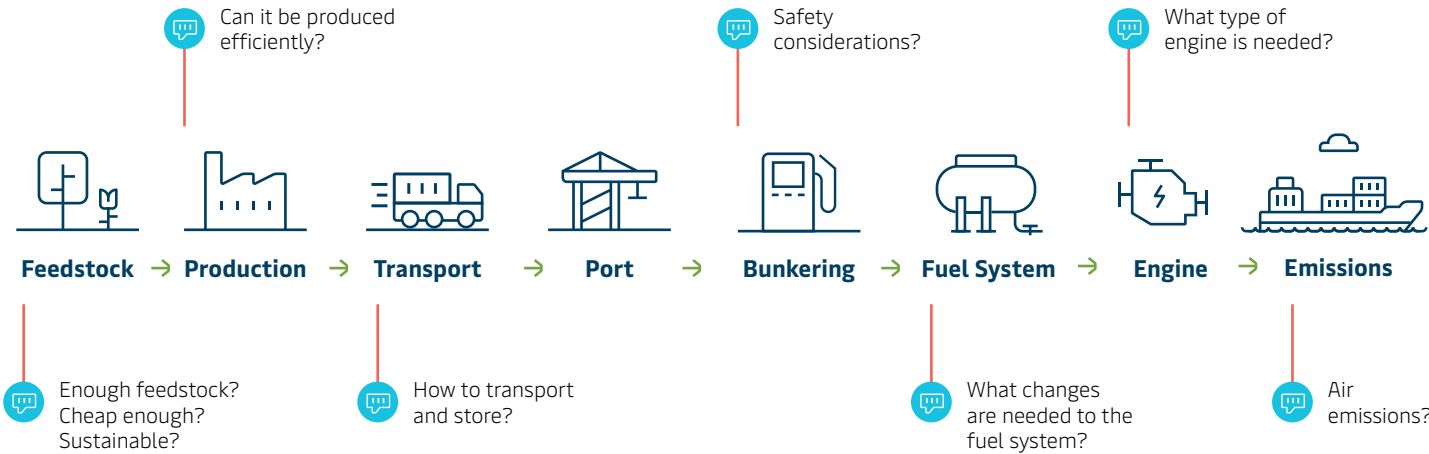
- Scaling fuel production and associated technology**
The main limitation to developing net zero emission vessels is availability of new fuels at scale. We are engaged in several fuel manufacturing projects for both methanol and ammonia, just as our participation in the LEO coalition continues, where we in collaboration with partners incl. customers and researchers work on the lignin fuel option in the table above. In combination, these projects will deliver substantially towards the power needs of our entire fleet, albeit price premiums may remain a barrier to uptake. The first green fuel projects will command premiums, but technology maturity will improve and production costs are expected to decrease once production is scaled.
- Lack of fuel infrastructure**
Today, there is very limited infrastructure in any port to handle net zero emission fuels.

We will collaborate with fuel suppliers to develop a fuelling network that serves our needs.

- Safety-related issues**
For methanol and ethanol, there are issues related to flammability that will have to be resolved. There are already some operational experience available for methanol as a shipping fuel. For ammonia, the main issue is toxicity, and safe solutions will have to be developed before it can be used as marine fuel. However, ammonia is today handled commercially in many other applications, and solutions for its safe use as marine fuel should be possible. Much work remains to be done in this area, and it is one of the areas that the Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping will investigate (see box on the next page).
- Impact on company profitability**
Leadership on the decarbonisation agenda comes with a near-certain increase in costs but also, we believe, with a potential for competitive advantage that far outweighs the costs and potential risks.

We believe that the right thing to do is to leapfrog to pure net zero vessel technology without any transitional technologies.

Transformation needs to happen across the entire fuel supply chain



The Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping

The Mærsk Mc-Kinney Møller 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 minds from industry, academia, energy, fuel and ship 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 the transformation.

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

“We are looking for more robust and comparable information on how companies are realigning their business strategies and operations with the goals of the Paris Agreement and a net zero emissions future. We need to be certain that a company has charted a credible and comprehensive course to decarbonisation, taking into account added investments and costs, just as we need to know that the transformation is anchored at the highest leadership level.”

Claus Wiinblad
Senior Vice President, ATP

The need for broad-based action

The final 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 level playing field are essential, and for this reason the limited outcome of the IMO meeting in 2020 was disappointing. We also advocate that lawmakers build incentive structures that reward first movers and remove a share of the financial risk related to decarbonisation. There is a very real danger that regulators are out of sync with the progress and development pushed by industry, which would be to no one's benefit.

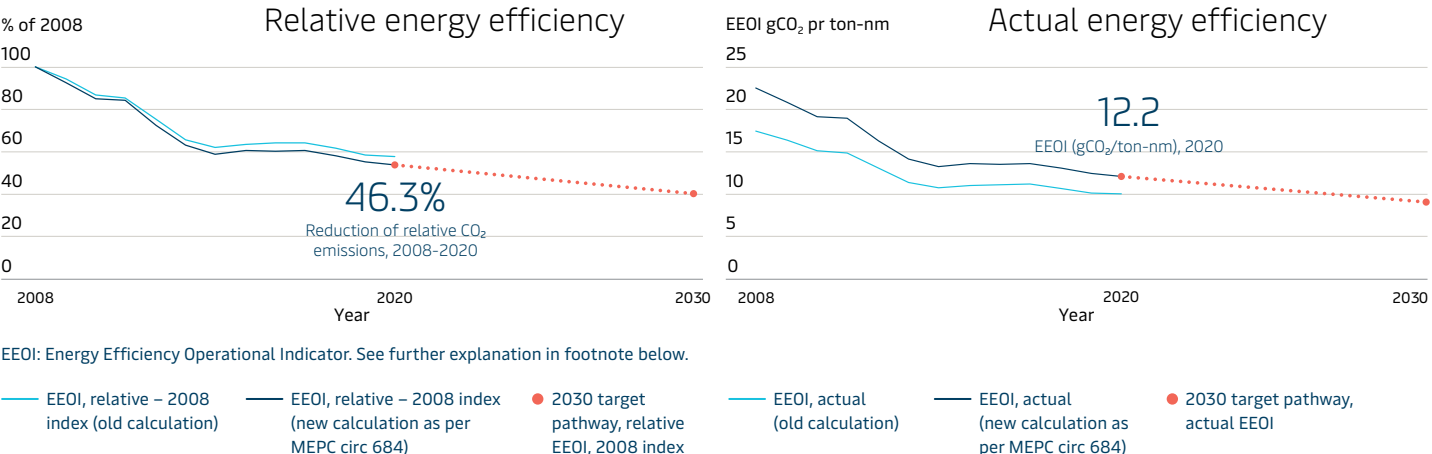
At regional level, there is no doubt that shipping will be part of the EU Emissions Trading System, which is the world's biggest scheme for trading

greenhouse gas emissions allowances, also known as CO₂ credits. However, this needs to be done with the objective of actually lowering shipping emissions and with a view to supporting an international greenhouse gas reduction agreement. Moreover, the many related EU initiatives must also fit into a puzzle whereby greenhouse gas emissions overall are lowered while still supporting modal shift of cargo to sea, which will remain the most sustainable way of transporting large quantities of cargo.

The transition will not happen without strong regulatory frameworks. IMO Member States have a fundamental role in securing progress. These processes take time, but there is real benefit to having a global solution which is enforceable and protects first-movers.

In parallel, private action and advocacy initiatives should also continue. We are very proud to have been part of the recent launch of the Mærsk Mc-Kinney Møller 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 shipping. Additionally, we have joined hands with Ørsted, the largest energy company in Denmark, and other leading Danish companies in establishing a project to develop a new hydrogen plant, which can be part of the solution for creating e-fuels in the future. We have also received external funding to further intensify our research and development of different types of lignin-alcohol fuels. We continue to engage actively in the Getting to Zero coalition, and beyond our own sector we have joined with a group of other leadership companies in the Transform to Net Zero initiative, launched in July 2020, which aims to lead by example, developing guidance and pilot projects to enable all businesses to achieve net zero emissions.

Towards 60% CO₂ emissions reduction



Progress and increased disclosure on CO₂ efficiency

Our target is to deliver 60% relative CO₂ reduction by 2030 (compared to 2008 baseline). By the end of 2020, we had reduced emissions by 46.3%. We are from 2020 using an improved methodology to calculate relative reductions, which enhances the accuracy⁸.

We are also from 2020 disclosing our progress on CO₂ efficiency in both actual efficiency (measured in EEOI, gCO₂/ton-nm) as well as relative to our baseline year 2008. The graphs above show performance according to both the old calculation, used in our 2019 Sustainability Report, and the improved calculation which we will use going forward.

Comparing the new calculations with the old shows that while the number for actual efficiency in gCO₂/ton-nm is now higher than before, this also corresponds to a higher reduction compared to the baseline year of 2008. Using the old methodology, we have reduced emissions by 42.7% since 2008.

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 per capita emissions below 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 collective action taken today to decarbonise.

Attaining a 2.0-degree pathway will not eliminate physical climate change risk for our customers and our business operations. Moreover, the transition to a 2.0-degree pathway will likely be a source of major disruption (transition risk) in and of itself because of the accompanying government

policies and changed consumption patterns. And a 2.0- degree pathway will entail ongoing material risk of accelerated climate change (tipping points) and abrupt policy changes in response.

Currently, the planet remains on an unsustainable warming pathway above 2.0 degrees and material physical climate change is likely regardless of remedial actions taken, impacting customer supply chains and potentially Maersk's ability to deliver a reliable product.

These scenarios confirm to us 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 transparency to capital markets on

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 CDP, a platform to which we have reported since 2010, and into new benchmarks such as the Climate Action 100+ net zero company benchmark launching in early 2021.

TCFD recommends 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.

⁸ The indicator underlying our relative CO₂ reduction target is EEOI, Energy Efficiency Operational Indicator, calculated as g CO₂/(Ton x Nm). From 2020, we are disclosing performance in actual numbers in addition to the progress relative to the index year 2008. Our new, improved methodology, enables us to cleanse ballast water and fuel stock weights from the cargo weight to make the calculation of EEOI fully in line with the IMO's Marine Environment Protection Committee's (MEPC) regulations. This was previously not possible, as we lacked the data and method to remove it from the historical data.

The main contributors to the 2.5% reduction in 2020 are related to a series of energy efficiency initiative. 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 sea voyage, with live data helping crews adjust and choose the most efficient 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.

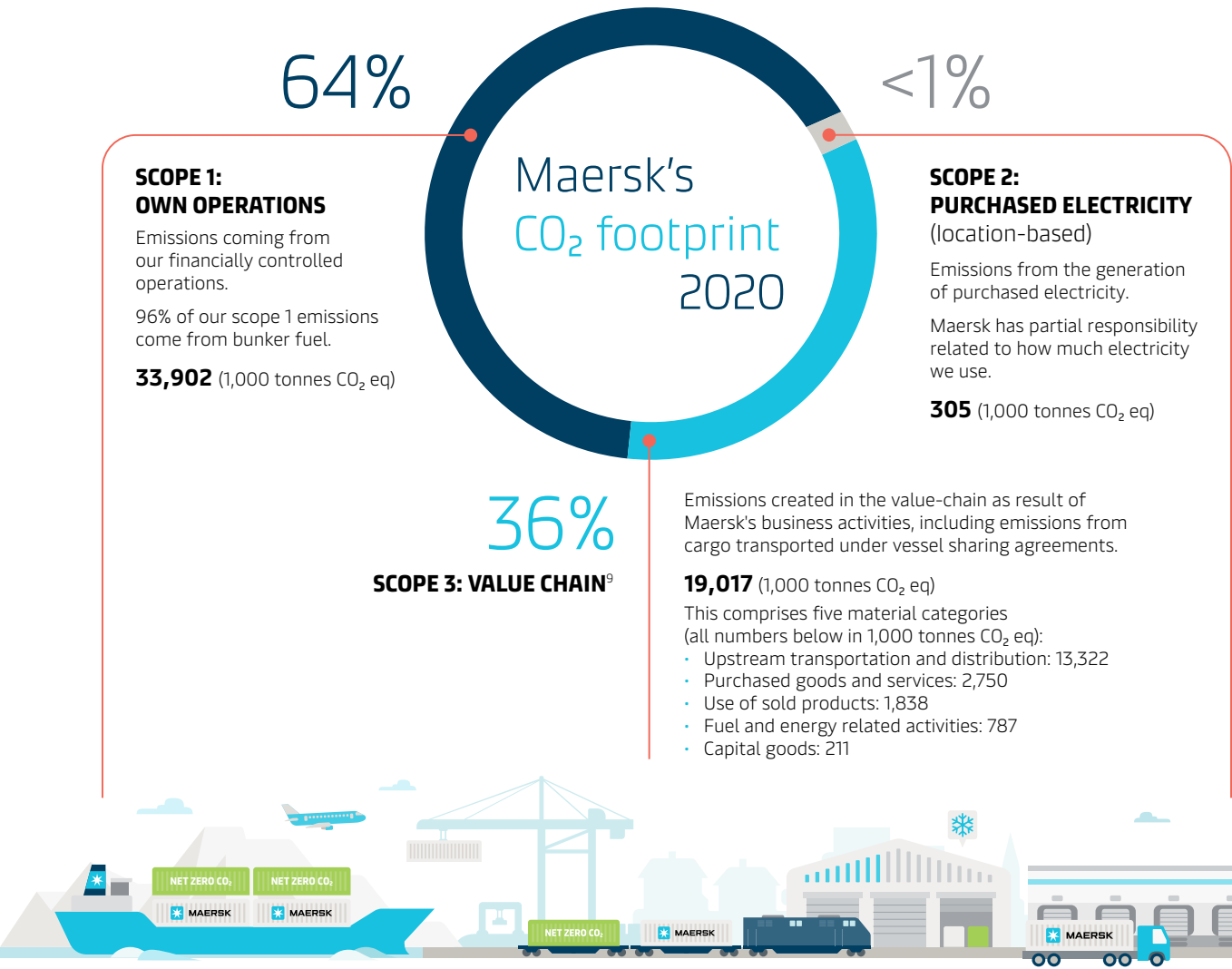
As the graphic below shows, the vast majority of our emissions come from our own operations (scope 1), which are dominated by ocean transport. As we expand our activities on land this situation is bound to change. However, our plan for expansion on land does not include significant asset ownership, and consequently emissions from our logistics supply chain (scope 3) are set to grow.

We are exploring how best to engage our suppliers in support of an end-to-end decarbonisation ambition, and we are working to expand our net zero solutions to customers to encompass offerings across end-to-end logistics, including trucking, rail and warehousing,

as well as digital solutions to provide visibility on emissions end-to-end.

Our role in decarbonising logistics will be very different compared to our role in ocean transport, where Maersk holds a leadership position and is a significant asset owner in an industry dominated by relatively few, large companies. The inland logistics industry landscape is very different, and we typically have limited operational control of the assets such as trucks, trains, warehouses. This will imply a different, more collaborative, approach where we partner with our logistics suppliers to work towards decarbonisation of our end-to-end logistics offerings (scope 2 and scope 3, as well as the small portion of our scope 1 emissions outside ocean transport).

As part of this, we are working towards integrating environmental sustainability into procurement criteria in tenders.



⁹ Data and assessment of material categories for scope 3 emissions for 2020 is based on analysis of procurement and accounting data performed by an external provider, and have not been in scope for PwC's review of this report.

Sustainability in our end-to-end offerings

Managing all aspects of our customers' logistics supply chains includes taking on responsibility for sustainability performance. We are developing a more comprehensive approach to ensuring sustainable practices across our end-to-end offerings.

In 2016, we launched our Global Integrator strategy of connecting and simplifying our customers' supply chains. Since then, we have transformed A.P. Moller - 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 etc. For example, Maersk works with more than 3,000 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 ambitions 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 business on land. This includes risks of corruption and working conditions – including safety challenges – for workers not hired by us, but working for us.

It is clear to us that our customers expect their logistics supplier to ensure responsible practices, and expect us to help them address their supply chain challenges on emissions and

waste (read more on decarbonising end-to-end on the left).

Our investigations led us to conclude that while we have a good foundation of responsible business practices within our own operations on which we can build, our set-up can be improved for delivering on the expectations to our customers, and the approach going forward will be integrated across functions and into our product offerings as a base component.

“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 Pirinen
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.

Local Maersk staff reviewed the practices of all the suppliers used for contracting labour in third-party operated ports in Africa and compared these to our supplier code of conduct. In most cases there were minor gaps which were addressed through improvement plans.

However, most of the contracted labourers working in these ports are hired by the port operators, and we have little insight into the content of their contracts.

Recognising that this is a high-risk area for ports, we are working to develop new audit and follow-up regimes to ensure our standards are met.

Comprehensive plan for the future

Applying a customer perspective on responsible practices in our supply chain, we are developing a comprehensive work programme to deliver the necessary changes and improvements to our current 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 supplier 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 within 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 ahead of the market, and collaboration in alliances such as Clean Cargo, the Trident Alliance and the Getting to Zero coalition. 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

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 thirdparty 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.



Responding to a pandemic

Facing the global emergency of 2020, Maersk's priorities were to protect our people, serve our customers and support society.

In March 2020, the executive leadership defined three priority focus areas to guide our response to the COVID-19 crisis



Serving our customers

Enabling global trade has been A.P. Moller - Maersk's (Maersk) finest task for decades, but there was arguably never more pressure to keep goods moving freely than in 2020. In extraordinary circumstances, our employees across the world have gone to extraordinary lengths to serve customers in new and creative ways, while taking extra care of each other and helping society to get through the crisis.

"Being onboard for more than ten months was quite an experience. I had my holiday on board, celebrated my birthday as well, and never knew the next time I would go ashore."

It was all about waiting and hoping for possibilities to off-board, coming to terms with cancelled flights and changing schedules. In the meantime, we found ways to keep a positive attitude and break the monotony of the sleep-eat-work cycle.

What kept me going was the encouragement and bond of the crew, family calls made possible by the improved internet connectivity, drawing portraits and constant prayers. All of this made the physically challenging and mentally draining life on board with an overdue contract a little lighter."

Cadet John Godwin Nallada
on the Maersk Hidalgo
from 4 November 2019 to 13 August 2020



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 130 countries worked and lived. Alongside the threat to global health, the risk of collapsing economies with extensive job loss and shortage of goods grew fast 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 essential role in maintaining the flow of vital goods, such as food, fuels and medical supplies, that people everywhere need.

For many of our seafarers, the hero status was underlined by the fact that crews experienced prolonged stays on the same vessel, as crew changes were hindered by government restrictions.

Normally, a crew member stays on a vessel anywhere from two to six months. The Maritime Labour Convention states that crews can spend a maximum of 11 months on board. These norms were all broken in 2020.

Across the Maersk network, a total of 6,000 seafarers of 40 nationalities on 700 vessels work to ensure the flow of goods around the



Helping society in the fight against COVID-19

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 Mumbai 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, Nigeria, 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 some 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 continue to work, 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, despite more than half the global economy being under lockdown, the world has avoided major disruption in global food markets.

There are many examples of how our employees found new solutions to challenging supply chain problems. Read one in the box below.

Looking towards vaccines

The next phase in the COVID-19 pandemic is now starting, as vaccines become ready for



The Maersk Cadiz crew share a positive message with all their colleagues at sea.

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, COVAXX 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 Forum's 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.

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 the COVID-19 pandemic 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 assess whether it can be a scalable model for the global market at a later stage.

Organising new exports to save products

On 24 March 2020, India came to a sudden standstill as Prime Minister Narendra Modi announced a strict nation-wide lockdown to contain the COVID-19 pandemic. For Maersk and its customers, this meant a massive disruption of supply chains – trucks were abandoned by drivers rushing to get home, labourers stopped turning up at ports and yards, and customs house agents disappeared amid policy confusion.

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 15,000 containers worth of polymers and no warehousing 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 a regular pace, and cargo inventory was building up in ports and yards. 15,000 40-foot containers were required for these exports – 10,000 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.



Through donations and commercial activity, Maersk has delivered more masks to Canada than there are Canadians, using multiple Antonov 124's – one of the world's largest cargo aircrafts.

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 Bridge

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



3D visor and ventilator tech

Colleagues at APM Terminals Algeciras used 3D printing to help make protective visor 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.

ASIA



Clean water

In small villages near the Indian port of Pipavav, APM Terminals installed vending machines that dispense clean water so local people would not need to travel long distances for healthy drinking water where they might risk spreading COVID-19.



Relief effort

Maersk provided commercial logistics support to UNICEF to provide warehousing, transportation and distribution of critical supplies for Pakistan's national relief effort.



Health care

As part of our continued engagement in the delivery of health care in Alang, India, we helped fund thermal screening for 13,000 workers at the ship recycling yards in the area, and distribution of 33,000 preventive masks. 170 COVID-19 awareness sessions reached over 8,400 workers.

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

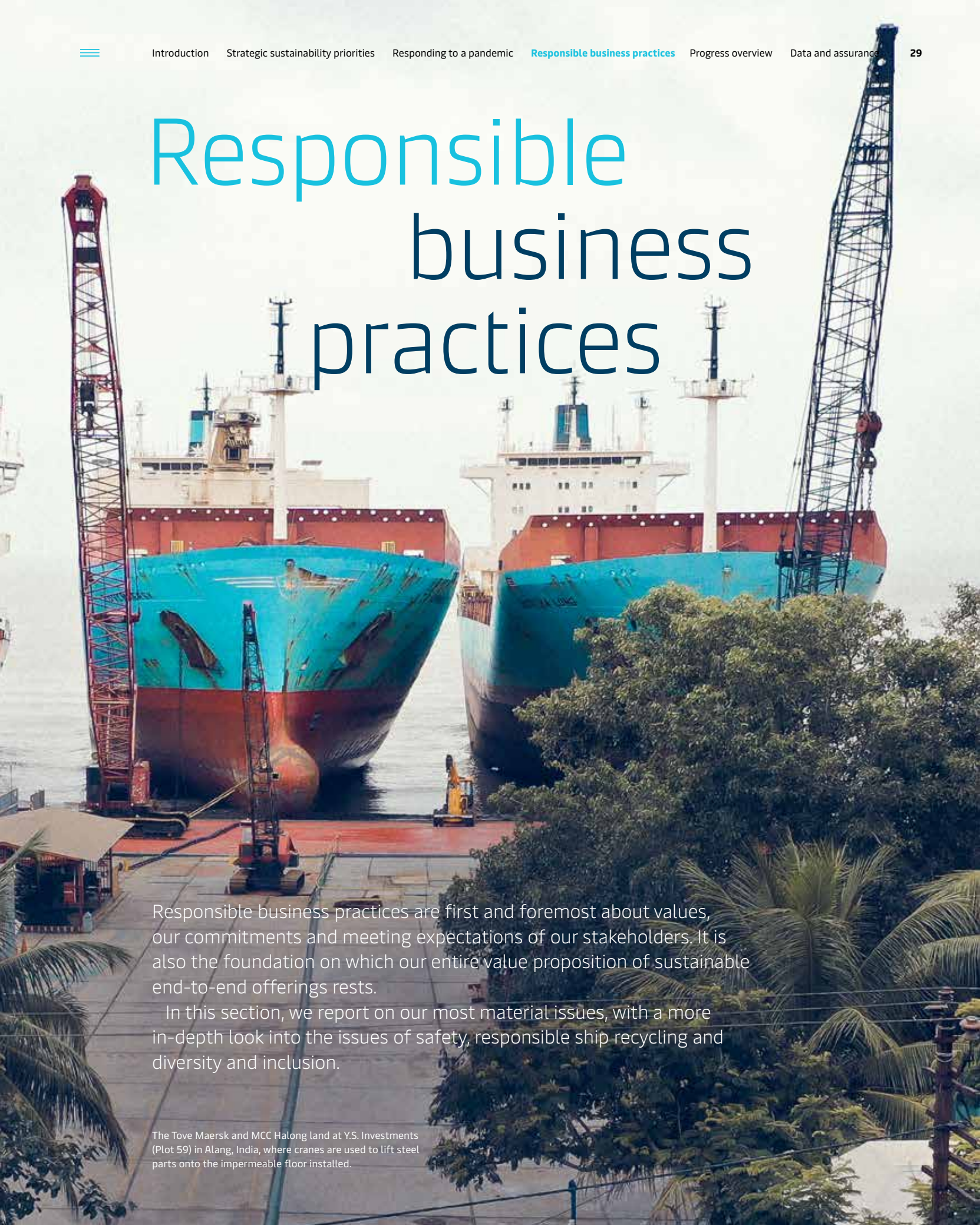
Maersk in Angola provided disinfectant gels, cleaning materials, gloves and masks as well as food and water to multiple local projects and schools.



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



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.

The Tove Maersk and MCC Halong land at Y.S. Investments (Plot 59) in Alang, India, where cranes are used to lift steel parts onto the impermeable floor installed.

Safety



On Global Safety Day 2020, the crew on Svitzer Al Safliya discussed the risks, procedures and every day experiences of connecting and disconnecting towlines 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 work to reinforce that Maersk has one, and only one, safety strategy, which is implemented and enforced equally across the company.

The new central Safety and Resilience team creates a strong pool of resources and tools including implementation support available at all levels across the company. In this way, we are able to match and mirror the integrated company that Maersk is becoming, and assure our customers that when they leave their

supply chain obligations in our hands, we have the capacity for safe operations in place. (Read more about sustainability in our end-to-end offerings on pp. 23-24).

Managing risks through learning teams

Over the past two years, we completed a number of projects, based on identification of the most critical risks related to fatal and severe injuries across our operational contexts. These include cargo fires, warehousing operations, dropped objects, mooring operations, man overboard and working at height.

The risks were identified and solutions developed using a core element in the Safety Differently toolbox, namely the learning teams approach, where front-line workers share their experiences with leadership teams, allowing for a shared understanding of the risks and possible solutions, which can inform the allocation of resources and responsibility. In support of this approach, our port terminals organisation developed a leader-led programme, including an app that helps structure such learning conversations. By the end of 2020, there had been more than 36,000 recorded activities using the app since its launch in March 2020, and 4,831 times where unsafe work or working conditions were stopped before an incident occurred.

Safer mooring ropes through crew engagement

One learning teams example is our work on mooring, which is one of the most dangerous operations on a vessel. When a mooring

Tragic fire leads to new stowage system

The official investigation of a fire on board the Maersk Honam in March of 2018, where five seafarers tragically lost their lives, was finalised in 2020 by the Transport Safety Investigation Bureau (TSIB) in Singapore. They concluded that the most likely source of the fire was a block of containers with declared dangerous cargo stowed inside a cargo hold in the forepart of the vessel. According to the report, the cause of the fire is not conclusive, but highly likely originated from the decomposition of dangerous cargo generating intense heat.

All cargo aboard Maersk Honam was accepted and stowed onboard the vessel according to existing international guidelines and practices, which proved insufficient to prevent the loss of life and extensive damage caused by the fire. In response, we developed a risk-based stowage concept which divides each vessel into six different risk tolerance zones, and distributes the cargo in a way that ensures maximum fire resistance.

The system is now implemented on our entire fleet, both on the vessels we own and on those we charter. We are also working to enable a review and update of the international regulations of this area, in order to optimally protect all crew, cargo, environment and vessels.

rope breaks, it can move at over 800 km/hour and snapback incidents can potentially cause severe injuries and fatalities. Through crew engagement, this risk was defined and a solution was developed. Now, Maersk has begun implementing a rope innovation called SnapBack Arrestor, where a broken mooring rope simply drops to the ground, instead of snapping back in unpredictable paths.

Mooring is an everyday event across the Maersk fleet and in the process mooring ropes breaking is bound to happen. The SBA ropes reduce the consequences significantly, and as such reflects the ‘Safety Differently’ approach as it builds capacity to safeguard people onboard as well as ashore. The phase-in of the new ropes across our fleet is set to be complete by 2025.



Why is it important

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

Keeping our people safe is a core value and an ethical responsibility for us as a company towards our employees, 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.

2021:

- Leading-indicator targets for building safety capacity are set for:
- Learning Team activity (to be completed within 40 days of every High Potential Incident)
 - Leadership Gembas (to be carried out according to plan)
 - Critical risk projects (on-time and on-scope delivery)



Progress in 2020

A health, safety, security and environmental (HSSE) 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.
- Roll-out and implementation of the Safety Leadership Gemba 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 28,000 Gemba 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

Sadly, 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.

Business segment	Location	Description and learnings	Employed by
Terminals & Towage	Apapa Terminal, Nigeria	A 23-year old roofer lost his life when a scaffold collapsed after being hit by the boom of a tipping 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.	Subcontractor

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.

Documented improvements

In 2020 we conducted an impact study at yards engaged by A.P. Moller - Maersk (Maersk) in Alang to document the outcomes. Between 2017 and 2019, in line with the Responsible Ship Recycling Standard (RSRS), nine Maersk vessels were recycled at five different Alang yards under full-time supervision with stop-work authority and a verification regime through external audits. After 3,100 training sessions, 2,000 toolbox talks and 35 Lloyd's Register audits, not a single lost-time injury incident or fatality occurred. We have incentivised yards to invest in continual upgrades, which has also led to the construction of full impermeable floors in nine Maersk-approved yards and the purchase of 15 heavy-duty cranes in 11 yards that eliminate contact between vessel blocks the inter-tidal zone. There have been no major spills or incidents with hazardous materials on our projects at Maersk-engaged yards.

Appointment letters and payslips, minimum wages, overtime payments, annual health checks, a 24/7 ambulance dedicated to each yard and many more such facilities are now

standard practice, along with over 1200-men ILO-compliant worker dormitories built by Maersk-approved yards. For the wider Alang community and workforce, access to qualified healthcare and awareness training has led to improved health outcomes.

A progressive transformation is also seen at a broader Alang industry level – approximately 80 of the total of around 120 operational yards voluntarily comply with the Hong Kong Convention, which is the only global convention on ship recycling.

Regulatory barriers to further progress

However, at yards in Alang as well as among responsible shipowners, the frustration and concern today are almost palpable. International waste legislation, the Basel Ban Amendment (BBA) on export of hazardous waste adopted in 1995, entered into force on 5 Dec 2019, and may effectively hinder non-OECD countries such as India, from offering to recycle ships coming from OECD countries. This is particularly disappointing to the leading Alang yards, who have invested significant resources and engaged extensively with the European Commission over the past two years in order to comply with the EU Ship Recycling Regulation (EUSRR). These yards now comply with the EU regulation, except on a few solvable items related to waste management and access to hospitals with trauma facilities, and the yards were pending inclusion in the EU List, which lists global yards allowed to recycle vessels registered in EU countries.

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.

Changing our ambition

A further challenge is the fact that in the next few years, globally a big wave of post-panamax vessels, (whose category name is derived from the fact that they are too large to pass through the Panama Canal), will near their end of life. Very few yards included in the EU List are capable of handling post-panamax vessels, and even fewer wish to accept these, with repairs/conversions either being their core business or offshore/military vessel recycling their priority due to higher margins. Thus, there is today a lack of capacity for responsible recycling of mainstream, commercial, post-panamax vessels, regardless of which flag they sail under and where the responsible recycling facilities are located.

With proven results from Alang that engagement on the ground leads to change, we are confident that opportunities to remedy this situation can emerge from India and other non-OECD countries. Thus, Maersk's ambition for our work with responsible ship recycling has changed from radically transforming the industry beginning in Alang to focusing on creating opportunities globally.

We are in active dialogue with a few global greenfield projects, for example one in the African continent, where we as interested end-users assist in researching, developing the business case and performing initial due diligence.



The Tove Maersk and MCC Halong undergoing responsible ship recycling at Y.S. Investments (Plot 59) in Alang, India – Sep '20.



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

2020:

- Continue to invest and work with selected yards in Alang
- Develop the wider Alang area
- Actively support and participate in the development of the Ship Recycling Transparency Initiative

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 EU List
- 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 Aliaga yard in Turkey. Through a robust framework, we continually ensure RSRS compliance which goes far beyond the Hong Kong Convention at all Maersk-engaged yards globally.

With our continual engagement to improve healthcare access in the wider Alang area in 2020, the mobile health unit provided 17,600 services and 1,750 laboratory tests. The training programme

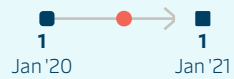
aimed at raising awareness on hygiene, substance abuse and sexually transmitted diseases covered 5,000 workers.

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 26 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.

Y.S. Investments plot 59, Alang



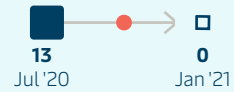
J.R.D. Industries plot 30, Alang



Alang Auto Gen Engg. Co. plot 24, Alang



Şök Denizcilik, Aliaga



● Audits take place at regular intervals, and a new Alang yard recycling a Maersk vessel for the first time typically takes two months to achieve RSRS compliance. The one remaining audit finding is on excess overtime which is a challenge in many industries and geographies with migrant workforces.



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 to take specific actions and provide input to A.P. Møller - Maersk's (Maersk) continued, global conversation 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 topic 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 concerns 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 out 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 support 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 journey 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.

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 travelling 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.



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 pool, 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.

For senior management, we have targets for representation of women and nationalities (see side bar).



Progress in 2020

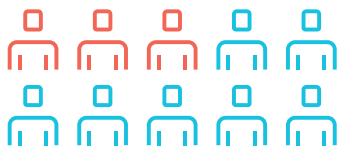
The target for representation of women on the A.P. Møller - Maersk Board of Directors was met in 2020¹⁰. However, we are still not satisfied with the progress we have made towards our nominal targets on gender and national representation in senior management. We are implementing new controls and processes 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 74% 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.

Representation of women on the A.P. Møller - Mærsk A/S Board of Directors (2020)



3 women out of 10

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 underrepresented gender on the respective Boards of Directors. Of the companies, a portion have already obtained target representation on the Board, while the remaining continue to strive for their targets. See the management reports of the respective companies.

11 <https://www.maersk.com/careers/work-with-us/diversity-and-inclusion>

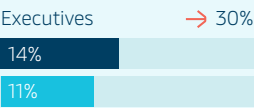
Targets and performance on diversity and inclusion

2019 2020
→ Target 2021

Representation of women



Representation of persons not from high-income OECD countries



Employee relations



Why is it 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.
- In 2020, improve employee relations maturity level in the business by increasing management capabilities and mitigating risks of working with third-party labour in our supply chain.

2021:

- Ensure compliance with our Commit Rule on Global Employee Relations, which is based on internationally recognised labour standards.
- Conduct our bi-annual labour rights assessment
- 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

Our work on employee relations rests on the core belief that employees are essential to the development and success of our business. We act in accordance with international frameworks and conventions from the UN, OECD and ILO, as well as in compliance with local legislation where we operate. Our leadership have access to support for their negotiations with employee representatives, where they discuss the local collective bargaining agreement.

A focus area in 2020 was third-party labour which is a risk area and important for us as we expand our logistics business. Read more on pp. 23-24.

COVID-19 prevented the roll-out of the Employee Relations face-to-face training programme. Instead, we began the development of a virtual training programme that will be launched in 2021.

The COVID-19 pandemic did not lead to any Maersk employees losing their job. However, we let go of 2,700 employees in 2020 as part of the strategic integration of our business and brands. When the organisation changes, we have pre-established information and consultation processes with participation from both management and employees, and we work to ensure that all standards for employee relations are upheld.

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 143 times to report on issues related to potential violations of HR-related laws, rules or company values. 17 of these cases were substantiated, 11 of which were related to the Commit Rule on Global Employee Relations. Appropriate action was taken according to company policies. 45 cases are still under investigation.

Working with unions during COVID-19

During 2020, we engaged with trade unions at global and local levels to discuss the needs of our employees both at sea and on land and to make a joint effort in protecting their health.

Our leadership had discussions with the International Transport workers Federation's leadership to align our approach on COVID-19 and explore options for collaboration. This resulted in sharing of information and knowledge about our solutions to make the necessary crew changes and get seafarers home, just as we coordinated our discussions with the ILO which led to a resolution in December 2020, recognising seafarers as essential workers.

Locally, we have worked with trade unions on:

- Health & safety measures for employees, including mutual agreements on workplace instructions, cleaning and sanitation, and protective clothing.
- Business continuity, including different ways of servicing vessels, shift-changes in terminals and on tugs.
- Supply chain continuity, where the broader supply chain community including truckers, rail staff, warehousing workers and cargo owners, established agreements and conditions for collaboration.

Responsible procurement



Why is it 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, 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 RP requirements. Successfully close improvement plans.
- Review responsible procurement programme to align with evolving risk picture from expansion of activities on land.
- Participate in collaborative efforts on trucking.

2021:

- Ensure all purchasing activities are aligned with Responsible Procurement requirements
- Expand scope of Responsible Procurement in line with ambitions to strengthen sustainability in end-to-end offerings
- Operationalise post-sourcing audits for trucking, warehousing and third-party labour providers
- Prepare for legislation on supply chain due diligence



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 in full compliance with all applicable laws and regulations. In our own supply chain, we work through our Responsible Procurement Programme. Increasingly, this also serves a commercial purpose, as our global integrator strategy leads to purchasing logistics on behalf of customers outside our own supply chain. On activities related to this aspect, please see p. 23.

In our Responsible Procurement Programme, we have assessed compliance with the Supplier Code of Conduct with approximately 3,500 suppliers in high-risk categories, by conducting due diligence activities such as audits, self-assessments and documentation reviews. This is out of a total supplier population of about 59,000. We use a risk-based approach working with suppliers in 15 high-risk categories¹². Suppliers are asked to address any gaps in the implementation of requirements through a time-bound improvement plan in consultation with Maersk. Periodic reviews and follow-up audits are conducted.

Our audit and assessment activities in 2020 are shown in the side bar. 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 we took in fewer new suppliers in high-risk categories, and timelines for improvement plans had to be extended. We did not terminate any relationships 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.

Audits and assessments in 2020

+/- 3,500

Suppliers in the high-risk categories

Control actions carried out

- Shipyard audits



- Other audits

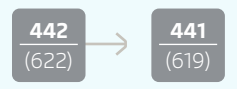


- Other self-assessments



of which

- Pre-qualification assessments



Qualified suppliers

2020
2019

Improvement plans established to address critical and major findings

¹² Our 15 high-risk categories are: Trucking and Intermodal, warehousing services, facility management, outsourced labour, terminals, shipbuilding yards and drydocks, security offshore, promotional items, customs agents, security onshore, construction, chemicals and paints, equipment, maintenance and repair, container manufacturers and manning (seafarers).

Air emissions



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.

We support regulation such as the cap on sulphur content in fuel oil, which will significantly reduce these effects and create a level playing field for socially and environmentally responsible practices in the industry.



Ambitions

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.



Targets

- Fully comply with regulatory demands to reduce air emissions impacts and continue investing in maintaining and implementing solutions that will enable this.
- Actively engage at international and regional levels to secure a level playing field and high levels of enforcement of regulation across the industry.



Progress in 2020

Across A.P. Moller - Maersk's (Maersk) 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 work to fully comply with regulatory demands to limit air emissions and strive to minimise the impacts.

On 1 January, 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 gasses. Mainly due to the IMO 2020 sulphur cap, which 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 approx. 569,000 tonnes in 2019 to approx. 102,000 tonnes in 2020.

Thorough preparations 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 from a port in Asia to a port in Europe when using non-compliant 3.5% marine fuel instead of compliant 0.5% fuel.

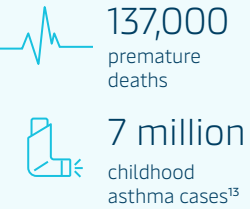
While the level of control is not always as stringent as we would have hoped for, we have received no indication that compliance is lacking. Looking at which oil types are sold on the global market is a useful proxy for evaluating compliance, and it appears that the low-sulphur fuel uptake is at the 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 vessels' exhaust of SOx remains a discussion point and no independent global survey of the effects of scrubbers has yet been produced to support global legislation. Still, more national and regional legislation is being implemented, for example in the EU, some 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.

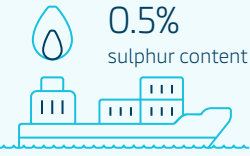
Maersk has installed open-loop scrubbers on a share of our vessels as a commercial risk management measure.

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



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



The compliance measures approved by the IMO are

- Carrying and using only low-sulphur fuels on vessels
- Installing scrubbers to clean vessels' exhaust

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



Ocean health



Why is it 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 ocean 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-contained 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

Our first obligation as citizens of the oceans is to comply with rules and regulations that safeguard ocean health. For A.P. Moller - Maersk (Maersk), this includes managing fuels or chemical substances to avoid spills into water, managing waste to keep it out of the oceans and living up to the regulation on ballast water. We have policies and procedures to manage and mitigate all these risks.

In 2020, there were two non-contained spills. One spill to land in our terminal business in The Netherlands (19 m³) and one spill to water relating to Maersk Supply Service and resulting from a mud spill (20.3 m³).

Dumping waste at sea contributes to the ailing health of oceans and the biodiversity crisis. Maersk has a zero-dumping policy, obligating all vessels to store waste and discard it when in a port with adequate facilities. We are challenged by a lack of capacity in qualified waste reception facilities at ports internationally. We have mapped and vetted facilities to enable our vessels to plan around the gaps, but our operations would be more efficient with proper facilities available.

Also affecting the health of oceans and biodiversity is how vessels handle ballast water. This is often added in one marine environment to keep the vessel stable and safe, and later discharged in another environment due to changes in cargo. This may result in invasive species disturbing local ecosystems. The Ballast Water Management Convention (BWMC) obligates shipowner to have ballast water systems installed on all vessels by 2024. We are progressing in accordance with our plan to

comply with this demand. We saw no non-compliances with existing regulation. All marine life from plankton to whales reacts to noise, and for this reason the increase in underwater noise from human activity is of growing concern. One example of this is how ship noise impacts and confuses the communication of an endangered species of orca whales. A positive bi-product of some of our energy efficiency retrofits of vessels is that the level of ship noise is lowered. We sail at slower speeds in areas where these whales have been identified.

Collaborating for ocean health

Weather and sea state observations from vessels at sea provide data on meteorological conditions for weather forecasts, help climate scientists understand climate change, and help to protect life and property on vessels by allowing better forecasting of storms and other extreme ocean-related events. In 2020, we agreed to commit our fleet of 300 owned vessels to be part of the global Voluntary Observing Ship (VOS) scheme, run by the World Meteorological Organization and the Intergovernmental Oceanographic Commission of UNESCO. By mid-year 2021, we will have finalised installation of fully automated weather stations on 50 vessels.

We have also contributed to the UN Global Compact's guidance for the shipping industry to support implementation of the Sustainable Ocean Principles, which we participated in establishing in 2019.

Expanding our support for The Ocean Cleanup

Since 2018, 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 large rivers.

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

On the offshore side, in addition to deployment services, Maersk will contribute to developing a more sustainable maritime 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 2050. This is an important issue to many of our seafarers as well as to colleagues on land, and in 2020 we ran a campaign encouraging employees and teams to become Ocean Ambassadors, take local initiatives and share their efforts to clean up beaches and their environment. Despite COVID-19 restrictions, we saw around 80 team contributions from around the world.

13 https://www.nature.com/articles/s41467-017-02774-9?utm_source=commission_junction&utm_medium=affiliate

Anti-corruption



Why is it important

Corruption undermines social and economic development. It destabilises 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, inefficiencies in our business, fines, imprisonment and ultimately debarment from markets.



Ambitions

We aim to eliminate corruption in the industries where we are active through both multistakeholder collaboration and actions in our own operations.



Targets

Comply with legislation on anti-corruption practices, which ultimately translates to zero bribery and elimination of facilitation payments.



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 of 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. Møller - 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 controls framework as well as rolling 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 finalising 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 39% 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.


Of the channels used for reporting, the whistleblower hotline was used in twelve instances to report on public sector corruption cases. So far, none of the cases have substantiated while three cases are still under investigation.

In December 2020, the Brazilian authorities filed a civil lawsuit against A.P. Møller - Maersk A/S and other Maersk group entities related to allegations that a third-party broker made improper payments in connection with certain tanker charter party agreements entered into with Petrobras between 2008 and 2010. We remain committed to cooperating with the authorities, but cannot publicly comment on ongoing litigation.

When third parties act on our behalf

Working through third parties is a known 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.

In the first year of operations,

 **1200**
leaders and employees have been trained

 **250**
third parties have been or are being processed

 **5**
third-party engagements were avoided or stopped on ethical grounds

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.

Responsible tax



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.

We recognise the need for companies to support the local economies in which they do business.



Ambitions

Be a compliant and accountable taxpayer with responsible and transparent 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.
- Implement the B-Team Responsible Tax Principles with reporting for 2020.



Progress in 2020

A.P. Møller - Maersk's (Maersk) total tax charge in 2020 was 407 million USD, compared to 458 million in 2019. See the A.P. Møller - Mærsk A/S Annual Report 2020 for more details.

We continue our dialogue with stakeholders including the B Team, learning and sharing best practices with other companies who have also endorsed the B Team's Tax Principles.

We are in the process of updating the Maersk Tax Principles, providing more relevant information to our stakeholders and explaining the different tax rules, under which Maersk operates. In particular, how our shipping activities are taxed under the tonnage tax regime. This is a methodology using vessel tonnage to determine the taxable income on which corporate tax is paid. As a result, liner entities are not taxed on actual commercial profit or loss. As our business grows on land, more of our income will be taxed according to regular corporate tax rules and based on actual profit.

As part of our updated Maersk Tax Principles we will be disclosing tax payments, in accordance with the OECD Country by Country Reporting (CBCR) principles, for the largest taxpaying countries per region. We have

chosen this disclosure approach to achieve the right balance between our support for additional transparency on corporate tax and ensuring the relevance of the disclosed information.



















Our updated Maersk Tax Principles and CBCR tax payments will be available on the Maersk.com website in Q2 2021, when the 2020 CBCR tax numbers are available.

The EU list of noncooperative tax authorities for 2020 comprises twelve countries, of which Maersk has activities in four: Due to a prior year adjustment, in Panama we paid USD 781,000 in taxes on a profit of USD 460,000, in the US Virgin Islands we paid USD 743,000 in taxes on a profit of USD 1,531,000 and in Barbados we paid USD 15,000 in taxes on a profit of USD 477,000. We have very minor profits (less than USD 1,000) and tax payments in Trinidad and Tobago.

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.



Summary of targets and progress across all issues

Issues	Sustainable trade (p. 13)	Decarbonising logistics (p. 16)	Safety (p. 30)	Responsible ship recycling (p. 32)	Diversity and inclusion (p. 34)	Employee relations (p. 36)	Responsible procurement (p. 37)	Air emissions (p. 38)	Ocean health (incl. spills) (p. 39)	Anti-corruption (p. 40)	Responsible tax (p. 41)	Disaster response (p. 25)	
 UN SDG	 8.2 8.3 8.5	 9.3	 12.3	 17.10 17.16	 7.3	 13.1	 17.16	 8.8	 14.1 14.3	 17.6	 16.3 16.5	 17.1 17.6	 17.6
 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 traders.	To take leadership in the decarbonisation of shipping and help our customers decarbonise their supply chains.	We want to protect our people, eliminate fatalities and severe injuries, enable Maersk to be a preferred employer and to provide safe and resilient products and services to our customers.	To create opportunities for responsible ship recycling globally for the benefit of workers and the environment, as well as responsible yards and shipowners.	We aspire to create an inclusive culture where all employees can contribute to their fullest. In doing this, we will be in a prime position to attract people from the widest talent pool.	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.	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.	To continue to be an industry leader working towards reducing air emissions from international shipping, particularly in regard to SOx and NOx emissions.	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 oceans' health and resilience and protecting animal habitats.	We aim to eliminate corruption in the industries where we are active through both multistakeholder collaboration and actions in our own operations.	Be a compliant and accountable taxpayer with responsible and transparent tax practices.	To follow our values and use our leverage and logistics capabilities to support response efforts in case of natural disasters and other emergencies.	
 Targets	<p>By 2025: Connect 50% of global containerised trade to digital solutions that reduce supply chain barriers.</p> <p>By 2025: Help connect 100,000 small and medium-sized enterprises, including women-operated businesses, to international trade.</p> <p>By 2025: Contribute to trade facilitation reforms in 30 developing countries.</p> <p>Contribute to halving food loss in logistics in support of sustainable development and growth of our cold chain business.</p>	<p>To have net zero CO₂ emissions from our own operations by 2050, which includes having commercially viable, net zero vessels on the water by 2030.</p> <p>To deliver a 60% relative reduction in CO₂ emissions by 2030 compared to 2008 levels.</p>	<p>2020: Top 300 leaders complete Safety Differently workshops; verification of critical controls; improved employee engagement.</p> <p>2021: Leading-indicator targets for building safety capacity are set for:</p> <ul style="list-style-type: none">• Learning Team activity• Leadership Gembas• Critical risk projects	<p>2020: Continue to invest in and work with selected yards in Alang; develop the wider Alang area; actively support and participate in the development of the Ship Recycling Transparency Initiative.</p> <p>2021: Create opportunities for responsible ship recycling of post-panamax ships globally; support yards globally to achieve EUSRR-compliance; continue development of the wider Alang area; actively support and participate in the development of the Ship Recycling Transparency Initiative.</p>	<p>3 women on the Board of Directors, if the Board consists of less than 12 members, and 4 women, if the Board consists of 12 or more members.</p> <p>For senior management, we have targets for representation of women and nationalities (see p. 35).</p>	<p>2020: Ensure compliance on Global Employee Relations; improve employee relations maturity level in the business.</p> <p>2021: Ensure compliance on Global Employee Relations; conduct bi-annual labour rights assessment; make employee engagement and workforce management integral to the development of end-to-end logistics; ensure that new ways of working are introduced responsibly.</p>	<p>2020: Ensure purchasing activities align with RP requirements and close improvement plans; review programme to align with risk picture from expansion on land; participate in collaborative efforts focused on trucking.</p> <p>2021: Ensure purchasing aligned with RP requirements: expand scope of RP and strengthen post-sourcing follow-up to strengthen sustainability in end-to-end offerings; prepare for legislation on supply chain due diligence.</p>	<p>Fully comply with regulatory demands to reduce air emissions impact and continue investing in maintaining and implementing solutions that will enable this.</p> <p>Actively engage at international and regional levels to secure a level playing field and high levels of enforcement of regulation across the industry.</p>	<p>Fully comply with rules and regulations to minimise negative impact on ocean health including waste management and ballast water systems.</p> <p>Continue collaboration with the Ocean Cleanup.</p> <p>Support ocean science research through data collection and partnerships.</p> <p>Zero uncontained oil spills above 10 m³.</p>	<p>Comply with legislation on anti-corruption practices, which ultimately translates to zero bribery and elimination of facilitation payments.</p> <p>Implement the B Team Responsible Tax Principles with reporting for 2020.</p>	<p>Ensure full compliance with tax regulations in all countries where we operate.</p> <p>Continue to engage in dialogue with stakeholders on tax matters.</p> <p>Implement the B Team Responsible Tax Principles with reporting for 2020.</p>	<p>Participate, as part of the Logistics Emergency Team (LET), in filling operational gaps in case of complex emergencies and large-scale natural disasters.</p> <p>Contribute in LET preparedness activities.</p>	
 Progress 2020	<p>TradeLens integrated with over 220 organisations, including ocean carriers and ports and terminals, resulting in access to half of the world's ocean container cargo.</p> <p>Two pilots planned in multi-stakeholder project to automate advance sea cargo data for developing countries.</p> <p>Over 4,000 active Twill customers, and almost 1,700 participants in Twill webinars and coaching programmes.</p> <p>Invested in 21 start-ups enabling trade for SMEs, reaching more than 15,000 customers.</p> <p>Contributed to trade facilitation reforms in 10 countries.</p> <p>Cold Chain Logistics business serving several hundred customers across nearly 50 countries.</p>	<p>Based on a strategic review of global climate scenarios and transition pathways, decarbonisation was established as a strategic imperative for the company, and a dedicated function was created to accelerate progress.</p> <p>Reduced CO₂ emissions by 46.3% since 2008, with 2.5% achieved in 2020. Maersk ECO Delivery sales exceeded expectations.</p> <p>Continued research on priority future fuels (biodiesel, methanol, lignin fuels and ammonia) confirming that net-zero technologies are available.</p> <p>Maersk will not use transition fuels (such as LNG) but leapfrog to fully net-zero fuels.</p> <p>Worked with customers, partners and regulators to build the market, fuel supply chains and policy frameworks to support net-zero emissions shipping.</p>	<p>All targets affected by COVID-19.</p> <p>Educated 80 company leaders on Safety Differently, and designed a new leadership programme for launch in 2021.</p> <p>Integrated collaborative approach to critical risk project management across the organisation and progressed on critical risk projects.</p> <p>Developed virtual delivery solution for learning teams, for roll-out in early 2021.</p> <p>Carried out annual Global Safety Day under the theme 'Learning from each other'.</p>	<p>Three vessels sent for RSRS-compliant recycling to Alang yards in India and one for EUSRR- and RSRS-compliant recycling to an Aliaga yard in Turkey. For audit results, see p. 33.</p> <p>Continued advocacy in the EU to advance inclusion of compliant Alang yards on the EU List, among other things through the results of an impact study of our activities in Alang.</p> <p>Contributed data and information to the Ship Recycling Transparency Initiative.</p> <p>Continued support for medical outreach in wider Alang including support for COVID-19 response in the community.</p>	<p>Target for women on Board of Directors met.</p> <p>Targets for management representation were not achieved. Revised targets for 2021 and onwards will be launched later in 2021.</p> <p>Conducted psychological safety-webinars across the organisation.</p> <p>Work on unconscious bias continued.</p> <p>Establishing inclusion networks covering our global organisation.</p> <p>2020 saw our planned virtual pride celebrations move to a virtual platform.</p>	<p>Built processes to ensure health and safety for employees despite COVID-19.</p> <p>Progressed in enhanced management of risks in relation to third-party workers.</p> <p>143 cases related to potential violation of HR-related laws, rules or company values were processed through our whistleblower system.</p> <p>17 of these cases were substantiated, 11 of which were related to the Commit Rule on Global Employee Relations.</p>	<p>Audits and subsequent improvement plans affected by COVID-19.</p> <p>Groundwork for integration of responsible procurement in end-to-end product offerings laid, focusing on third-party workers, minimum standards for truckers in the EU, and strengthening post-audit compliance in collaboration with local HSSE functions.</p>	<p>Successfully implemented shift to low-sulphur fuels across our owned fleet.</p> <p>Registered four non-compliances with international sulphur regulations caused by contamination in the oil supply chain or by human error.</p> <p>SOx emissions significantly reduced to approx. 102,000 tonnes mainly as a result of the IMO2020 sulphur cap.</p>	<p>Progressed in line with plans for compliance with IMO Ballast Water Management Convention.</p> <p>Partnership with the Ocean Cleanup Project extended to 2023.</p> <p>Supported science with commitment of our entire fleet of 300 owned vessels to be part of the global Voluntary Observing Ship (VOS) scheme to collect meteorological data at sea.</p> <p>Two non-contained spills: One spill to land in our terminal business in The Netherlands (19 m³) and one spill to water relating to Maersk Supply Service and resulting from a mud spill (20.3 m³).</p>	<p>Five minor facilitation payments on our own vessels in 2020 and a further 39% reduction of facilitation payments on chartered vessels since 2019.</p> <p>Finalised the implementation of the Maersk third-party management process, including training of 1200 employees, processing of 250 third parties and termination or avoidance of 5 third party engagements.</p> <p>12 cases related to public sector corruption processed through our whistleblower system of which none were substantiated.</p>	<p>Charge of 407 million USD for taxes. See the A.P. Møller - Mærsk A/S Annual Report 2020 for more details on the annual tax charge.</p> <p>We are in process of updating the Maersk Tax Principles.</p> <p>Complied with tax disclosure legislation, including CBCR reporting to authorities.</p> <p>Continued to prepare for alignment with B Team tax principles.</p>	<p>Contributed to supporting society in the fight against the COVID-19 pandemic through donation of services and financial support, equal to 4.2 million dollars.</p> <p>Through LET, established cold chain for vaccine storage in South Sudan.</p>	
 Governance	Our commitments on trade are owned and driven through the relevant business areas and brands, including TradeLens, Twill, Maersk Growth, and Cold Chain Logistics, and overseen by the Executive Leadership Team.	Decarbonisation steering committee with executive membership.	Governed through the Commit rule on Health, Safety and Environment (HSE).	Responsible ship recycling steering committee overseeing our Responsible Ship Recycling Standard.	Our Diversity & Inclusion policy and targets are owned by HR and overseen by the Executive Leadership Team.	Governed through the Commit rule on Global Employee Relations.	Governed through the Commit rule on Responsible Procurement.	Governed through the Commit rule on Health, Safety and Environment (HSE).	Governed through the Commit rule on Health, Safety and Environment (HSE).	Governed through the Commit rule on Anti-corruption.	Governed through the Maersk Tax Principles and overseen by the Executive Leadership Team.	Governed through internal SOPs and guidelines for LET engagement and local donations. All COVID-19 donations coordinated by the Crisis Management Team.	

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.

Performance data

	A.P. Møller - Maersk			Continuing operations			Discontinued operations		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Social performance									
Our employees									
Number of employees (FTEs)	83,624	86,279	85,689	83,624	83,512	82,806	-	2,767	2,883
Women in leadership (% based on headcount)	28%	27%	25%	28%	27%	25%	-	-	10%
Gender – female/total (% based on headcount)	28%	28%	27%	28%	28%	27%	-	-	8%
Target nationalities in leadership (% based on headcount)	40%	38%	37%	40%	38%	37%	-	-	12%
Target nationalities/total (% based on headcount)	72%	71%	70%	72%	71%	70%	-	-	23%
Fatalities (headcount)	1	5	7	1	5	7	-	-	0
Lost-time injury frequency (based on exposure hours)	1.27	1.16	1.29	1.27	1.16	1.30	-	-	0.91
Environmental performance									
Energy consumption									
Fuel oil (1,000 tonnes)	10,368	11,173	12,017	10,368	11,173	11,994	-	-	23
Gas fuels (1,000 tonnes)	11	10	17	11	10	17	-	-	0
Other fuels (1,000 tonnes) – excluding biofuel	120	130	118	120	130	118	-	-	0
Biofuels (1,000 tonnes)	32	8	-	32	8	-	-	-	-
Renewable technologies (1,000 MWh)	66	-	-	66	-	-	-	-	-
Electricity (1,000 MWh)	664	656	732	664	656	730	-	-	2
Energy consumption (total, TJ)	432,767	463,815	498,209	432,767	463,815	497,233	-	-	976
Greenhouse gas (GHG) emissions (1,000 tonnes CO ₂ eq)									
Direct GHG emissions (scope 1 GHG Protocol)	33,902	36,204	38,826	33,902	36,204	38,749	-	-	77
Indirect GHG emissions (scope 2 GHG Protocol) – location-based	305	287	339	305	287	338	-	-	1
Indirect GHG emissions (scope 2 GHG Protocol) – marked-based	337	-	-	337	-	-	-	-	-
Value chain GHG emissions (scope 3 GHG protocol)	19,017	-	-	19,017	-	-	-	-	-
Relative CO ₂ reduction (percentage vs 2008 baseline)	46.3%	44.9%	42.1%	46.3%	44.9%	42.1%	-	-	-
Other air emissions									
SO _x (1,000 tonnes)	102	569	615	102	569	615	-	-	0
NO _x (1,000 tonnes)	824	888	955	824	888	953	-	-	2
Other resource consumption									
Waste (1,000 tonnes)	283	299	340	283	299	338	-	-	2
Water (1,000 m³)	1,736	1,696	2,256	1,736	1,696	2,244	-	-	12
Spills (hydrocarbon)									
>10 m³ (number of spills)	2	0	0	2	0	0	-	-	0
Economic performance (USD million)									
Revenue	39,740	38,890	39,257	39,740	38,890	39,257	-	308	1,977
EBITDA (profit/loss before depreciation, etc.)	8,226	5,712	4,998	8,226	5,712	4,998	-	N/A	N/A
CAPEX	1,322	2,035	3,219	1,322	2,035	3,219	-	N/A	N/A
Tax for the year	407	458	398	407	458	398	-	0	247

Financial scope.

Operational scope.

Data from other sources than the financial and operational scoped data.
Data for 2019 and 2018 is restated to include Maersk Supply Service.

Data from other sources, calculations based on analysis by external provider, and not in scope for PwC's review of this Report.

Scope is limited to shipping operations. Relative CO reduction is measured using EEOI (Energy Efficiency Operational Indicator) as defined by IMO in MEPC.1/Circ.684 and calculated as g CO₂/(Ton x Nm). In 2020 we improved the underlying methodology, resulting in a more exact calculation of historical performance. The data for 2019 and 2018 are restated to align with the updated methodology.

Comments on 2020 performance data

Social performance	
Our employees	
FTE data is taken from the audited 2020 Annual Report of A.P. Møller - Mærsk A/S where more information can be found.	
Continued focus on our targets has helped us make a slight improvement in our leadership numbers for women and target nationalities.	
Further comments on our performance on diversity and inclusion, along with our targets and performance on representation of women on the Board of Directors and representation of women and persons from countries that are not in the OECD high-income countries list, can be found on page 34-35.	
One fatal accident relates to a subcontractor in the Apapa terminal in Nigeria (see more on p. 31). LTIF is calculated as number of injuries relative to exposure hours. It has increased due to improved recording of injuries sustained by contractors in our inland logistics business area, while the exposure hours for contractors were not available.	
Environmental performance	
Energy consumption	
Decrease is due to improved efficiency and strategic focus on decarbonisation. Because of COVID-19, fewer vessels were in operation with less cargo in Q2 and Q3 2020.	
Small increase in gas fuel consumption is mainly due to improved reporting in terminals.	
Decrease is due to among others a change to reporting based on actual invoices rather than office standards. This is partly offset by an increase in air charter.	
Increase in consumption of biofuels for the Maersk ECO Delivery shipping service and for use in terminals.	
Consumption of renewable energy is reported separately for the first time in 2020. This is made possible due to improved reporting in terminals.	
Increase is mainly due to improved reporting based on actual invoices rather than office standards, offset by reductions due to reduced vessel calls and working from home.	
Decrease in total energy consumption is due to the decrease in fuel oil consumption.	
Greenhouse gas (GHG) emissions	
96% of our scope 1 emissions come from the operations of our fleet. Decrease is due to improved efficiency and our strategic focus on decarbonisation.	
Increase in indirect GHG emissions is due to increase in electricity consumption.	
Indirect GHG emissions are reported using the market-based method, in accordance with the GHG Protocol for the first time in 2020.	
Value chain GHG emissions are reported in accordance with the GHG Protocol for the first time in 2020. See p. 22 for more information.	
Improvement in operational energy efficiency has been achieved through both technical and operational improvement initiatives	
Other air emissions	
SO _x is produced from the combustion of heavy fuel oil. Decrease in SO _x emissions is due to the shift to low sulphur fuel and the use of scrubbers with regards to IMO2020, as well as a decrease in fuel oil consumption.	
NO _x is produced from the reaction of nitrogen and oxygen gases in the air during combustion of fuels. Decrease in NO _x emissions is due to the decrease in fuel oil consumption.	
Other resource consumption	
Decrease is mainly due to an adjustment in vessel waste reporting and ongoing projects for reducing hazardous waste.	
Increase is due to improved reporting and change to reporting based on actual invoices rather than office standards, offset by reductions due to working from home.	
Spills (hydrocarbon)	
Two uncontained spills above the threshold of >10 m³. One spill to land in the Maasvlakte 2 Terminal (19 m³), and another spill to water in MSS resulting from mud spill (20 m³)	
Economic performance	
Financial data is taken from the audited 2020 Annual Report of A.P. Møller - Mærsk A/S. Note 2018 is presented as if IFRS 16 had been implemented in 2018, for comparison purposes	
The annual accounts and independent auditors' report can be found at http://investor.maersk.com/	

Sustainability accounting principles

Reporting framework

A.P. Moller - Maersk does not apply a specific overall reporting framework but uses the Global Reporting Initiative's (GRI) G4 Sustainability Reporting Guidelines as guidance to determine report content and quality in terms of materiality, stakeholder inclusiveness, sustainability context, completeness, balance, comparability, accuracy, timeliness, clarity and reliability.

Reporting period

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

Controls

While data regarding number of employees, women in leadership, gender and target nationalities are generated from our HR systems, data regarding accidents, fatalities, exposure hours, energy consumption, waste, water and spills are reported through our consolidated reporting tool based on submitted data from all reporting entities within A.P. Moller - Maersk. This tool is validated via internal audit, with manuals and online training in place. A set of 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 submitted data, before sign-off by the respective CEOs and CFOs. Furthermore, all businesses are obliged to provide explanation sheets on significant data developments. The data reported under financial scope is included in the framework used to assure risks and controls for financial reporting (Danish Statements Act §107b, section 1, no 6).

Scope

Operational scope is applied for safety and spills data when A.P. Moller - Maersk or one of its subsidiaries has the governing authority and responsibility for health, safety and environmental management of the people, processes and facility – either directly or indirectly via third-party contractual arrangements. This approach excludes data from assets that are partly owned by A.P. Moller - Maersk but operated by another company. Mobile assets are included 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.

Financial scope is applied for all other sustainability data, and is defined as follows:

- Owned assets and leased in assets that A.P. Moller - Maersk uses: A.P. Moller - Maersk is liable for consumption, emissions and other environmental elements
- Owned assets that are leased out: A.P. Moller - Maersk is not liable for consumption, emissions and other environmental elements – the lessee is.

Technical management of an asset on behalf of third parties does not change the responsibility. Thus, consumption and emissions still belong to the asset owner/lessee who uses the asset.

With regard to greenhouse gases, the reporting must be in accordance with the GHG Protocol: direct emissions from own assets (Scope 1), indirect emissions from purchased electricity and district heating (Scope 2), and value chain emissions across material categories (Scope 3).

Diversity and inclusion data includes all brands, global service centres, corporate functions, and Boards. Joint ventures are out of scope. Gender and nationality data, which includes women in leadership, gender – female/total, target nationalities in leadership, target nationalities/total, is reported by headcount and extracted from SAP HR along with manual inputs of data not recorded in SAP HR.

Comparability

In line with the business strategy and organizational integration of A.P. Moller - Maersk, we report on sustainability performance as One Maersk. For Maersk Drilling and Maersk Oil sustainability data is not included in the year of separation from A.P. Moller - Maersk, while economic performance data is included up to the data of the demerger/sale. Acquired and merged entities are excluded from sustainability reporting until the following reporting year.

Consolidation

For operational scope, 100% of the data reported from the operated assets is included irrespective of percentage ownership. Financial scope uses our financial consolidation methodology; data is collected per legal entity per activity, and the figures are consolidated line-by-line. Subsidiaries in which A.P. Moller - Maersk has full control are included 100%. Joint ventures and associated companies and other companies, in which A.P. Moller - Maersk does not have control,

are excluded. Using financial consolidation principles allows us to compare sustainability indicators directly with financial data, thereby providing context for our performance.

Data categories and accuracy

A.P. Moller - Maersk has defined two categories of data: documented and probable data:

- Documented data comprises: our employees (FTE), energy consumption, air emissions, transport work (for EEOI), and financial data
- Probable data comprises: safety (fatalities and LTIf), waste, water, spills, gender and nationality.

Documented data (financial and non-financial) is valid and complete and is essentially at the same quality level.

The reliability of probable data is somewhat lower but is still provided to the best of the management's knowledge. It is based on data received and controlled in the consolidated reporting tool, but with an inherent risk of being incomplete.

Financially scoped probable data (water and waste) must always be defensible, and if assumptions are necessary due to lack of documentation, then the assumptions made must be verifiable. If no evidence exists, then assumptions based on the probable data must be made in writing and shall be verified by the reviewer, whereby the data are always defensible.

Operationally scoped probable data (safety and spills data), along with gender and nationality, has the weakest data quality, as it is not possible to ensure validity and completeness.

Emission conversions and calculations

GHG emissions are calculated indirectly via default conversion factors for energy consumption and other GHG gases.

Primary schemes used are API (updated 2009), DEFRA (updated 2020) and IEA (updated 2020). The principles for choosing among the schemes for default conversion factors are:

- Newest schemes are preferred, as are internationally recognised generic schemes
- A scheme must always be used in full. Thus, no combined schemes are allowed unless specific elements were not included in the primary scheme
- Specific industry schemes can be included when not in conflict with the above.

We report on relative CO₂ emissions reduction using EEOI (Energy Efficiency Operational Indicator) methodology. EEOI is defined by IMO in MEPC.1/Circ.684 and is calculated as gCO₂/(Ton cargo x Nm).

In practice we calculate EEOI on voyage level and aggregate it in the following way:

$$\frac{(g\ CO_2\ voy1 + g\ CO_2\ voy2 + g\ CO_2\ voy3)}{((Ton\ cargo\ x\ Nm)\ voy1 + (Ton\ cargo\ x\ Nm)\ voy2 + (Ton\ cargo\ x\ Nm)\ voy3)}$$

The data sources are:

- g CO₂ – Based on fuel consumption, from departure voyage 1, to departure voyage 2, multiplied with relevant CO₂ factor (3.114 for HFO, 3.206 for MDO).
- Ton cargo – Calculated via draft and displacement tables, subtracting vessel weight and ballast water and fuel stock.
- Nm – GPS distance from departure voyage 1, to departure voyage 2.

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

From 2020, scope 2 emissions are reported in two ways: location-based and market-based. For the latter, market-based factors are used for EU countries and the U.S. while IEA factors are used for other countries.

From 2020, scope 3 emissions are reported in accordance with the GHG Protocol. Of the 15 scope 3 categories in the Protocol only nine categories are deemed relevant for our business activities. The excluded categories, Cat. 8 upstream leased assets, Cat. 9 downstream transportation and distribution, Cat. 10 processing of sold products, Cat. 13 downstream leased assets, Cat. 14 franchises and Cat 15 investment, were determined not to have significant relevance to Maersk's business model. From a reporting perspective we have furthermore decided to apply a materiality threshold of 1% of the total scope 3 emissions which excludes the following categories from reporting: Cat 5. waste generated in operations, Cat. 6 business travel, Cat. 7 employee commuting, and Cat. 12 end of life treatment of sold products.

Scope 3 reporting thus comprises five remaining categories: Cat. 1 - purchased goods and services, which is reported based on procurement data and includes OPEX goods. Cat. 2 - capital goods, which is reported based on procurement data and includes our capital investments such as e.g. retrofit of vessels and dry docking. We include the full scope 3 impact the first year of a CAPEX investment. Category 3 - fuel and energy related activities, which is reported based on actual fuel procured and consumed. Category 4 - upstream transportation and distribution, which is reported based on procurement data multiplied by relevant emission factor per transportation category (air/

sea/truck/ rail). This means that e.g. trucking only includes carrier haulage. Category 11 - use of sold products, which is reported based on sale of used containers and vessel recycling. The method includes splitting the product into waste categories and waste treatment type based on category and region.

When preparing our scope 3 emissions in the material categories listed above, we have provided procurement and accounting data to an external service provider, which has then applied our data in their model for calculating related carbon emissions. The scope 3 emissions data returned to us by the external service provider have then been entered into our reporting. The scope 3 emissions stated have not been subject to review by our assurance provider PwC.

For categories 1 and 2 data for Maersk Supply Service is not included due to data compatibility. Category 4 excludes when customers arrange their own transport as no data in this case is available for Maersk to reasonably accurately calculate scope 3 impact.

Definitions:

- Number of employees is the average number of full-time equivalents (FTEs). FTEs are calculated based on the total number of compensable hours (days) in a work year compared to the number of hours (days) in a 'norm' work year. Excluded are employees on unpaid leave, contractors and temporary staff.
- Headcounts are defined as regular employees not on leave, on paid leave and on unpaid leave. Excluded are contractors and temporary staff.
- Women in leadership is the percentage of women in level 5, 6, 7, 8 and 9, corresponding to Senior Managers, Leaders, Senior Leaders, and Executives, compared to total headcount of the same levels.
- Gender – female over total is the percentage of women employed based on headcount.
- Target nationalities in leadership is the percentage of leaders with non-high-income OECD nationalities in level 5, 6, 7, 8 and 9, corresponding to Senior Managers, Leaders, Senior Leaders, and Executives, compared to total headcount of the same levels.
- Fatalities is the headcount number of accidents leading to the death of the employee.
- LTIf (Lost-Time Injury frequency) measures the number of lost-time injuries per million exposure hours. Lost-time injuries (LTI) is the sum of fatalities, permanent total disability (PTD), permanent partial disability (PDD) and lost work day case (LWC). A Lost Workday Case (LWC) is any work-related injury, other than a fatal injury, which results in a person being unfit for work on any day or shift after the day of occurrence of the occupational injury. Permanent Partial Disability (PDD) is any work

injury which results in the complete loss, or permanent loss of use, of any member or part of the body, or any impairment of functions of parts of the body, regardless of any pre-existing disability of the injured member or impaired body function. Permanent Total Disability (PTD) is any work injury which incapacitates an employee permanently and results in termination of employment on medical grounds. Excluded from LTIs are suicide or attempted suicide, criminal or terrorist activity, and incidents which occur off the ship but where the consequences appear onboard at some later time.

- Energy consumption encompasses fuel oil, gas fuels, other fuels (diesel, gasoline, kerosene, and heating oil), and biofuel as well as the consumption of electricity / district heating and renewable energy.
- Renewable technologies, from which energy is derived to use for electricity or heating, include solar panels, wind turbines, biomass and batteries.
- Direct GHG (scope 1) is the sum of all six Kyoto gasses converted to CO₂ equivalents. Kyoto gasses comprise: CO₂, CH₄, and N₂O, which are calculated based on fuel consumption/ combustion, and HFC, SF₆, NF₃ and HCFC, which are based on direct consumption.
- Indirect GHG (scope 2) is the CO₂ equivalents' converted sum of CO₂, CH₄ and N₂O, calculated on consumed electricity and district heating bought from a third party. Scope 2 emissions are reported using location-based emission factors, and using market-based factors (see 'Emissions conversions and calculations').
- Value chain GHG (scope 3) is calculated on procurement and accounting data and covers all six main greenhouse gases.
- Other air emissions include SO_x and NO_x, which both are calculated based on fuels consumed multiplied by generally accepted conversion factors for the respective fuels. In case of scrubber use, SO_x emissions are reported based on Clean Cargo guidelines, where SO_x output is assumed to be maximum for the operating area in which the vessel spends 80% of time.
- Amount of waste is the sum of all waste types generated.
- Amount of water is the sum of all water consumed, excluding ballast water and water for re-injection.
- Uncontained spills over 10 m³ are defined as any type of spills of hydrocarbon liquids greater than ten m³, resulting from any unintended, irreversible release associated with current operations.
- To secure completeness, office standards have been developed based on 2020 data, which can be used for offices with no production or warehousing, etc. These standards are only to be used if other more accurate information is not available.

Independent assurance report

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

A. P. Møller - Mærsk A/S engaged us to provide limited assurance on the Performance data stated on page 44 in the Sustainability Report of A.P. Møller - Mærsk A/S for the period January 1 – 31 December 2020 (the "Performance data").

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 in the A.P. Møller - Mærsk A/S Sustainability Report are free of material misstatements and prepared, in all material respects, in accordance with the Sustainability Accounting Principles as stated on pages 46-47 (the "Sustainability Accounting Principles").

This conclusion is to be read in the context of what we state in the remainder of our report.

What we are assuring

The scope of our work was limited to assurance over Performance data as stated on page 44 in the A.P. Møller - Mærsk A/S Sustainability Report 2020. Scope 3 carbon emissions have not been in scope for our review of the 2020 Performance data.

Professional standards applied and level of assurance

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits and Reviews of Historical Financial Information' and, in respect of the greenhouse gas emissions, in accordance with International Standard on Assurance Engagements 3410 "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 in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks; consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our independence and quality control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other ethical requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The firm applies International Standard on Quality Control 1 and

accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, 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 46-47, 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 - Maersk 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 4-43 of the Sustainability report comprises 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 knowledge 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 1 January – 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 conclusion to the stakeholders of A.P. Møller - Mærsk A/S.

Copenhagen, 10 February 2021

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 3377 1231

Mogens Nørgaard Mogensen
State Authorised Public Accountant
mne21404

Lars Baungaard
State Authorised Public Accountant
Mne23331

Stay up to date

We value your feedback

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

A.P. Møller - Maersk
Esplanaden 50
1098 Copenhagen K
Denmark
Attn: Sustainability

You can also send an email to:
sustainability@maersk.com

<https://www.maersk.com/about/sustainability>

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Editor

Lene Bjørn Serpa

Project manager

Julia Hoffmeister

Reporting coordinator

Angelika Toh

Writer

Eva Harpøth Skjoldborg

Creative editor

Erickson Enriquez

Design and layout

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Photographs

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Additional COP content can be found on our website: <https://www.maersk.com/about/sustainability>



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



News and Reporting

Online



Maersk.com
<https://www.maersk.com/press>
[Investor.maersk.com](https://investor.maersk.com)
<https://www.maersk.com/about/sustainability>

Engage with us

[Linkedin.com/company/479080/](https://www.linkedin.com/company/479080/)
 [Facebook.com/Maersk](https://www.facebook.com/Maersk)
 [Twitter.com/Maersk](https://twitter.com/Maersk)
 [Youtube.com/Maersk](https://www.youtube.com/Maersk)
 [instagram.com/maersk_official](https://www.instagram.com/maersk_official)



MAERSK DRILLING

The Sustainability Report for 2020 is enclosed on the next pages.

Sustainability Report 2020





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Our promise to people and the planet



The sustainability challenges we see today are transforming communities, industries and daily lives across the world, and climate change is a topic that has rightfully risen to the top of the agenda. For companies in the oil and gas industry, it begs the question: How can we do our part?

Maersk Drilling is defined by our heritage and our values. We act with integrity, and every decision is underpinned by high ethical standards – this is part of our DNA. We are proud of our ambition to lead the way towards a more sustainable future for people and the planet guided by our commitment to the UN Global Compact principles and the UN Sustainable Development Goals (SDGs).

In 2020 Maersk Drilling developed and launched a new, ambitious sustainability strategy based on three pillars: Sustainable Energy Future, Caring for People, and Responsible Business. Climate action is at the centre of our efforts. The global fight to address climate change has accelerated plans and actions from all parts of society. Industries, governments, research institutions and citizens like you and me are all coming together to fight climate change. This challenge is unlike any other the world has seen, and we need more than one solution to the problem: Consumption patterns must be changed, renewable energy supplies must be ramped up, low-carbon products marketed, production processes decarbonised, and CO₂

captured and stored. The transformation is monumental and will take time.

Oil and gas are needed to continue to grow and develop global wealth and living conditions. Hydrocarbons constitute an essential ingredient for many indispensable products such as building materials, packaging, pharmaceuticals, and they are instrumental in securing affordable energy, not least in developing countries. Even as renewable energy options gain traction, oil and gas will be a vital part of the energy mix for many years to come. Maersk Drilling is ready to help meet this challenge while actively supporting the energy transition by reducing CO₂ emissions.

Maersk Drilling plays an active role in the energy transition in several ways. We strive to design and operate energy and emission efficient offshore drilling solutions to locate and extract the hydrocarbons that society still needs. We work closely together with our trusted partners to develop safe ways to store CO₂ below the seabed in depleted oil and gas reservoirs. Responsible drilling can reduce emissions by millions of tonnes of CO₂ every year, and there is enormous potential in carbon capture and storage (CCS). In the International Energy Agency's sustainable development scenario, CCS will play a key role in the global efforts to reach the ambition of the Paris Agreement.

With our commitment to reduce the carbon intensity of our operations by 50% by 2030, Maersk Drilling is taking a leading sustainability position in the drilling industry. I am proud that Maersk Drilling is piloting this important development, and I look forward to helping our customers meet their climate ambitions. Achieving the climate target will require strong partnerships with customers, suppliers and the countries where we operate. As a global operator, we are dependent on governments' willingness to

establish economic frameworks that support the substantial investments needed. And even more importantly, we need the curiosity and courage of our people to challenge traditional ways of thinking and develop new innovative solutions. With the investment we have made in recent years in building up a strong innovation capacity, we are well-positioned to create new climate businesses drawing on our offshore expertise and ability to run large technical operations.

To drive change, we want a working environment based on openness, respect and diversity of thought – a culture where all employees have equal opportunities to develop and thrive, regardless of gender, nationality, or religious beliefs. This is why we have set to increase diversity, starting with tackling gender imbalance.

In Maersk Drilling, we have what it takes to challenge the status quo. For decades, we have worked hard to make safety a cornerstone in our culture. With a strong focus on the human factor in our *Safety as Capacity* strategy, we have significantly improved our performance in recent years. I am proud and deeply grateful that serious incidents causing permanent physical damage to people have been entirely absent in 2020.

When addressing a year so heavily marked by the COVID-19 pandemic and its trail of human and economic costs, it is easy to zoom in on the challenges that we all face. Still, I sincerely believe that we also sowed the seeds for a new beginning in 2020. Maersk Drilling has indeed embarked on a journey which points towards a more sustainable future for our industry.

Jørn Madsen
CEO, Maersk Drilling

Sustainability milestones in 2020

Maersk Drilling reached several major milestones within sustainability in 2020, as we enhanced and solidified our approach to this important area. Key achievements from the year are highlighted below, with reference to more detailed information inside the report.



New sustainability strategy

Maersk Drilling launched a new sustainability strategy in September, encompassing all material sustainability areas. The strategy targets nine SDGs and is organised around three strategic pillars: Sustainable Energy Future, Caring for People, and Responsible Business – read more on page 08.



Corporate scorecard integrating sustainability

Maersk Drilling integrated sustainability targets into the corporate scorecard determining the annual bonus payments – read more on page 40.

↓50%

New climate action plan

As a central element in our sustainability strategy, a climate action plan has been established. The plan will cut relative greenhouse gas emissions by 50% by 2030 and is the most ambitious reduction target in the offshore drilling industry – read more on page 13.



Entering Denmark's most advanced carbon storage project

Maersk Drilling joined Project Greensand, and together with consortium partners Ineos, Wintershall DEA and GEUS, the ambition is to store CO₂ in depleted oil and gas reservoirs beneath the seabed – read more on page 14.



Diversity and inclusion as a strategic initiative

Efforts to nurture a more diverse and inclusive organisation were enhanced, including setting gender diversity targets for three different leadership levels and launching four workstreams – read more on page 22.



Best safety performance in years

Maersk Drilling continued the rollout of its Safety as Capacity strategy which explores new ways of conducting safe operations, and in 2020 we registered the lowest level of incidents in years. Additionally, a new safety goal was established – read more on page 18.



Strengthened sustainability reporting

Maersk Drilling started reporting according to the principles established by the Taskforce for Climate-related Financial Disclosure (TCFD) and the Climate Disclosure Project (CDP) – read more on page 16 and in the 2020 Annual Report on page 101.



Enhanced policy framework

New policies were established for rig recycling as well as diversity & inclusion. Additionally, the company's overall Sustainability policy was updated – read more on page 22, 31, 40 and on the sustainability section of Maersk Drilling's website.

End-to-end sustainability

Maersk Drilling works continuously to improve our impact on people and the environment. The figures highlight key areas for our work within sustainability. How we work in these areas is described in further detail in the report.

Fuel consumption

90,600

Tonnes fuel oil consumed whilst drilling for customers (tonnes)
(2019: 105,700)
Read more on page 16 and 42.



Spills

4

Minor spills to environment
(2019: 2)
Read more on page 32.



Greenhouse Gas (GHG) emissions reduction

35.4

CO₂ intensity for jack-ups
(tonnes/contracted day)
(2019: 37.7)
Read more on page 16.

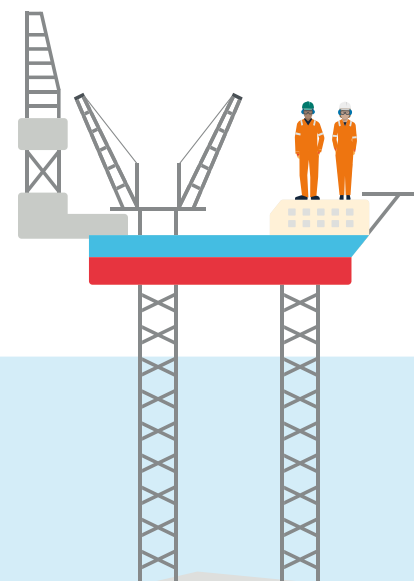


Safety

0.44

Lost-time incidents frequency
(2019: 0.75)

Read more about our *Safety as Capacity* strategy on page 18.



Maersk Decom

Responsible decommissioning of oil fields. First end-to-end contract signed.
Read more on page 32.



Responsible rig recycling

New policy formalising existing practises published in February 2021.
Read more on page 31.



CCS – Project Greensand

Repurposing oil wells for carbon capture and storage.
Read more about the project on page 14.



Responsible procurement

15

audits conducted.
Read more on page 38.

Responsible consumption

14,000

tonnes of waste generated
(2019: 12,900).
Read more about our waste
efforts on page 32.

Bringing Value to Local Communities

78%

of the local staff requirements were met.
Read more on page 29.

Diversity and inclusion

14%

Share of women in our workforce
(2019: 13%)
Read more on page 22.

Human and labour rights
Read our approach to the
UK Modern slavery act [here](#).



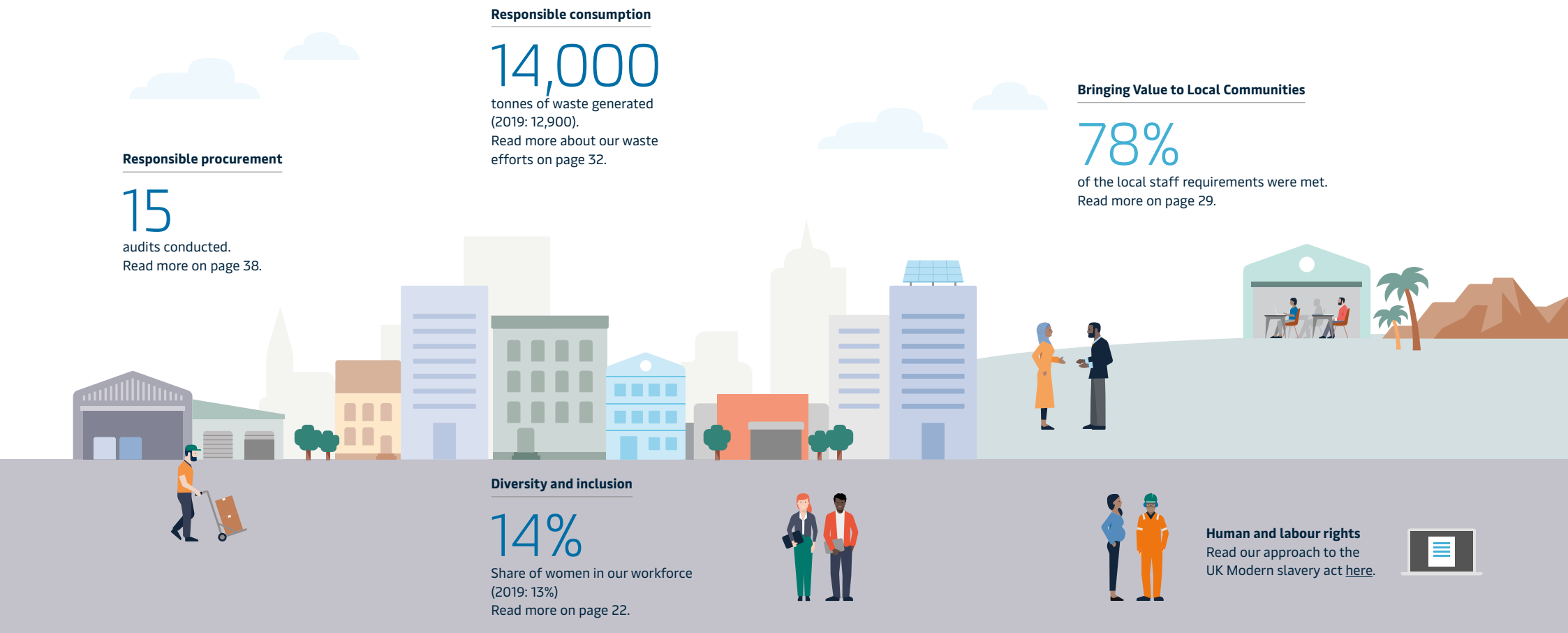
Anti-corruption

Read our newly launched
Code of conduct [here](#).



59

Nationalities represented
(2019: 65)
Read more on page 24.





"Though sustainability isn't new to Maersk Drilling, the challenges we see today are different in nature, and climate action is rightfully a top priority for communities and industries all over the world. I am deeply proud of our company's new sustainability strategy - not least our industry-leading ambition to reduce emissions and increase equality."

Tine Østergaard Hansen Head of Corporate Communication and Sustainability

Launching a new sustainability strategy

In 2020 Maersk Drilling established a new sustainability strategy based on three strategic pillars: Sustainable Energy Future, Caring for People and Responsible Business.

As part of the oil and gas value chain, Maersk Drilling seeks to do business in a responsible and sustainable manner, acting with integrity and high standards of business ethics.

In 2020, we reassessed the main priorities for our future sustainability work. Based on a stakeholder analysis and materiality assessment, the project identified nine UN Sustainable Development Goals (SDGs) where the Maersk Drilling business has, or could have, major impact. It also assessed which of the sustainability topic areas were already well addressed and which required a dedicated focus to close gaps or address opportunities.

The outcome of this strategic work is structured in our sustainability framework, showing our efforts spanning three strategic pillars. These pillars address relevant SDGs and reflect our company's strategic sustainability initiatives. In particular, improvement opportunities were identified

within Climate Action and Diversity & Inclusion, and specific targets and action plans have been launched for these topic areas.



Watch our Responsible Drilling video [here](#).

Our sustainability framework



ESG REPORTING AND DISCLOSURE AMBITION AND INITIATIVES

We aim to conduct transparent, standardised and impactful reporting and disclosure

Sustainable Energy Future



We strive to minimise the carbon intensity of our business as well as the activities of our customers and our supply chain

7

AFFORDABLE AND
CLEAN ENERGY

12

RESPONSIBLE
CONSUMPTION
AND PRODUCTION

13

CLIMATE
ACTION

17

PARTNERSHIPS
FOR THE GOALS

Concrete steps towards a low-carbon world

Climate change is one of the most significant challenges facing global society today. As a company operating in the oil and gas industry, Maersk Drilling can play an important role to help shape a sustainable energy future.

Oil and natural gas will continue to be major contributors to global energy consumption for many years to come. In its most recently published *World Energy Outlook 2020*, the International Energy Agency updated its Sustainable Development Scenario. This scenario outlines a transformation of the global energy model, in alignment with the ambition of the Paris Agreement and meeting climate-related SDGs. Based on this scenario, oil and gas will still account for 46% of the world's energy demand in 2040. Natural gas will satisfy roughly 23% equal to its contribution in 2019 while

oil's contribution is forecasted to fall from 31% in 2019 to 23% by 2040.

Society's continued reliance on hydrocarbons is a natural consequence of more than a hundred years of economic and social development based on fossil fuels. Affordable energy is fundamental for today's welfare and development and is a prerequisite for essential functions such as education, trade, food production and much more. Today, scalable and economically viable substitutes are not available for aviation, maritime transportation, heavy industries and petrochemicals, and development and deployment of new technologies to replace oil and gas will take time.

Maersk Drilling has the opportunity to contribute to a sustainable energy future and is doing so in several ways.

↓50%
reduction target of our
carbon intensity by 2030.

Decarbonising drilling activities

Oil and gas constitute one of the largest supply chains in the global economy. According to the IEA, the energy needed to extract, process and distribute the oil and natural gas required by society, currently accounts for around 15% of global energy-related CO₂ emissions. Drilling activities fall under the extraction of oil and gas. This means that there is significant potential in decarbonising these activities.

In 2020, Maersk Drilling launched an ambitious plan to cut the carbon intensity of our operations by 50% by 2030. With this target – the most ambitious in the industry – Maersk Drilling aims to inspire and accelerate the offshore drilling industry's decarbonisation journey. The target is more ambitious than the savings needed to fulfil the requirements for the industry in the IEA Sustainable Development Scenario¹. This scenario is built on a reduction of approximately 40% from the oil and gas sector by 2030 in order to be in line with the Paris Agreement.

To reach its target, in a way which is both sustainable and financially viable, Maersk Drilling will use a combination of known technological solutions, behavioural and digital solutions for efficiency improvements, as well as emerging technologies which are still at an early stage. In addition, carbon offsets may be used to achieve any residual savings. Over the past three years, Maersk Drilling has invested heavily in establishing an innovation department with process and technology experts, and this unique function, along with our engineers, will play a key role in developing and adapting future climate-conscious technologies to offshore drilling needs.



"We have set the drilling industry's most ambitious climate target. Halving our carbon intensity footprint in ten years will be a huge challenge, and we will deploy all our skills and expertise to make it happen."

Libbe Skovgaard-Petersen Head of Business Development and Partnerships

¹ Upon the creation of Maersk Drilling's 2030 Climate Plan, the establishment of science-based targets for the oil and gas industry was still under development. Once finalised, these targets will be reviewed by Maersk Drilling and any relevant adjustments will be incorporated in the future sustainability strategy work.

Maersk Drilling's approach to partnering activities with customers and suppliers will be instrumental in realising our climate ambitions. In addition, the right economic framework conditions are crucial. Today, our activities on the Norwegian Continental shelf (which accounted for 39% of Maersk Drilling's revenue in 2020) are leading climate developments in the industry, facilitated by a supportive economic framework which incentivises investments in low-emission technologies and

taxes carbon-heavy solutions. Our solutions include the world's first electrified offshore drilling rig able to use shore power from land and low-emission hybrid rigs equipped with battery systems and NO_x filters. Maersk Drilling supports a broader application of climate-related taxation and support regimes, incentivising our customers to contract low-emission rigs, thereby allowing the drilling companies to make the necessary long-term investments in new climate technologies.

Connecting to low-carbon power sources



The sharp market decline in the wake of the COVID-19 pandemic sent several Maersk Drilling rigs into stacking mode. Designed with an onboard shore power connection, the rigs are outfitted to be electrically powered. Denmark is one of the few places in the world that offers sites that can deliver the required amount of electric power quayside. Our rigs stacked in the ports of Grenaa and Frederikshavn worked on shore power, with diesel engines shut down, for the benefit of both the local and global environment.



Where do our emissions come from?

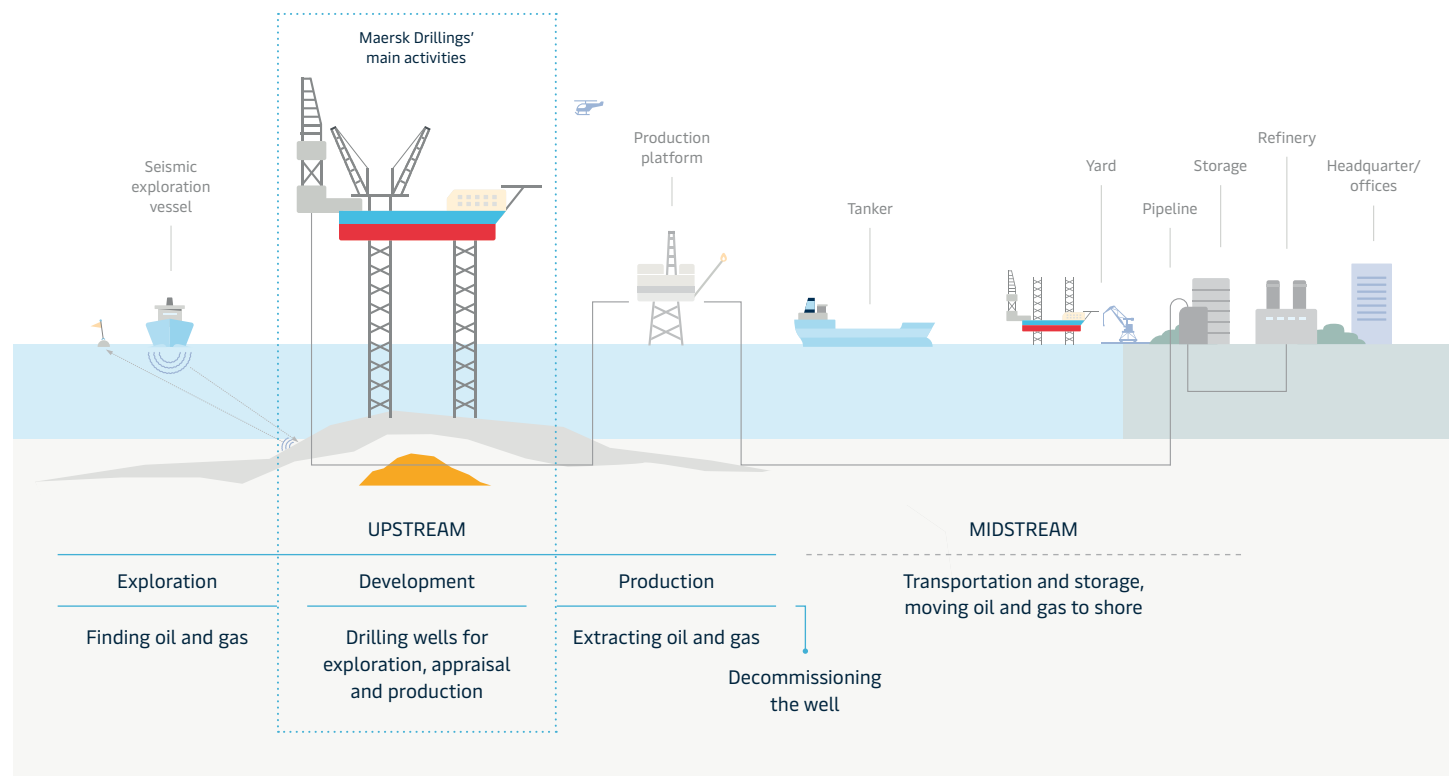
Maersk Drilling reports GHG emissions according to the Greenhouse Gas Protocol which classifies emissions into scope 1, 2, 3 emissions. Scope 1 includes emissions from sources directly owned or controlled by the company. Scope 2 accounts for GHG emissions from the generation of purchased electricity consumed by the company. Scope 3 is an optional reporting category that allows for the treatment of all other indirect emissions. Scope 3 emissions are a consequence of the company's activities, but occur from sources not owned or controlled by the company. Maersk Drilling reports scope 1 and 2 emissions, but not yet scope 3 emissions.

Maersk Drilling's **scope 1** emissions come from the main engines, which deliver power to the rigs while operating and while at quayside. For floating units – the drillships and the semi subs – the main engines also provide power for station keeping and moving the rig to new locations.

Scope 2 emissions are derived from our rig Maersk Invincible when operating in a location which is electrified. When the harbour is capable of delivering enough power, our rigs may also run on electricity during stacking. Furthermore, our local offices and the Danish headquarters use electricity and thereby generate scope 2 emissions.

Exact figures on our scope 1 and 2 emissions can be found in our ESG data-table on page 42.

Maersk Drilling's **Scope 3** emissions have not been comprehensively analysed yet, but would include elements such as business travel, re-location of our non-floating rigs, supply services, etc.



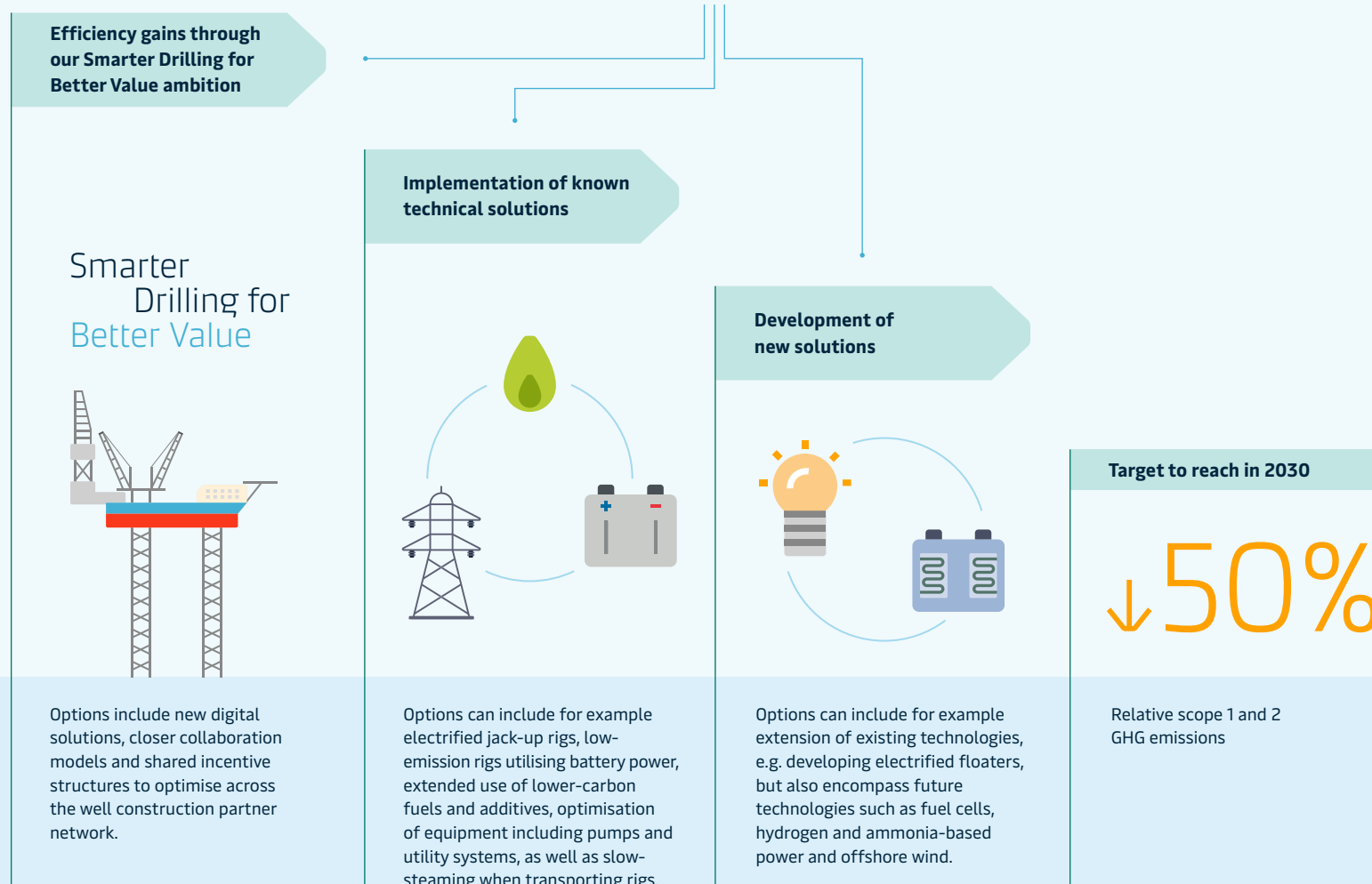
The road to 50%

As part of the new sustainability strategy launched in 2020, Maersk Drilling established a Climate Action Plan comprising the drilling industry's most ambitious emissions reduction target. By 2030, Maersk Drilling will have reduced its relative scope 1 and 2 GHG emissions by 50% compared to 2019, which is the baseline year. We are actively staying abreast of developments and technological advancements to ensure that our target can be met as effectively as possible. The target will be measured on GHG emissions relative to revenue, contracted days and drilled meters.

At the onset of the strategy implementation, Maersk Drilling expects that around half of the needed savings can be achieved via known solutions. The other half will be achieved by deploying new technologies or existing technologies that are not yet commercially viable.

Carbon offsets, e.g. via investments in carbon-saving projects, may be applied to achieve any residual savings.

The ambitious Climate Action Plan rests on three main levers





Project Greensand

The depleted oil reservoirs in the North Sea can be attractive locations for carbon storage. Maersk Drilling and its consortium partners are targeting

3.5

million tonnes of CO₂ stored annually by 2030.



"With Project Greensand we have put our strong innovation and engineering capacity behind one of the most promising Carbon Capture and Storage projects in Europe. Together with our consortium partners, we want to develop a solution that can make a real difference in the fight against climate change."

Marika Reis Chief Innovation Officer

Preventing CO₂ from entering the atmosphere

In addition to decarbonising drilling activities, it will be important to apply Carbon Capture, Utilisation and Storage (CCUS) and hereby prevent CO₂ from entering the atmosphere.

The IEA Sustainable Development Scenario expects increased investment and rapid growth in CCUS. The annual capacity is expected to increase from 33 million tonnes CO₂ per year today to 850 million tonnes CO₂ in 2030 and 5,000 million tonnes CO₂ in 2050. For comparison, total global

CO₂ emissions were around 30,000 million tonnes in 2020.

During 2020, Maersk Drilling joined INEOS Oil & Gas Denmark and Wintershall Dea in the Project Greensand consortium, which is maturing one of the most advanced Carbon Capture and Storage (CCS) projects inside Danish jurisdiction. Project Greensand targets the development of CO₂ storage capacity beneath the Danish North Sea by re-using discontinued oil and gas fields for permanent CO₂ storage.

The project has received support from the Energy Technology Development and Demonstration

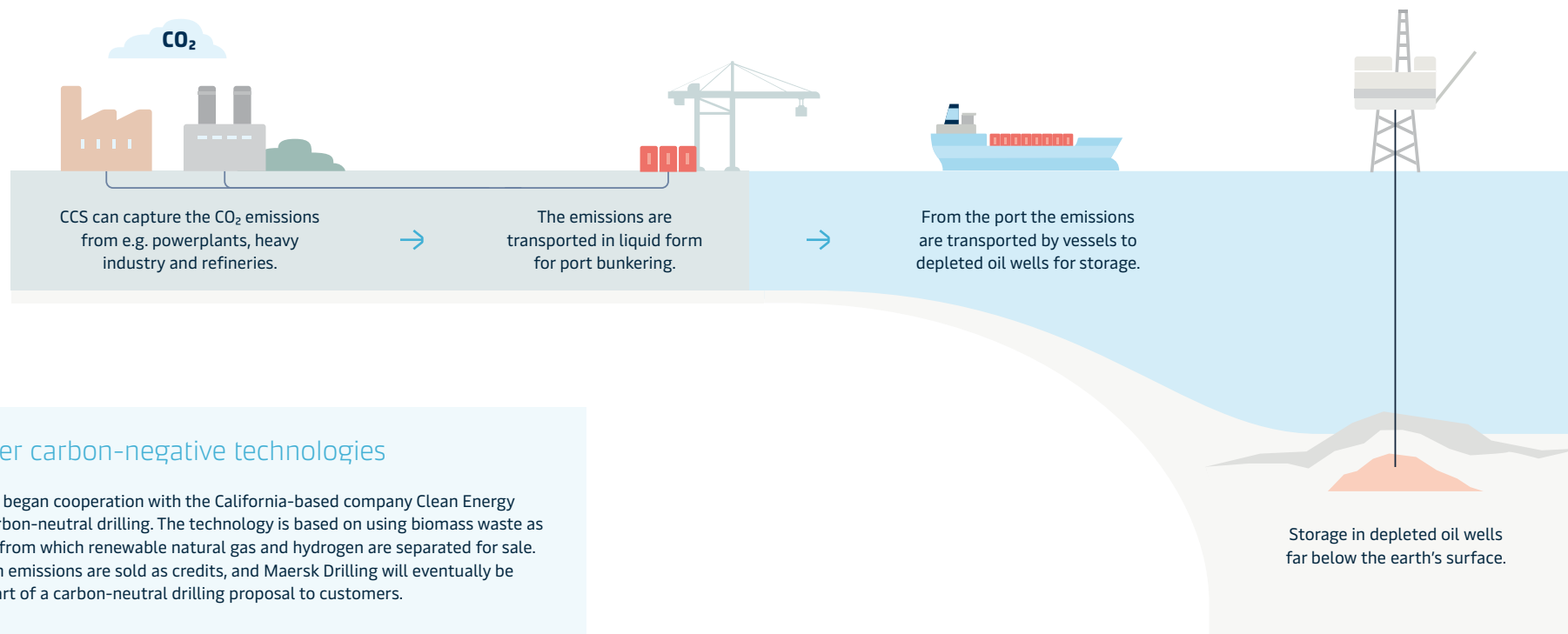
Program (EUDP) via the Danish Energy Agency and entered the validation phase in 2020, including successful feasibility studies for the chosen reservoir's compatibility for CO₂ injection. Laboratory experiments and results analysis were conducted by the project's research partner, the Geological Survey of Denmark and Greenland (GEUS), and the external verifier DNV GL has issued a certificate of feasibility for the reservoir.

The target is to have the first well ready for injection from the Nini platform offshore Denmark in 2025. Longer-term, the goal is to develop the capacity to store approximately 3.5 million tonnes CO₂ per year by 2030. CCS is one of the four pillars

of the green research strategy announced by the Danish government in September 2020.

Storage in depleted offshore reservoirs is a relatively new concept and involves challenges, particularly in terms of ensuring cost- and carbon-efficient transportation of the CO₂ from shore to the injection site. However, employing CCS in offshore reservoirs also has significant advantages since the geological structures are well understood, existing infrastructure can be utilised, and the injection sites are situated far away from populated areas.

→
Carbon Capture and Storage – how does it work?



Supporting other carbon-negative technologies

In 2020, Maersk Drilling began cooperation with the California-based company Clean Energy Systems to facilitate carbon-neutral drilling. The technology is based on using biomass waste as fuel to produce syngas, from which renewable natural gas and hydrogen are separated for sale. The net-negative carbon emissions are sold as credits, and Maersk Drilling will eventually be able to offer these as part of a carbon-neutral drilling proposal to customers.

2020 climate performance

Efforts to introduce low-carbon solutions on the fleet continued in 2020 with activities in our main market, Norway, leading the way. Two of our biggest jack-up rigs, *Maersk Intrepid* and *Maersk Integrator*, are converted to low-emission rigs by installing energy efficiency software, hybrid power, and NO_x scrubbers. The first, fully upgraded rig went into operation in autumn in Norwegian waters and data loggers tracked the carbon efficiency gains at around 25%.

Our total greenhouse gas emissions were impacted by the Covid-19 pandemic. Customers cancelled or postponed projects, resulting in a sharp decline in demand for drilling services and an increased number of stacked rigs. As a result, on-contract GHG emissions declined while off-contract GHG emissions increased significantly. Total GHG emissions in 2020 were 399,200 tonnes of CO₂e compared to 442,000 tonnes in 2019.

As part of our newly launched climate action plan, we have identified three KPIs to measure our efforts towards halving the carbon intensity by 2030:

GHG emissions **per contracted day** improved for both of our rig classes respectively, with jack-ups lowering emissions from 37.7 to 35.4 tonnes per contracted day and floaters reducing emissions from 104.1 to 100.7 tonnes per contracted day. Despite these improvements, the overall GHG emissions per contracted day grew from 57.8 to 61.3 tonnes, impacted by a lower share of the more carbon-efficient jack-ups. The number of contracted days for jack-ups declined by 27% while floaters increased by 7% compared to 2019.

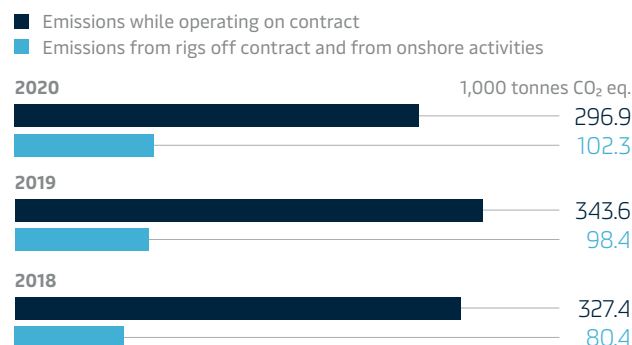
This higher average fleet emission level per contracted day also impacted GHG emissions **per drilled meter** which increased by 18%. The number of meters drilled in 2019 was unusually high with 2020 returning to a more normal level. The drilled meters vary from campaign to campaign

depending on the nature of the services performed with well-completion and plug and abandonment activities generating fewer drilled meters.

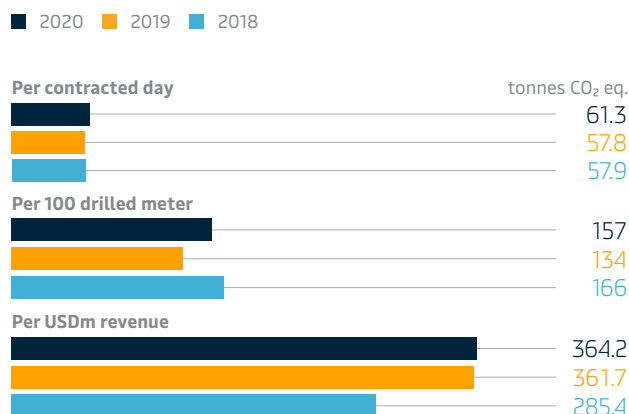
GHG emissions **per revenue** ended at 364.2 tonnes of CO₂e per USD million which was a 0.7% increase compared to 2019. A decline in revenue generating days due to the high number of stacked rigs in combination with the higher average emissions of the fleet were the main factors driving this development.

Though the trends across the three selected KPIs was not showing strong progress in 2020, the developments should to a large extent be viewed in the light of the extraordinary market situation following the Covid-19 pandemic. We expect a reversal of these effects and in combination with our continued long-term actions and investments in low-emission solutions, we are confident we can achieve our 2030 target, even if the reductions are modest in the first part of the 10-year period.

GHG emissions 2018–2020






GHG intensity 2018–2020



Driving impact through transparency

Maersk Drilling has established three KPIs to track the carbon footprint of our activities comprehensively. We believe that enhanced transparency will drive the right behaviours in our organisation, and hopefully also inspire the entire drilling industry to establish comparable metrics. The three KPIs are:

-  Focus on operations, measuring the emissions from our rigs **per contracted day**
-  Emissions from contracted rigs **per drilled meter**, focusing on our main deliverable of drilling wells
-  Overall carbon intensity of our business, tracked through measurement of total emissions **per revenue**

Strengthening our climate-related disclosure

In 2020, Maersk Drilling decided to strengthen its climate-related disclosure by reporting according to TCFD and by submitting data to the Carbon Disclosure Project.



Caring for People



We want to be a safe, diverse, inclusive and people-centric company

5

GENDER
EQUALITY



8

DECENT WORK AND
ECONOMIC GROWTH



10

REDUCED
INEQUALITIES



17

PARTNERSHIPS
FOR THE GOALS



A safer place to work

We registered the best safety performance in years, despite the many obstacles from the Covid-19 pandemic. Our Safety as Capacity strategy explores new ways and makes a difference.

Our goal has for several years been to achieve zero serious incidents and we have met this goal since April 2019. To further strengthen our efforts, a new goal was introduced in 2020, targeting a continuous downward trend in the average severity of all incidents.

In 2020, we registered a positive development in our performance with safety figures showing the best results in years. The positive trend came despite the many obstacles induced by the Covid-19 pandemic which made rig operations exceptionally difficult. Still, due to relentless efforts from our offshore crews, we successfully met this challenge. We see it as a general indication that our new Safety as Capacity strategy – which is exploring new roads within safety – makes a difference. We are doing our utmost to share our findings with the rest of the industry because keeping people safe is everyone's business.

Safety as Capacity – understanding the human factor in incidents

The health and safety approach of Maersk Drilling is founded on the belief that human errors are unavoidable. Understanding the human dimension and properly integrating it into the systems, processes and policies will be key to the continuous improvement of our performance. Human factors are the physical, psychological and social characteristics that affect human interactions with equipment, systems, processes and other individuals. Strengthening our people capacity to avoid incidents or prevent incidents from escalating as well as managing controls and safeguards are at the core of our efforts to account for the human factor in any incident.

In 2020, we focused on three key initiatives to strengthen our people's ability to maintain a high safety level:



Safety as Capacity

Strengthening our people capacity to avoid incidents or prevent incidents from escalating as well as managing controls and safeguards are at the core of our efforts to account for the human factor in any incident.



Control of work platform
securing a robust work execution process



Toolbox Talks
meetings to increase situational awareness



'Out of Harm's Way' award
given every quarter to the best safety ideas

62

ideas received and approved in 2020.

1. Simple to be safe

Our Simple to be Safe initiative aims at making our systems less complex and time-consuming. In 2020, we completed a review of our management system to simplify and reduce the amount of content. The new user-friendly, digital platform *Control of Work* was rolled out to all rigs. It secures a robust work execution process with a focus on control, clarity and capability, and reduces bureaucracy to allow for more time to work with safety. In 2020, the reduced time per task was about 30% or more than 15,000 working hours.

2. Situational awareness

A key element in Safety as Capacity is to avoid incidents escalating from minor issues to a chain reaction of bigger problems. The ability to rapidly and decisively handle unexpected events and spot unusual developments during operations is vital. Our *Zone in on safety* campaign was rolled out to all rigs with tools dedicated to train and maintain situational awareness. We improved the well-established Toolbox Talks where leaders and crew members meet to discuss what can go wrong. In this way, we increase situational awareness of risks and strengthen the feedback from the crews on what is required.

3. Building a strong safety culture

Our yearly safety day centered around building a strong safety culture. In line with the general focus of capturing frontline experience, all rig teams were engaged in providing solutions and ideas for increased safety. This bottom-up approach goes hand-in-hand with the quarterly 'Out of Harm's Way' awards which go to the best safety ideas. 62 ideas were received and approved from the frontline. The best ideas are subsequently pushed to all our rigs.

Improving our core barrier management system

Maersk Drilling's safety efforts are anchored in a strong barrier management system which is the foundation for delivering reliable and efficient operations to our customers.

In 2019 an updated Barrier Management Strategy was implemented on all rigs, focusing on identifying all safety-critical technical barriers, operational barriers, and organisational barriers. To continuously drive improvement of the barrier management system, all major incidents or near-misses are thoroughly investigated. In 2020, we continued the work to improve our investigation model with a particular focus on our high-potential incidents, with increased efforts devoted to capturing learnings from near-misses which never turned into real incidents. We also widened the scope of our investigations to include more than just accidents and near misses, but also successful, day to day work. This is to enable operational learning.



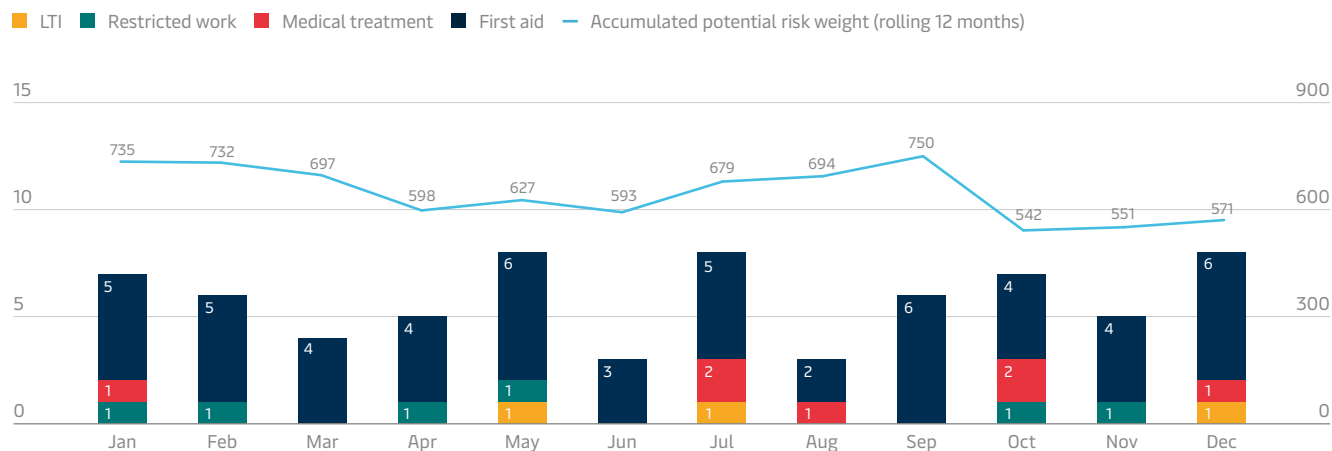
"With our Safety as Capacity strategy, we have zoomed in on the human factor. We have realised how important focus and situational awareness are when it comes to avoiding serious incidents. To me, this is one of the main drivers behind this year's positive safety record."

Erik Larsen Head of HSSE



Personal injuries and potential risk weight

In 2020, we launched a new indicator which captures not only actual injuries (coloured data bars) but also incidents that could have caused severe harm. This potential risk weight, shown as a blue trend line below, is based on evaluation and has shown a downward trend during 2020.



2020 Performance

In 2020, we improved safety performance with all indicators showing a decline in incidents. The improvement was especially noticeable for the more serious incidents which are our main focus area. We had zero serious injuries and only two lost time injuries, corresponding to a lost time Injury frequency of 0.44. This is a significant improvement compared to 0.75 in 2019, representing the lowest levels recorded in years.

In 2020, we further developed our metrics and have launched a new severity grading index that incorporate the high potential incidents which could have turned into serious incidents. With this index as part of our safety scorecard, we have put additional focus on bringing down the serious near-misses which could have caused significant harm to our people.

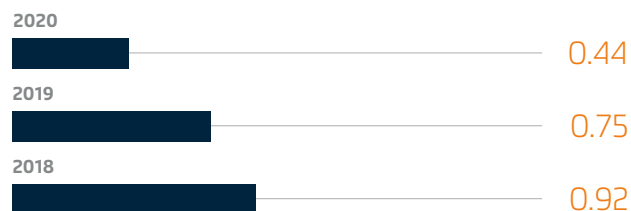
The severity index declined during 2020, reflecting a lower level of near misses, especially in the second half of the year. We see this as an indicator that our new Safety as Capacity strategy is effective and will support us in continuing this trend.



Watch our *Safety as a Capacity* strategy video [here](#).

Our safety performance 2018–2020

LTI frequency



LTIf measures the frequency of LTIs and fatality incidents per million man-hours divided by total hours worked. Lost Time Incident (LTI) is a work related injury or illness to an employee which a physician or licensed health care professional recommends days away from work due to the incident.

TRC frequency



TRCf measures the frequency of all recordable incident data (medical treatment cases, restricted work cases, lost time incidents and fatalities) per million man-hours divided by total hours worked.

Serious injuries frequency



Serious injuries frequency (Sif) is measured as fatalities and injuries with partial or permanent disability per million man hours divided by total hours worked.

Keeping global operations afloat during the pandemic

As the global pandemic hit the world in the first quarter of the year, Maersk Drilling faced considerable challenges. With operations spanning most continents and a vivid exchange of personnel across frontiers, it quickly became necessary to establish a focused task force to handle the challenges. As protocols and procedures were developed during spring, the task force could be dismantled.

Some of the most critical issues centered around offshore operations. It is a top priority to uphold the rigorous process for personnel coming on board rigs. All crew, customers, third-party partners and maintenance personnel must complete a COVID-19 test, a pre-departure travel questionnaire and, when required by the client or local authority, take part in a two-week quarantine. All non-essential personnel continue to be prohibited from visiting rigs globally.

In order to further ensure a healthy working environment on board, Maersk Drilling rigs now have rapid COVID-19 test kits on board all rigs. Even if the test is only indicative, the crew now has the ability to test anyone that displays symptoms and can take further action when necessary. This is especially important for rigs in remote locations where access to testing is not always readily available.

In addition, mitigating travel restrictions and quarantine measures have become key to safeguarding everyday operations. A framework for back-up crew pools has become standard practice for operations. This includes sourcing of more local crew members within a given country or region in order to effectively conduct crew changes.



In 2020, our rig *Maersk Highlander* received the International Association of Drilling Contractors' Award for Best Safety Performance in the North Sea.



"The world of energy is changing, and a successful transformation of our business requires that we mobilise multiple perspectives and skills. Diversity is ultimately about equality for all: providing equal access to thriving, dreaming and contributing. As a company with strong values and operations globally, we have the obligation and privilege to make an impact. Our business and the world depend on us."

CEO Jørn Madsen's pledge to the Above & Beyond Diversity Council Nordics

Diversity and Inclusion

Maersk Drilling is first and foremost a people business. Therefore we have identified Diversity & Inclusion as one of two key focus areas of our sustainability strategy alongside Climate Action.

We want to uphold a supportive and productive working environment where all of our people are valued for their contributions, accepted for who they are, and can develop a meaningful career in a trusted environment that is free from discrimination – regardless of gender, nationality, religion, sexual orientation, socioeconomic background, or disability.

In an industry facing transformation, it is imperative to attract, develop, and retain the best talent effectively. Maersk Drilling is actively focusing on tapping into a broader, diverse talent pool to meet challenges and generate sustainable value.

Our Diversity & Inclusion Plan

In 2020 Maersk Drilling developed a dedicated D&I plan with targets and initiatives to make significant progress within a time-frame of three years.

We believe in the value of diverse role models at the top, and are therefore tackling the industry-specific challenge of gender diversity in leadership. We are pursuing a significant leap forward on gender diversity to increase female representation on all onshore leadership levels through a female leadership target of 30% across leadership levels, 25% for senior leaders, and 20% for the Executive Leadership Team by end-year 2023.



Targets for female representation in onshore leadership by end-year 2023

30%
across leadership levels

25%
for senior leaders

20%
for the Executive Leadership Team

Our initial targets focus on female representation in leadership, as we expect this to produce cascade effects across all diversity parameters. At the same time, we are focusing on inclusion in the company to truly make diversity thrive.

In addition to the new leadership target, Maersk Drilling will be targeting four focus areas:

- **Attracting** and hiring female talent by removing bias from our recruitment process
- **Promoting** impactful leadership careers through a more inclusive approach to talent identification and development
- **Transitioning** to greater flexibility in ways of working and making inclusive leadership part of our leadership development programs
- **Showing** senior leadership commitment and increasing awareness across the company

To further strengthen implementation, Chief Strategy and People Officer Nikolaj Svane additionally took on the role of Chief Diversity Officer in September 2020.

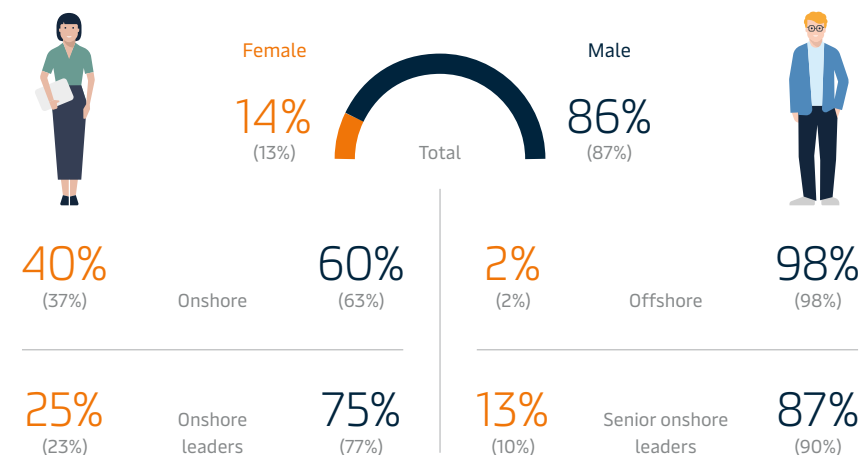
Female representation in leadership

Continued improvements needed

In 2020, Maersk Drilling saw a slight improvement in diversity performance and with the new strategic focus, these developments will be accelerated. Our share of female employees increased from 13% in 2019 to 14% in 2020. Onshore, women represent 40% of our workforce. Female leaders made up 25% of our onshore leadership in 2020 compared to 23% in 2019. Offshore, women only make up 2% of the workforce. In 2020, we appointed our second female rig manager in the history of the company.

Additionally, in 2020 we have focused on pairing female talents with senior leadership sponsors to provide greater exposure to the organisation, facilitate network building and enable cross-functional development opportunities. Regarding the Executive Leadership team, it was announced in December that a new female CFO would start in January 2021, bringing the female representation to 25%.

Gender distribution in 2020 (2019)



Board diversity target

Maersk Drilling has an ambition of diverse representation in terms of gender, nationality, international experience and qualifications on the Board of Directors. In 2019, a board diversity target to elect two female board members no later than the Annual General Meeting in 2022, was set. In 2020, Maersk Drilling has directed

attention towards reaching this and did so already in April 2020. Additionally, Maersk Drilling's target to have at least 1/3 of the Board of Directors comprise non-Danish citizens is currently satisfied. The current composition of the board, including employee-elected members is four females and five males, as well as four non-Danish citizens represented.



"Given the nature of our industry, gender diversity in particular is difficult. I am proud that Maersk Drilling is stepping up to this challenge and is ready to fight for more equality and diversity by committing to a female leadership target."

Nikolaj Svane Chief Diversity Officer and Chief Strategy and People Officer

Diversity of shareholder-elected board members 2020





Nationality distribution 2020 – total population

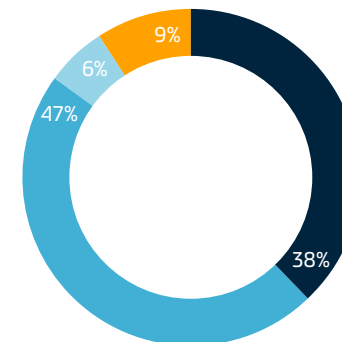
Europe (outside Scandinavia) Scandinavia
Southeast Asia Other

Maersk Drilling has a highly international workforce with

59

different nationalities represented.

Around half are Scandinavians, a share which has been relatively stable in recent years.



Involving the organisation to embed D&I

Successful implementation of our D&I initiatives relies heavily on the commitment and engagement of our people. As a first step to ingrain a D&I mindset in the organisation, Maersk Drilling dedicated the month of October 2020 to diversity & inclusion.

During the month we hosted and facilitated 12 events and initiatives accessible to all our 2,383 employees both on- and offshore, including:

- Running an organisation-wide **inclusion survey**
- Filming an **inclusion video** featuring our colleagues
- Facilitating a **'bias in hiring' workshop**
- Livestreaming a **Diversity & inclusion panel debate** featuring our CEO Jørn Madsen, Chief Diversity Officer Nikolaj Svane, and Board Member Caroline Alting to the global organisation
- Hosting a **workshop** for 20+ international companies on co-creating solutions for inclusive recruitment

12

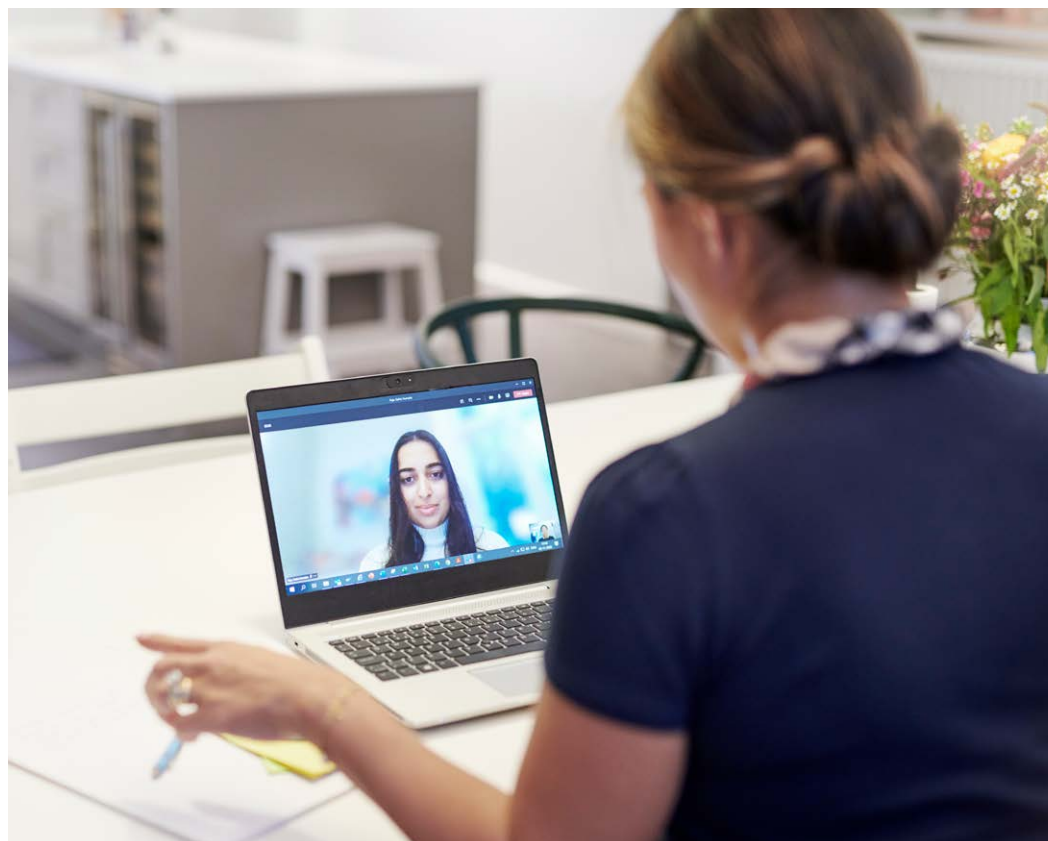
events and initiatives
accessible to all employees





"I really appreciate that the D&I plan has been tailormade to Maersk Drilling, using real experiences from our colleagues. Personally, being able to take part in confidential conversations where nothing is left off the table, has made me feel that this area is being taken seriously and that our plan is not just a theoretical exercise."

Signe Martedal Head of Gdansk Location



Committed to co-creating D&I solutions

Partnering with other businesses to drive forward sustainability efforts is grounded in our corporate value of Humbleness to listen to, learn from and share with others. We are pleased to have joined the Above & Beyond Diversity Council this year which comprises a strategic alliance of 20+ Nordic companies collaborating on the acceleration of diversity and inclusion, with dedicated engagement from top management.



← Conversations for inclusion

Our approach to making strides within D&I is to foster a safe culture where important conversations and the personal experiences of our employees can be shared and are heard.

In the first half of 2020, Maersk Drilling developed its D&I plan utilising a data-driven approach grounded in our employees' experiences and perceptions. Both qualitative and quantitative research was conducted internally to gain an understanding of how bias, differential treatment, and barriers to equal opportunities and inclusion are experienced in the company.

Based on the voices of our people, intervention areas specifically tailored to barriers in the organisation have been designed.

We are committed to continuing the focus and conversation on D&I.

Watch our Conversations for inclusion video [here](#).

A healthy organisation during challenging times

Maersk Drilling is a people business. Attracting and retaining competent and engaged people who are committed to Maersk Drilling's successful future remains a top priority and a vital leadership task.

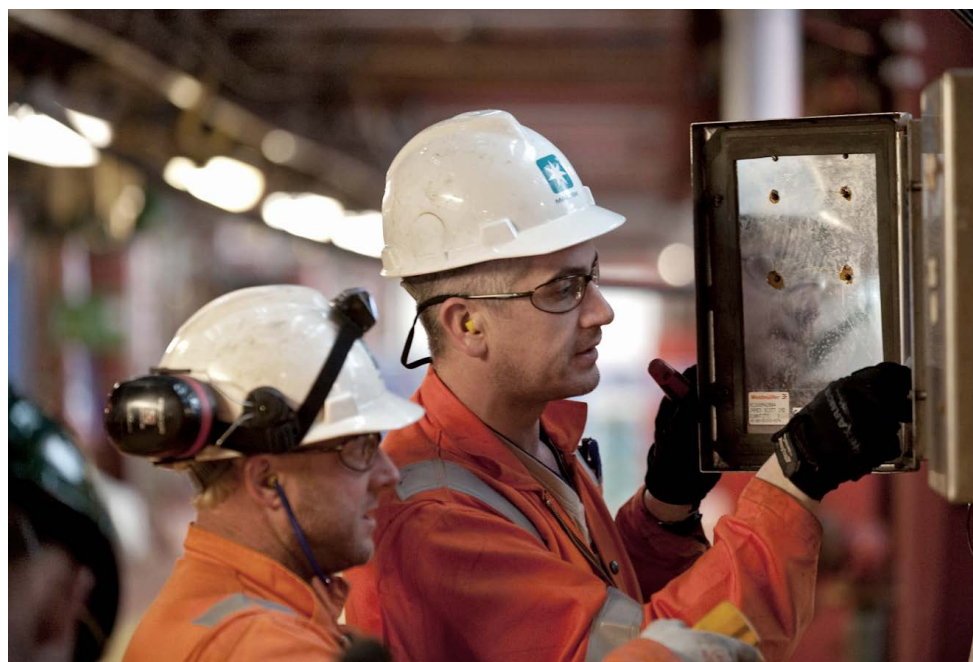
Employee turnover

We saw an improvement throughout the year with our onshore turnover rate moving from 10.2% in Q1 to 6.6% accumulated in Q4 and offshore moving from 7.3% in Q1 to 4.5% accumulated in Q4.



6.6%
onshore
turnover rate

4.5%
offshore
turnover rate



Maersk Drilling is focused on ensuring that senior leaders are updated regularly on key topics such as Employee Engagement, Organisational Effectiveness, Diversity & Inclusion and Capability Development.

In 2020, there has been uncertainty in many areas of our business due to Covid-19 and it has been a constant challenge to secure a stimulating work environment that supports employee development.

Dialogue and employee engagement

Maersk Drilling's quarterly Compass Survey allows us to regularly track employee engagement levels and implement the necessary actions to maintain a positive employee experience. A new approach to engagement surveys was launched in 2018, and this lighter and more frequent survey model has helped drive better dialogue between managers and staff.

The Compass system generates an employee net promoter score (eNPS). The eNPS ranges from -100

to 100 and reflects the employees' willingness to recommend Maersk Drilling as a good place to work. The score improved significantly from -23 in Q4 2019 to -4 in Q4 2020, with the onshore population moving from -15 to 3 and offshore increasing from -29 to -8. A large number of factors have contributed to these improvements, with the most frequently mentioned being:

- Continuous Communication – open discussions led by senior leadership about the future of Maersk Drilling.
- Strengthened Sustainability Strategy – Providing long term strategic aspirations within D&I and climate change in uncertain times.
- Improved team leadership – with a focus on employee wellbeing and increased flexible working.
- Solid response to Covid-19 – the swift implementation of new social distancing and safety interventions both on our rigs and onshore, protecting the health of our employees.

Training

Maersk Drilling offers an array of training for our offshore and onshore employees via our Learning Management System and we apply personal development plans to detail the individual goals of our employees. Our training covers a range of capabilities, from operational excellence and task-oriented issues to leadership, culture and mindset development.

In 2020, a total of 6,481 training days were carried out across Maersk Drilling compared to 8,571 in 2019. The lower number reflects the impact of the Covid-19 pandemic.

Leadership and development

To develop transformational leadership skills, we created the *Leading in MD* programme which commenced for all leaders in the last quarter of 2019. The programme focuses on our 4Cs leadership framework promoting Curiosity, Courage, Collaboration and Conversation. Due to Covid-19 restrictions, the programme had to be paused. Nevertheless, 159 leaders have been through the programme so far with a further 270 (95 onshore and 175 offshore) pending.

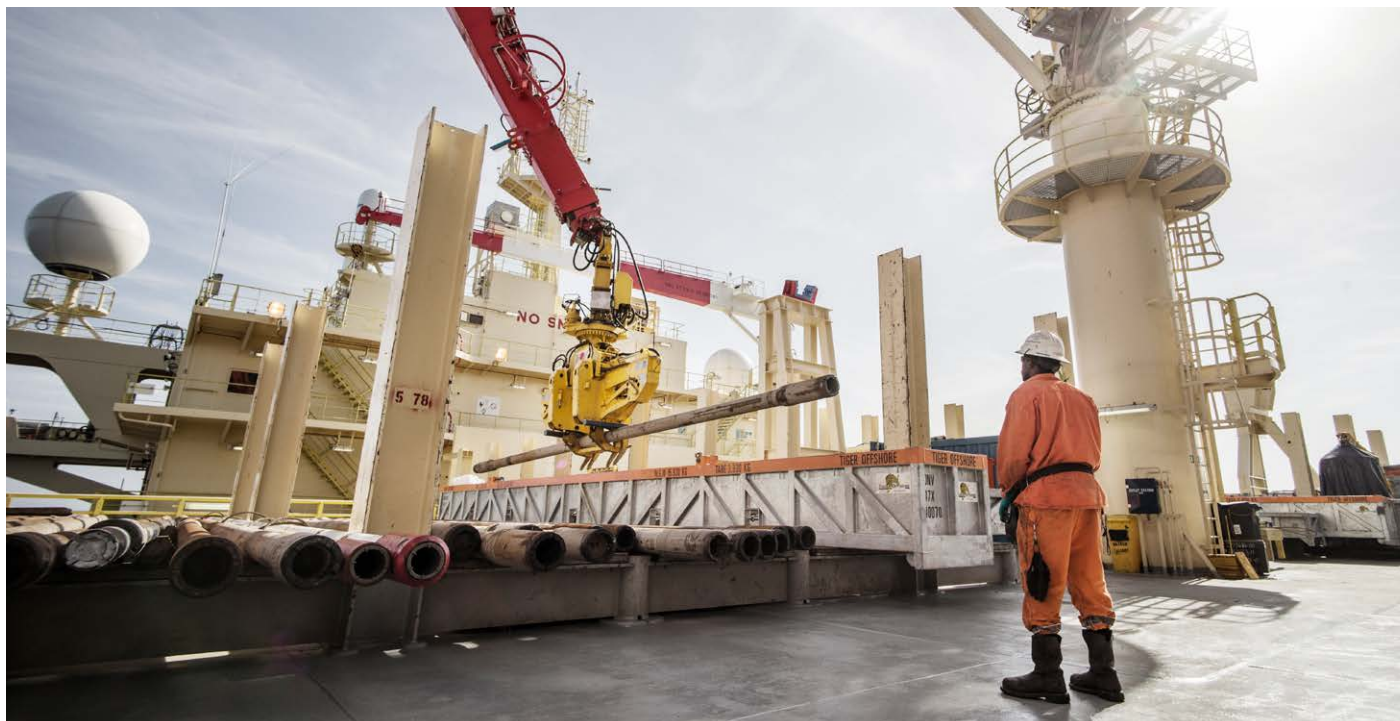
To address a continued need for social distancing, Maersk Drilling has during 2020 developed virtual leadership development sessions, including both refresher modules for those who have completed the programme and onboarding modules for new participants.



Leading in MD programme focuses on the 4C's leadership framework promoting Curiosity, Courage, Collaboration and Conversation.

159

leaders have been through the programme so far.



Our Acceleration Programme, which invests in talent to secure a strong pipeline of employees with leadership capabilities for mid and senior level roles, was postponed due to logistical issues caused by Covid-19. An alternative solution, which incorporates the key aspects of the original programme, e.g. on-the-job challenges and leadership development tasks, has been developed for rollout in 2021.

Training to ensure operational excellence

We follow industry, regulatory and client requirements to ensure employees in our offshore operations are fully trained and compliant. For compliance areas, our offshore employees are all

trained. In addition we also have Maersk Drilling specific procedure requirements, where each rig has approx. 90 different qualifications mapped to multiple positions.

To further support that all rigs can safely handle all requirements when changing crew, a new Competency Assessment System (CAS) was fully implemented during 2020. The system ensures that key competencies provided during training courses and procedure requirements are validated on board the rig. With a single, unified digital system, we maintain the same high safety and efficiency standards across jurisdictions.

Handling redundancies in a responsible way

Maersk Drilling is used to operating in an industry which is cyclical by nature. The Covid-19 disruption caused several customers to cancel operational contracts and postpone future contracts. As a consequence, it was necessary to reduce the number of employees. Prior to the decision, multiple options were explored, including re-deployment, early retirement and a hiring freeze but these measures were deemed insufficient given the scale of the crisis.

Market disruptions and the resulting restructuring processes encompass significant negative consequences. Maersk Drilling has made considerable efforts to handle the processes responsibly and tailor compensation packages accordingly. The packages were the result of negotiations with employee representatives. Due to the geographical spread of our employees, redundancy packages varied according to their country of employment.

Onshore and offshore redundancy processes are governed by legal processes and all impacted employees were provided notice according to their statutory entitlements. Employees were consulted via an employee council and notifications to authorities were given according to the specific legal procedures.



Bringing Value to Local Communities

As part of our sustainability approach and in line with our values, Maersk Drilling strives to positively impact the communities in which we operate.

Maersk Drilling has a long-standing tradition of contributing to local societies, not least in developing countries. This has traditionally been done by building local competences and local procurement practices. Local content requirements can for instance include

the percentage of local workforce, and sourcing from local suppliers. Maersk Drilling aims to go beyond specified targets where feasible and build on long-term collaborations with customers and suppliers who value local contributions.

Exceeding local requirements in 2020



Local staff



Local procurement

	Requirement 2020	2019	2020
Angola	70%	60%	65%
Australia	40%	n/a	87%
Azerbaijan	90%	86%	84%
Brunei	63%	78%	64%
Egypt	49%	57%	57%
Ghana	60%	54%	62%
Mexico	20%	34%	34%
Myanmar	24%	37%	37%
Trinidad/Tobago	48%	52%	48%

	Requirement 2020	2019	2020
	n/a	n/a	30%
	40%	n/a	67%
	37%	53%	36%
	42%	48%	43%
	30%	41%	15%
	40%	69%	55%
	20%	n/a	48%
	n/a	5%	11%
	n/a	n/a	25%

Building local skills

Local offshore competencies are vital to secure efficient and reliable operations in emerging oil and gas markets, such as parts of Latin America, Africa and South East Asia. The presence of local colleagues with the necessary skills is crucial for Maersk Drilling to deliver safe and efficient services to our customers. We see local content as a central element securing our ability to operate at the highest standards and support this by contributing to building competencies and investing in the training and upskilling of the local workforce.

In 2020, we met or exceeded local staff requirements in 78% of the countries.

Local procurement

Maersk Drilling strives to procure locally when possible to support the domestic economy and secure local supply for Maersk Drilling and the offshore sector. When we are cooperating with local suppliers, we also contribute to developing the necessary skills and know-how to meet the requirements of international customers in the oil and gas sector.

In 2020, Maersk Drilling hosted local Suppliers Days in Trinidad and Suriname. The programme invited local suppliers to learn about Maersk Drilling's responsible procurement policy and the standards required to work as a supplier in the oil and gas industry. By working with local suppliers, we play a part in developing emerging economies and, at the same time, benefit from increasing the range of products and services available to our industry in the local market.

In 2020, we reached or exceeded local procurement requirements in 67% of the countries.



Supplier Day in Trinidad and Tobago

Supplier Days is an important element in our local contribution efforts. In February, Maersk Drilling hosted a Supplier Day in Port of Spain, Trinidad, inviting potential local suppliers to learn more about Maersk Developer's upcoming campaign and how Maersk Drilling works with suppliers. More than 100 people from more than 60 companies signed up for the event, and many more wanted to join. The strong attendance provided Maersk Drilling with a good understanding of the local supplier landscape across a segment of different products and services, ranging from tool rental, workforce and logistics solutions to safety training and environmental services.

Responsible Business



We are committed to being a good corporate citizen conducting our business in a way that protects people and minimises adverse effects on environment and society



Protecting our marine environment

Life in the oceans represents a unique ecosystem. It is Maersk Drilling's ambition to reduce the environmental impact of our operations.

The main areas that we target relate to spills, recycling, waste handling and the safe use of chemicals on board our rigs. Our staff functions work in close cooperation with our rigs to optimise our activities which are governed by a strong set of policies including our HSSE Policy our Corporate Major Accident Prevention Policy as well as a newly launched Rig Recycling Policy.

Environmentally safe operations

Maersk Drilling has established provisions in its Environmental Management System that mitigates the risk of environmental harm. Prior to campaign commencement, Maersk Drilling will conduct an Environmental Impact Assessment (EIA) which shall form part of the overall Environmental Management Program. The EIA assesses the impacts of our activities, identifies quantitatively the significance and describes mitigation and control measures. We implement

a barrier management philosophy with technical, operational and organisational barriers to secure environmentally safe operations. Through these processes which are engrained in our management system, we ensure compliance with the ISO 14001:2015 Environmental Management Standard.

Rig Recycling policy

Maersk Drilling has a tradition for ensuring that our rigs are handled sustainably, also when they reach end-of-life. While it is relatively infrequent that a rig leaves our fleet, we want to make sure that established procedures ensure responsible conduct both when a rig is recycled or sold for further use by another operator.

In February 2021, a new recycling policy was launched. The new policy stipulates that Maersk Drilling will follow the principles laid out in the Hong Kong convention when recycling a rig.

A full version of the new policy is available on our website.

From 1 January 2021, all EU flagged rigs and all rigs operating in EU sea territory including Norwegian waters are required to comply with the EU Ship Recycling Regulations. As part of this regulation, the rigs are required to create and maintain an Inventory of Hazardous Materials (IHM). The inventory is a register that provides an overview of the hazardous materials on board, its location and approximate quantity. The recycling yards use the register to plan for the safe and responsible recycling of the rig.

15 Maersk Drilling rigs were required to be compliant by the end of 2020, which has been achieved. An IHM for each rig has been prepared through investigations, onboard sampling surveys, lab analysis and documentation. Furthermore, a

system has been designed to create and maintain IHMs for the rigs operating outside EU jurisdiction, once the recycling of a rig approaches. This will also be beneficial for rigs currently operating outside the EU, but which will move to the EU on a new contract.



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Maersk Drilling rigs were required to be compliant with the EU Ship Recycling Regulations by the end 2020 and this has been achieved.

Spills

Environmental spills may have long-lasting adverse effects on both environment and the surrounding communities. Our goal is to have zero spills during our operations.

At Maersk Drilling, we face four major spill risks:

- Loss of well control
- Loss of drilling fluid through formations
- Spills from machinery on board the rig or subsea
- Fuel and bulk material bunkering from supply vessel to rig

Rigorous procedures and systems are in place to reduce these risks. Through close evaluations – via our incident and investigation processes – any lessons learned greatly improves our barrier management hence reducing the risk in the foreseeable future.

In 2020, Maersk Drilling recorded four spills above 1 barrel to the environment in 2020. This is an unsatisfactory number and we have thoroughly analysed root causes and designed appropriate mitigation actions.

Two of the cases were the product of equipment fatigue which caused leakage of oil-based drilling mud. One was due to failing crew attention during bunkering operations, causing a hose with diesel fuel to be disconnected from the supply vessel.

In the wake of these incidents, we have tightened our procedures, increased the frequency of equipment inspections and conducted awareness programs on optimal supply vessel coordination.

Waste

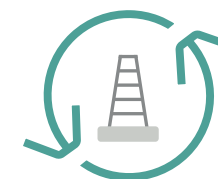
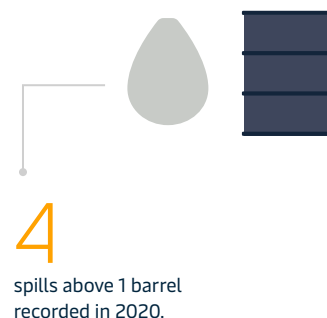
In order to ensure sustainable drilling operations, waste generated on board must be effectively and responsibly handled. The Maersk Drilling management system incorporates procedures and processes to eliminate or reduce the amount of waste generated and enable optimal handling of waste. This includes:

- Identifying waste streams
- Handling and segregation of waste on board
- Recording wastes
- Minimising waste generation
- Optimising recycling and disposal

The waste on board the rigs are broadly classified into hazardous, non-hazardous and recycled wastes. The main contributors to these are bore cuttings and chemicals used during drilling operations, domestic wastes like paper, plastic, metal cans etc. and waste generated from maintenance activities on board and while in shipyards. By having dedicated colour-coded bins or containers located at various locations on the rig, education of the crew on waste management and regular inspections, we ensure that wastes are correctly collected and segregated.

We work towards waste minimisation through optimising the control and recovery of drilling fluid and handling of cuttings, giving careful consideration before purchasing of materials or services, proper planning of storage to name a few initiatives.

In 2020, our waste amounts were relatively stable at 14,000 tonnes compared to 12,900 tonnes in 2019.



Maersk Decom has a circular economy, with recycling and waste management at the heart of operations.

Chemical Management

The management of our chemicals is important to ensure that risk towards people's health and safety is reduced. It is imperative that any associated risk and usage is conveyed in its entirety to the user.

New operational chemicals undergo a product risk assessment before it is approved for use on board. Use of high-risk chemicals is avoided when possible. Alternatively, a lower risk substitute with the equivalent functionality is often sought. Such instances also include the purchase of better biodegradable chemicals with low impact on the environment.

To ensure that chemicals on board are managed and handled safely, an onboard Chemical and Environmental inspection is carried out twice a year. Observations made are evaluated by the management for appropriate follow-up actions.

Decommissioning

Maersk Drilling has together with Maersk Supply Service founded the joint venture Maersk Decom. The company and its activities target the rising need to provide efficient and sustainable decommissioning of oil and gas fields. Its business model is centred around a circular economy, with recycling and waste management at the heart of operations. The company provides scalable solutions to responsibly handle end-of-life installations, restore the seabed, extend the lifetime of materials and reduce risk in the process.

In February 2020, the company signed a contract for plugging and abandonment of Tullow Oil's Banda and Tiof fields in Mauritania. This is the first project where Maersk Decom will provide an end-to-end plugging and abandonment solution under one single contract. Maersk Decom has completed the first phase of the Engineering and plans to begin the offshore P&A work in Q2 2021.



The last two rigs that left the Maersk Drilling fleet – Maersk Completer and Mærsk Giant – have both continued their active service life with new operators. Here, Mærsk Giant passes through Danish waters on the way to new owners in Poland.





Ethical business practices

Doing business the right way is ingrained in how we act, and is simply Maersk Drilling's license to operate.

It is grounded in our core values to comply with applicable regulations on anti-corruption, competition and anti-trust, trade and economic sanctions, export controls, protection of personal data, and human and labour rights. We uphold our high standards for business ethics worldwide, whenever we interact with customers, suppliers, regulators, governments and other parties.

Although Maersk Drilling already has a robust business ethics approach, we continually reassess our processes to ensure that they accurately reflect our compliance objectives and the organisation's structure.

Our approach to business ethics is grounded in a solid toolbox of tried and tested methods:

- Code of Conduct for employees, suppliers, and consultants, as well as Third-Party Code of Conduct for suppliers
- Anti-corruption due diligence
- Audits of core compliance processes as part of our compliance risk monitoring programme (two conducted in 2020)

- Shorebase awareness training on anti-corruption risk in new jurisdictions (three conducted in 2020 for commencements in Suriname, Trinidad & Tobago, and Angola)
- Internal live training sessions on export controls, competition law and data protection for functions most sensitive to these compliance risks
- Daily trade sanctions and export controls counterparty and transactional screenings
- Legal compliance risk assessments for potential new jurisdictions covering inter alia corruption, exposure to financial and trade sanctions, level of protection of personal data, the general rule of law and internationally accepted reports regarding the observance of human rights
- Annual review of written procedures and guidance documents

In 2021 we plan to convert supplier risk alignment interviews from face-to-face onsite to remote online, both as a practical response to the global pandemic and an efficiency enhancement to increase robustness and flexibility in compliance risk monitoring.



“Due to the nature of our work, there is a whole ecosystem of Maersk Drilling functions and third-party subcontractors with whom we work globally. We have an unwavering commitment and responsibility to conduct business in a responsible and upright way, and we extend these high standards and expectations to the third parties we choose to interact with.”

Zahra Kitson Frimor Chief Compliance Advisor, Head of Legal Compliance

Internalising good business practices

Speaking up

In Maersk Drilling, we have a company culture of collective responsibility to ensure that we are operating in an upright manner and accordance with the law.

If a breach of Maersk Drilling’s ethical principles is witnessed amongst employees, consultants, agents, suppliers, or any other partner, we encourage reports to line management, the legal department, an HR representative, or even our executive leadership team.

If a reporter feels that reporting through these channels is impossible, or if anonymity is desired, our Ethics Hotline is available. Maersk Drilling utilises a secure and confidential reporting tool administered by an independent third-party. In 2020 we processed 13 reports to the Ethics Hotline or via e-mail to the Legal Compliance function and conducted appropriate follow-up action.

In December 2021, a new EU whistleblower directive will come into force. We are actively taking steps to ensure our compliance with this new legislation.



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reports in 2020 were processed and appropriate follow-up action conducted.

Human and labour rights

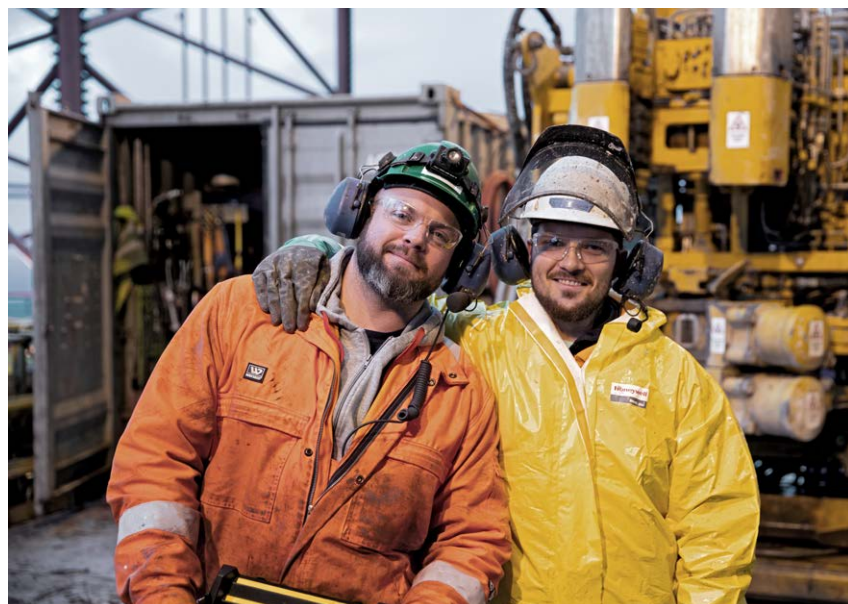
Maersk Drilling aims to protect all people that the business touches and minimise any adverse effects of operations on society. Maersk Drilling's respect for and adherence to human and labour rights is constant. We are continuously aiming to raise the bar even higher and build on our heritage of responsible business practices.

Maersk Drilling adheres to the fundamental labour conventions of the International Labour Organisation (ILO), the UN Declaration of Human Rights, and dedicated principles of the UN Global

Compact. In addition to reporting on human rights via our annual sustainability report, Maersk Drilling reports according to the United Kingdom Modern Slavery Act and is guided by a dedicated Modern Slavery Policy.

Human rights relate to many areas of Maersk Drilling's business operations. The infographic to the right highlights these.

In 2021, we aim to further increase our screening efforts regarding human and labour rights due diligence for suppliers and seamlessly incorporate human and labour rights assessments based on standardised and objective parameters into our strategic pre-market-entry risk picture.



New anti-fraud strategy

To better align Maersk Drilling's Fraud Risk Management, a new Anti-Fraud strategy was developed in 2020. The strategy was based on research conducted internally, in which insights on where risks for fraud in company processes and operations were gathered across functions. Based on the Committee of Sponsoring Organisations

of the Treadway Commission (COSO) framework, a course of action to solidify Maersk Drilling's approach to effective internal control against fraud has been designed, including efforts within anti-fraud awareness, risk mitigation and follow-up. In alignment with the new strategy, an update to Maersk Drilling's internal anti-fraud policy has also been made.

Ensuring personal data protection amidst a global pandemic

Comprehensive COVID-19 testing and use of health questionnaires for our offshore personnel on a regular basis have been critical to controlling the spread of the virus and safeguarding operations in 2020. However, this massive collection of sensitive medical data poses risks to the protection of personal data if mismanaged. Maersk Drilling has from the beginning of the pandemic structured testing and data collection measures so that only third-party medical professionals handle health information, test results and other sensitive personal information. It is shared only when deemed essential to preserving our people's lives and health, on a strict need-to-know basis.





Responsible Procurement

The social and environmental impact of Maersk Drilling goes beyond our own premises. Working together with more than one thousand suppliers, we have an obligation to improve the entire value chain and influence behaviours on human rights, labour rights, environment, and anti-corruption. This is why our Responsible Procurement Program has been designed to leverage our long-term business relationships and promote continuous improvement by partners in our supply chain. We aim to build commercial ties to suppliers with the lowest risk of adverse impacts on human

rights, labour rights, the environment, and anti-corruption.

Our Responsible Procurement Programme includes tools such as questionnaires, desktop supplier assessments, supplier audits, and corrective action plans. In 2020, 15 supplier assessments were carried out, focusing on human rights and labour conditions, environmental management, and health and safety.

No major breaches were discovered, but several minor non-conformance issues were identified. To correct these, designated action plans have been established by the audited companies.

In 2020, our main improvement focus was to strengthen the responsible procurement program

by fully integrating it digitally into our processes. Furthermore, work has started to expand the supplier assessments questions into the relevant environmental, social and governance-related issues to a defined section of our supplier universe. This work is expected to be finalised and implemented in 2021.



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supplier assessments were carried out in 2020.

High-risk categories

High-risk categories have been identified based on potential adverse impact on human rights, labour rights, and the environment. We work with these high-risk suppliers as part of our Responsible Procurement Programme, to focus our efforts on the highest risk and improve our suppliers' performance on sustainability.



Yards

pose risks from the perspectives of health and safety, human and labour rights, environment and climate, resulting from the use of heavy machinery, chemicals, and other hazardous materials.



Services

pose reputational risks in part due to the use of sub-contractors. Risks are related to health and safety, human and labour rights and environmental compliance.



Security

provided by sub-contractors potentially exposes security personnel to physical hazards.

Ingraining sustainability in our governance structure

Sustainability is an integral part of how we do business. Our Board of Directors and Executive Leadership Team regularly review, monitor and discuss sustainability issues. This includes climate-related business risks and opportunities and sustainability aspects of investment decisions.

Governance structure

The Board of Directors in 2019 established a permanent Safety & Sustainability Committee dedicated to supervising the Company's performance in these areas. The committee, currently comprising the Chairman and two other board members as well as members from management, meets at least twice a year and focuses on the identification, management and mitigation of risks and opportunities. This entails assessing strategies, policies, activities, management systems and strategic progress, as well as reviewing the annual Sustainability Report.

In addition, a separate Audit and Risk Committee has been established. The committee convenes at least 5 times per year to advise and make recommendations on risk management, including climate-related risks and other relevant

sustainability risks. A key element in this work is our Enterprise Risk Management system in which major risks are reviewed on a bi-annual basis. Climate-related risks are tracked and categorised according to the recommendations of the Task Force for Climate-related Financial Disclosure.

The Executive Leadership Team holds the operational responsibility for our sustainability performance.

Day-to-day management of the sustainability efforts is anchored in the corporate department for Communication and Sustainability. The department is responsible for proposing strategic initiatives, following up on strategic progress, as well as reporting in accordance with the legal obligations. The department orchestrates the efforts carried out at functional level on



sustainability-related issues, including key areas such as safety, climate action, diversity and inclusion.

The heads of the relevant functions are responsible for securing execution of their part of the sustainability strategy and for reporting on risk and performance within these respective areas. During daily operations, the individual rigs all have vital roles in ensuring that sustainability standards are upheld offshore.

Policies and principles

Maersk Drilling's Sustainability Policy is the overarching framework providing high-level guidance on how we operate.

The Sustainability Policy builds on the ten principles of the UN Global Compact, the Universal Declaration of Human Rights, and the fundamental labour conventions of the International Labour Organization (ILO). The overall policy is further supported by several subject-specific policies that guide daily operations, such as:

- Code of Conduct
- Third-party Code of Conduct
- HSSE policy
- Diversity and Inclusion policy
- Modern slavery policy
- Rig recycling policy
- Tax policy

Performance assessment

Management of sustainability performance is integrated into our corporate strategy, business planning, risk management and decision-making processes. Our performance scorecard assures an appropriate and effective link between strategic priorities, goals and actions. We measure progress and results through a combination of qualitative and quantitative measures, resulting in a corporate performance score. This performance

score influences the collective bonus element of executive and staff remuneration.

In 2020, one of the six performance measures in the corporate scorecard was Transformation, including the establishment of emission-based metrics to set targets and measure company performance in the area of climate action. In the future, carbon intensity metrics will be applied











to link carbon reductions with remuneration. These new carbon metrics will, together with new diversity targets, complement the existing safety metrics which have been part of the corporate scorecard for several years.

The success of our management approach is regularly evaluated through performance reviews at several management levels, including the

executive leadership team, the Board of Directors and the Board Committees. The nature and extent of performance reviews vary depending on materiality and management level. Internal audits and self-assessments also constitute key assurance elements of our management approach.



Ambition and progress

	Sustainable Energy Future			Caring for People			Responsible Business		
Ambition	We strive to minimise the carbon intensity of our business as well as the activities of our customers and our supply chain			We want to be a safe, diverse, inclusive, and people-centric company			We are committed to being a good corporate citizen conducting our business in a way that protects people and minimises adverse effects on environment and society		
Topic areas	Climate Action	Preparedness for the Energy Transition	Responsible Consumption	Safety	Diversity & Inclusion	Bringing Value to Local Communities	Marine & Air Environment	Business Ethics & Compliance	End-of-Life – Oil & Gas Assets
Numerical targets	50% emissions intensity reduction target by 2030	–	–	Zero serious injuries as well as a continued decline in the severity of all incidents	• Onshore female leadership target by 2023 (30%) • Board diversity target by 2022	–	Zero spills of hazardous materials into the environment	–	–
Main initiatives	<ul style="list-style-type: none"> Establishment of an Emissions Task Force to focus on decarbonisation of drilling activities. Formalise a partnering strategy to leverage future green tech and start-up networks. 	<ul style="list-style-type: none"> Inclusion of climate change and energy transition into our risk management system and consistency with the TCFD framework. Leverage innovation capabilities to explore potential offerings that align with the energy transition. 	<ul style="list-style-type: none"> Enhance global responsible consumption efforts. 	<ul style="list-style-type: none"> Implementation of our <i>Safety as Capacity</i> strategy. This includes a focus on the <i>Simple to be Safe</i> project, increasing situational awareness, and building a strong safety culture. 	<ul style="list-style-type: none"> Implementing our Diversity & Inclusion Plan based on four focus areas. Focus on attracting and retaining competent and engaged people. 	<ul style="list-style-type: none"> Develop a centralised approach to contributions, to ensure long-lasting impact in local communities. 	<ul style="list-style-type: none"> Ensure that well-control and spill prevention processes and training reflect industry best practices. Progress to remove NO_x and SO_x from the atmosphere. 	<ul style="list-style-type: none"> Increased focus on ESG factors in supplier assessments and digitalisation of Responsible Procurement activities. Increased focus on human and labour rights in country-entry risk assessments. 	<ul style="list-style-type: none"> Increase transparency and formalise approach to responsible rig recycling in alignment with major conventions.
Progress	<ul style="list-style-type: none"> Carbon emissions decreased by 10% from 2019 to 2020. Due to more stacked rigs and a relatively lower demand for our more carbon-efficient rigs, our relative emissions increased slightly. Two low-emission rigs being upgraded in the second half of 2020. 	<ul style="list-style-type: none"> Entered Project Greensand, the leading Danish Carbon Capture and Storage project, which targets carbon storage below the seabed in former oil and gas reservoirs. Engaged with California-based Clean Energy Systems using biomass waste as fuel to produce syngas and generate carbon-negative emissions. 	<ul style="list-style-type: none"> Increased focus on opportunities to improve capacity to consume responsibly through more coordinated efforts and increased employee involvement. Continued efforts to optimise the control, cleaning, and reuse of drilling fluids and cuttings. Waste amounts were relatively stable at 14,000 tonnes compared to 12,900 tonnes in 2019. 	<ul style="list-style-type: none"> We registered the lowest level of safety incidents in years with an LTI frequency of 0.44 and TRC frequency of 2.48. Our twin goals of zero serious injuries and a continued decline in severity of all incidents were also reached. 	<ul style="list-style-type: none"> Improvements in gender diversity. Percentage constant in executive team. 2022 board diversity target reached in 2020. 6,481 training days completed – 159 leaders through Leading in MD programme. Improved eNPS from -23 in Q4 2019 to -4 in Q4 2020. 	<p>Our efforts to contribute locally registered higher fulfilment for local staff but lower fulfilment for local procurement compared to 2019:</p> <ul style="list-style-type: none"> 78% of requirements for local workforce achieved 67% of requirements for local procurement achieved 	<ul style="list-style-type: none"> 4 registered spills compared to 2 in 2019. Improvement measures have been set in motion to bring down the number. We continued to develop our decommissioning activities in the joint venture Maersk Decom which secured the first end-to-end plug and abandonment solution contract. 	<ul style="list-style-type: none"> Complied with applicable laws and regulations and conducted assurances and audit throughout our operations. Launched a new anti-fraud strategy. 	<ul style="list-style-type: none"> Publication of a responsible rig recycling policy based on the principles of the Hong Kong convention. Established conformity with the EU Ship Recycling Regulation for 15 rigs.
Page	page 11–13, 16	page 14–15	page 16 & 32	page 18–20	page 22–28	page 29	page 31–32	page 34–38	page 31
SDGs impacted	  			   			  		

ESG performance data

Environmental performance*

	2020	2019	2018	Notes and definitions
Energy consumption (rigs on contract)**				
Fuel oil (1,000 tonnes)	90.6	105.7	100.7	Marine Diesel Oil (MDO) and Marine Gas Oil (MGO).
Electricity (1,000 MWh)	4.5	n/a	n/a	Electricity from shore.
Energy consumption (TJ)	3,873.9	4,500.6	4,288.6	Direct energy and indirect imported energy.
Fuel intensity (tonnes fuel oil/contracted day)	18.7	17.8	17.8	Tonnes of fuel oil per contracted day.
Energy consumption (other)**				
Fuel oil (1,000 tonnes)	30.8	30.1	24.5	Marine Diesel Oil (MDO) and Marine Gas Oil (MGO).
Electricity (1,000 MWh)	5.1	2.0	2.1	Includes purchased electricity and district heating consumed in onshore offices.
Energy consumption (TJ)	1,330.4	1,287.4	1,050.7	Direct energy and indirect imported energy.
GHG emissions (rigs on contract)** (1,000 tonnes CO₂ eq.)				
Direct GHG emissions (scope 1)	294.5	343.6	327.4	Total greenhouse gas emissions from sources at facilities owned (partly or wholly) and/or operated by the company. Direct GHG emissions correspond to Scope 1 emissions as defined by the GHG Protocol and WRI/WBCSD.
Indirect GHG emissions (scope 2)	2.4	n/a	n/a	Greenhouse gas emissions that occur at the point of energy generation (owned or operated by a third-party) for electricity, heat or steam imported (i.e. purchased) for use on site. Indirect GHG emissions from imported energy correspond to Scope 2 emissions as defined by the GHG Protocol and WRI/WBCSD.
Total (On contract)	296.9	343.6	327.4	
GHG emissions (other)** (1,000 tonnes CO₂ eq.)				
Direct GHG emissions (scope 1)	100.2	97.7	79.6	Total greenhouse gas emissions from sources at facilities owned (partly or wholly) and/or operated by the company. Direct GHG emissions correspond to Scope 1 emissions as defined by the GHG Protocol and WRI/WBCSD.
Indirect GHG emissions (scope 2)	2.1	0.7	0.8	Greenhouse gas emissions that occur at the point of energy generation (owned or operated by a third-party) for electricity, heat or steam imported (i.e. purchased) for use on site. Indirect GHG emissions from imported energy correspond to Scope 2 emissions as defined by the GHG Protocol and WRI/WBCSD.
Total (Other)	102.3	98.4	80.4	
Total GHG Emissions** (1,000 tonnes CO₂ eq.)				
Total (On contract + Other)	399.2	442.0	407.8	Sum of offshore (on contract and off contract/yard stay) and onshore CO ₂ eq. impact (scope 1 and 2)

* For a full description of accounting principles applied, see <https://www.maerskdrilling.com/who-we-are/sustainability/accountingprinciples>. Maersk Drilling follows the principles recommended by the Taskforce on Climate-related Financial Disclosure (TCFD). For a full overview of how we report according to TCFD, see Annual Report.

** Figures have been restated compared to last year's report due to more complete data and recalculation of conversion factor of fuel to CO₂e.

ESG performance data

Environmental performance*

	2020	2019	2018
Carbon intensity**			
CO ₂ /Contracted Days (tonnes CO ₂ eq./contracted day)	61.3	57.8	57.9
CO ₂ /Revenue (tonnes CO ₂ eq./Million USD)	364.2	361.7	285.4
CO ₂ drilled meter (tonnes CO ₂ eq./drilled meter)	1.573	1.336	1.66
Other air emissions (rigs on contract)			
SO _x (1,000 tonnes)	0.18	0.21	0.20
NO _x (1,000 tonnes)	6.81	8.3	7.9
SO _x intensity (tonnes SO _x /contracted day)	0.04	0.04	0.04
NO _x intensity (tonnes NO _x /contracted day)	1.41	1.40	1.40
Other air emissions (other)			
SO _x (1,000 tonnes)	0.06	0.06	0.05
NO _x (1,000 tonnes)	2.42	2.36	1.92
Other production consumption			
Waste (On contract) (1,000 tonnes)	10.5	10.2	14.2
Waste (Other) (1,000 tonnes)	3.5	2.7	1.7
Total Waste (1,000 tonnes)	14.0	12.9	15.9
Water (1,000 m ³)	10.3	9.6	11.4
Spills			
Number of spills to environment (above 1.16m ³)	4	2	2

Notes and definitions

Scope 1 & 2 Emissions (On Contract) divided by contracted days.

Total Emissions divided by Revenue.

Scope 1 & 2 Emissions (On Contract) divided by drilled meter.

Sulphur oxide (SO_x) emissions are calculated indirectly using fuel consumption and conversion factor.

Mono-nitrogen oxides (NO_x) emissions are calculated indirectly using conversion factors for energy consumption.

Tonnes of SO_x emissions per contracted day.

Tonnes of NO_x emissions per contracted day.

Sulphur oxide (SO_x) emissions are calculated indirectly using fuel consumption and conversion factor.

Mono-nitrogen oxides (NO_x) emissions are calculated indirectly using conversion factors for energy consumption.

Sum of all waste types generated, recycled, hazardous and non-hazardous, on contract.

Sum of all waste types generated, recycled, hazardous and non-hazardous, off contract.

Sum of all waste types generated, recycled, hazardous and non-hazardous, total (off + on contract).

Freshwater withdrawn (onshore only).

Any type of unintended release to environment of chemicals or hydrocarbon liquids.

* For a full description of accounting principles applied, see <https://www.maerskdrilling.com/who-we-are/sustainability/accountingprinciples>. Maersk Drilling follows the principles recommended by the Taskforce on Climate-related Financial Disclosure (TCFD). For a full overview of how we report according to TCFD, see Annual Report.

** Figures have been restated compared to last year's report due to more complete data and recalculation of conversion factor of fuel to CO₂e.

ESG performance data

Social performance*

	2020	2019	2018	Notes and definitions
Our employees				
Number of employees	2,383	2,850	2,854	Headcounts included are regular employees not on leave, paid leave, nor unpaid leave. Contractors and temporary staff are excluded.
Gender – female/total %	14%	13%	11%	
Women in leadership (% based on headcount)	15%	10%	10%	Women in management at level 5 and above for 2018–2019. For 2020 includes all levels.
Fatalities	0	0	0	Fatality is a work-related injury or illness that results in death.
Lost-time Incident frequency	0.44	0.75	0.92	LTIf measures the frequency of LTIs and fatality incidents per million man-hours divided by total hours worked. Lost Time Incident (LTI) is a work related injury or illness to an employee which a physician or licensed health care professional recommends days away from work due to the incident.
Serious Injuries Frequency	0	0.25	0	Serious injuries frequency (Sif) is measured as fatalities and injuries with partial or permanent disability per million man hours divided by total hours worked.
TRC Frequency Actual	2.48	2.49	2.50	TRCf measures the frequency of all recordable incident data (medical treatment cases, restricted work cases, lost time incidents and fatalities) per million man-hours divided by total hours worked.

Economic & Operational performance

	2020	2019	2018	Notes and definitions
Revenue (USD million)	1,096	1,222	1,429	Financial data is taken from the audited Annual Report of Maersk Drilling.
EBITDA before special items (USD million)	289	415	611	The annual accounts and independent auditor's report can be found at: investor.maerskdrilling.com/financial-reports-presentations
Total assets (USD million)	3,719	5,517	5,718	
Number of contracted days	5,208	6,310	6,024	
Drilled meters	188,749	257,228	196,817	

* For a full description of accounting principles applied, see <https://www.maerskdrilling.com/who-we-are/sustainability/accountingprinciples>. Maersk Drilling follows the principles recommended by the Taskforce on Climate-related Financial Disclosure (TCFD). For a full overview of how we report according to TCFD, see Annual Report.



Board of Directors

Claus V. Hemmingsen, Chairman
Robert M. Uggla, Vice Chairman
Kathleen McAllister
Martin Larsen
Alastair Maxwell
Ann-Christin G. Andersen
Kristin H. Holth
Caroline Alting
Glenn Gormsen

Safety and Sustainability Committee

Claus V. Hemmingsen
Ann-Christin G. Andersen
Kristin H. Holth

Executive Management

Jørn Madsen (CEO)
Christine Morris (CFO)

Editors

Maersk Drilling Communication and Sustainability

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Maersk Drilling
Lyngby Hovedgade 85
2800 Kgs. Lyngby
Denmark

Phone: +45 6336 0000
Company reg. no. 32 67 38 21

maerskdirilling.com



KK WIND SOLUTIONS

The Sustainability Update for 2020 is enclosed on the next pages.

Sustainability

Report 2020



We innovate to integrate®

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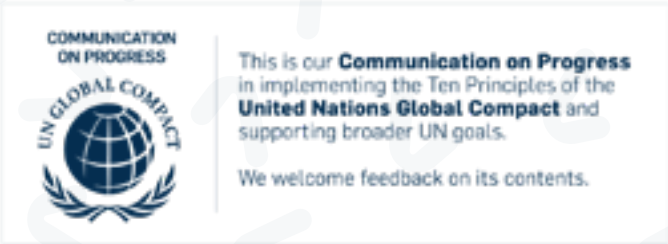
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Enabling a future powered by wind

KK Wind Solutions is a leading supplier to the global wind industry – and as such, sustainable technologies and solutions is at the core of our company.

This report provides an overview of our sustainability efforts, including overall focus areas and specific activities as well as our results for the past year and goals for the coming period.

Passionate about renewables
With a strong company vision of ‘Enable a Wind Powered Future’, sustainability is deeply embedded in our business and is reflected in the way we operate and govern our company.

We apply the Triple Bottom Line’s strategic ideology, staying committed to delivering a positive contribution to our people, planet, and profit. Hence, we continue to focus on developing our people and leaders while delivering a strong contribution to global sustainability.

Developing and manufacturing solutions for the wind industry, the most positive impact we have on sustainability is obtained through our own and our customers’ solutions.

Our core competencies, technology and solutions contribute to sustainable energy production, and together with the rest of the wind industry, we are continuously innovating to lower the cost of wind energy, making it even more competitive compared to fossil fuels.

Ongoing commitment to sustainability
To further reduce our operations’ environmental impact and support the wind industry, we continuously ensure that our global electricity consumption is covered by wind power or other renewable energy sources.

It is in our DNA to continuously assess and improve the environmental impact of our operations. We do this through a product lifetime approach to development, continuous waste reduction in our supply chain and innovative logistics solutions that are both better for the environment and our customers.

In 2021, we have initiated a CO2 baseline measurement in order for us to set new ambitious targets on reducing our consumption and carbon footprint.

We remain committed to and focused on our corporate social responsibility in the areas of human rights, employees, environment, anti-corruption and society in general.



Kind regards,
Chlinton A. Nielsen
Chief Executive Officer

Accelerating Sustainable development

In KK Wind Solutions, we support and recognise that all the UN Sustainable Development Goals are essential for everyone and our planet. We focus our efforts on those that are within our sphere of influence and where we can make the greatest impact and most positive effect.

Based on a prioritisation of all SDGs, we remain fully committed to contributing to the targets in SDG 7 and 13. Furthermore, we have started an internal strategic target setting on selected subgoals of SDG 3, 5, 6, 8, 12 & 16.

We have defined a unique purpose for our company, explaining the core reason for us going to work every day and why we do what we do. We want to make Wind Power Impact which directly supports the realisation of SDG 7 and 13.

Being a responsible and sustainable company in all matters is part of our DNA. We constantly challenge and break the boundaries of wind system solutions to make wind energy the most cost-effective and sustainable energy source, providing affordable and clean energy to the world.

We leverage our customers' strengths to achieve the greatest possible impacts: a more competitive and profitable wind industry and a meaningful contribution to global sustainability.

New objectives

Going forward, we will continue to improve by setting ambitious targets and implementing processes that support sustainability and by influencing our stakeholders and suppliers.

In 2021, we aim to further integrate sustainability into our business strategy and set the baseline for our carbon footprint, driving this throughout our value stream.



Governing sustainability and carbon footprint

To take sustainability at KK Wind Solutions to the next level, the Sustainability Committee has initiated a CO2 baseline calculation following the Greenhouse Gas Protocol (GHG). This section describes how sustainability is managed and governed.

The executive management has passionately communicated sustainability matters to mobilise a grassroots movement, uniting people to undertake actions and promote change within our company.

To sustain, govern and grow this movement, we established a cross-functional Sustainability Committee back in 2019, which is continuously evolving, as our business transforms.

In 2020, our Sustainability Committee, with cross-functional participation, focused on our continued commitment to the 17 SDGs by suggesting setting strategic targets and additional subgoals.

The Sustainability Committee's role is to develop, prioritise, oversee, and coordinate cross-functional sustainability initiatives in KK Wind Solutions and ensure sustained conformity according to UN Global Compact.



The committee reports to the executive management with a planned meeting frequency of four times a year, bringing proposals for new programmes for approval as and when they become relevant. The executive management receives sustainability strategy updates and also reviews and approves the annual Sustainability Report.

Responsibility for sustainability performance and responsible business practices resides with the functional departments.

Establishing a CO2 baseline

In 2021, we began to initiate and perform an extensive CO2 baseline calculation following the Greenhouse Gas Protocol (GHG) standard for corporate accounting and reporting, together with leading experts within this field.

This will enable us to set new ambitious targets on reducing our consumption, emissions and carbon footprint. Moreover, it allows us to prioritise our efforts and invest in high impact areas.

The baseline calculation will provide an overview of where our greenhouse gas emission has its sources and increase internal awareness of sustainability. Establishing a baseline will also provide a strong foundation for corporate reporting to a broader group of stakeholders, and drive this agenda across our customers, suppliers, employees, owner and the public.

The assessment will include scope 1 and 2 at KK Wind Solutions' locations: Denmark, Poland, Spain, US, India, Germany and China. In addition, we will start to prepare a scope 3 calculation.

Three 'Scopes'

The Greenhouse Gas (GHG) Protocol divides emissions into three groups or 'Scopes':

- Scope 1 covers direct emissions from owned or controlled sources.
- Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company.
- Scope 3 includes all other indirect emissions that occur in our value chain.

Principles of the UN Global Compact

The UN Global Compact (UNGC) outlines ten principles that companies should embrace, support and enact. A set of core values and fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption.

Human rights

- 1: Businesses should support and respect the protection of internationally proclaimed human rights.
- 2: Businesses should make sure that they are not complicit in human rights abuses.

Labour

- 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
- 4: Businesses should uphold the elimination of all forms of forced and compulsory labour.
- 5: Businesses should uphold the effective abolition of child labour.
- 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Environment

- 7: Businesses should support a precautionary approach to environmental challenges.
- 8: Businesses should undertake initiatives to promote greater environmental responsibility.
- 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

- 10: Businesses should work against corruption in all its forms, including extortion and bribery.



Sustainability framework

Our ambition is to continuously develop our sustainability actions as we remain committed to ensuring that our business practices are safe, responsible and transparent. Hence, we have concentrated our communication around the following four themes.



Human rights

We are committed to the protection of human rights and support the United Nations universal declaration of human rights and the International Labour Organization's declaration on fundamental principles and rights at work.

Focus areas

By regularly conducting risk assessments of our suppliers in compliance with our Code of Conduct, we have ensured an active integration with our CSR policies.

We have also integrated appropriate sustainability measures and our Code of Conduct in screening and assessing new suppliers and finding accessible areas of improvement.

As we develop and anticipate future growth and globalisation, we persistently focus on safety and human rights, both in regard to our own and collaboration partners' employees.



Employees

Our goal is to remain a company that encourages and supports our employees' development and creates attractive jobs. Furthermore, we are dedicated to ensuring a safe and healthy working environment that meet the highest standards.

Focus areas

We aim to continue to develop our highly skilled workforce whose contribution is meaningful and recognised. Our approach includes structured introduction schemes, annual personal development dialogues, extensive training and consistent follow-up on safety and performance.

Moreover, we have established a unique global leadership programme, educating our managers, key specialists and supervisors within leadership and cross-cultural collaboration. The programme encourages personal development while empowering people to lead transformation and execute our strategy effectively.

We remain convinced that by focusing even more on leadership and followership, we will tap into a significant pool of as yet unutilised and hidden resources, documented by our yearly Employee Engagement Survey.



Environment

As part of the renewable energy industry, we aim at maximising our positive impact on the environment, not only through the products we develop but also through our actions aimed at managing the business in an increasingly sustainable manner.

Focus areas

We direct our attention to improving our products and operations across the entire product lifecycle and the supply chain. This includes taking appropriate actions to reduce energy consumption, minimise waste, and increase the share of recycled waste.

In 2020, we succeeded in increasing our recycled share of waste to 92%. However, our electricity consumption increased by 5.7% and heating consumption increased by 30% against a target of 3% reduction on the previous year. This was due to an increase in activity levels across our facilities.

In 2021, we will establish a CO2 baseline according to GHG protocol scope 1 & 2. This initiative will help us move forward while maintaining a high level of recycled waste along with a special focus on reducing our energy consumption and carbon footprint.

We continuously ensure that our electricity consumption across our facilities is covered by wind energy or other renewable energy sources.



Anti-corruption

We are committed never to engage in any form of bribery, corruption, extortion, embezzlement or any illegal method to influence public officials, the judiciary or any other private parties.

Focus areas

We direct our attention to securing that all employees fully understand the importance of following company ethical guidelines despite local culture and practices. To ensure commitment from our employees, we require that all new employees sign our Code of Conduct.

New contracts with agents, intermediaries and consultants include a section on anti-corruption. The contract holder must comply with all applicable laws and regulations along with our Code of Conduct.

For potential suppliers, we include a review of their anti-corruption policy during our supplier assessment and ensure that all new suppliers sign or are in line with the regulation in our Code of Conduct.

Entering new markets and regions, we will seek to create an organisational setup that ensures CSR compliance.

Reinforcing our Code of Conduct

We continuously work to reinforce our Code Of Conduct to secure responsible business practices in our operation and towards our suppliers.

Status

We continuously work to ensure that we have the right measures and assessments in place to ensure responsible business practices in our operation and supply chain.

We realise that it requires continuous training and integration of our processes to achieve this implementation. For this reason, we focus first of all on our employees and our suppliers.

We expect our suppliers to respect and comply with our Code of Conduct and require that they sign the Code of Conduct as a part of our supplier contracts.

To ensure that standards are met, we evaluate our suppliers regarding compliance with the Code of Conduct and integrated CSR-measures.

Progress

To ensure a solid internal understanding and commitment to our Code of Conduct, Signing the Code of Conduct, is now a part of the standard onboarding process for all employees.

We continued our efforts emphasising the importance of safe working conditions and sound processes in our operations. We also expect our suppliers and their sub-suppliers to follow and ensure the standards.

A significant part of our CSR footprint comes from our supply chain, and we remain committed to ensuring that our suppliers uphold the same standards as we put forward.

Our Code of Conduct includes:

- Human and labour rights
- Health and safety
- Environment
- Business ethics
- Freedom of association
- Legal compliance

We will continue to secure a commitment from suppliers to our Code of Conduct, whereby we recognise the importance of clear communication of expectations and cooperation with suppliers.

All suppliers are continuously rated through several parameters, including sustainability aspects. These measures help us locate suppliers who underperform and enable us to work actively with the supplier to get back on track.

To enhance our efforts in achieving the sustainability goals, Global Sourcing re-organised its structure and established a new position overseeing supplier sustainability, CSR and quality assurance as well as supporting our supply chain

to understand and comply with our values and requirements.

New suppliers of critical components will have to go through a comprehensive assessment process before being approved.

One of the crucial parts of the Supplier Assessment format is a chapter related to Sustainability requirements. Parameters reviewed in that chapter refer to the 10 principles from UN Global Compact.

Missing Code of Conduct found during a supplier audit will be treated as a non-conformance and will trigger an immediate improvement action with an agreed implementation date.

New objectives

In 2021, we will further increase our focus on sustainability, especially with regard to environmental and climate change aspects and focus on labour rights, health, safety impact at suppliers and their sub-suppliers. If we discover or suspect any non-compliance with our Code of Conduct or insufficient focus on health and safety, we will block the supplier's approval and use.

We will also introduce a complete follow-up and re-audit process to ensure that our key suppliers continue to develop in line with our expectations.

In 2021, our Global Sourcing department will focus on defining a more detailed strategy and create KPI's for supplier sustainability for the coming years.



Partnerships with purpose



We are committed to the protection of human rights and rights at work. In addition, we support local communities and the regions in which we operate.

Status

Our Code of Conduct ensures our commitment towards employee rights at work and responsible business conduct.

Progress

By regularly conducting risk assessments of our suppliers in compliance with our Code of Conduct, we continuously ensure human rights are protected and decent work conditions are provided throughout our supply chain.

New objectives

As we continue to expand our global footprint and supplier base, we persistently direct our attention towards human rights and work environment.

Corporate citizenship

In 2020, we continued to contribute and support local communities in several areas:

• Universities & education

In 2020, we partnered with many new interns and students as part of our global cooperation with universities.

We supported the 'Energy Sponsor Programme' at Aalborg University, enabling us to strengthen technology cooperation and support the students' educational programme.

We also sponsored the annual 'Innovation Days' event at Aarhus University.

In addition, we partnered with Engineer The Future to help educate and inspire children to become engineers and foster the new generation of Wind Power Wizards.

• Partnerships

We are proud to support local sports activities in the vicinity of our headquarters by sponsoring the FC Midtjylland football team, the Herning BlueFox ice hockey team and the HH women's handball team. All these teams play in the top Danish leagues.

In 2020, we also joined momentum - a network of wind OEM suppliers working together to advance the sustainability of the wind industry.

We are also partnering with customers and suppliers to rethink and challenge our existing ways and innovate competitive, sustainable solutions. In 2020, we partnered with Vestas to deliver significant sustainability impact across our business, earning us the Certificate of Sustainability Commitment.

• Charity

We have provided financial support for the Danish national fundraiser "Knæk Cancer" to help beat cancer.

Among other initiatives, we continue to support SOS Children's Villages.



We take pride in building strong partnerships and supporting passionate people representing good causes and shared purpose in the local communities and regions in which we operate.

Chlinton A. Nielsen, CEO, KK Wind Solutions

Safety, health & wellbeing in focus



Our goal is to maintain a culture that encourages and supports the development of our employees. Furthermore, we are dedicated to ensuring a safe and healthy working environment that meets high ethical standards.

Status

In 2020, we adopted the new ISO 45001:2018 Occupational health and safety management systems standard. This certification ensures our commitment to continuous implementation and improvement of the way we manage our health and safety systems.

Progress

Our target was to have a maximum absence of 4.5% for blue collar and 2.5% for white collar workers. Aiming at achieving zero working accidents, our short term target was to have less than 3 accidents per 1 million work hours.

In 2020, employee absence was reported at 7.4% for blue collar and 1.8% for white collar workers, while unfortunately, 3.5 work accidents per 1 million work hours were registered. Absence in 2020 was impacted by the global pandemic and the precautionary measures implemented to protect our employees from spreading the virus.

We continuously use risk analysis to prevent accidents, and during 2020 many corrective actions were performed and safety awareness further intensified. As a result, we reduced work accidents per 1 million from 7.2 in 2019 to 3.5 in 2020.

In 2020, we won the prestigious Vestas "Safety Award", recognising the great effort and progress made on our safety journey and the many successful safety initiatives during the global COVID 19 pandemic. In particular, our "Iron Fence" principle has proven very successful.

New objectives

In the coming year, we will fully implement Vision Zero to improve the safety, health and wellbeing of our employees. This assessment tool will furthermore enhance our knowledge-sharing capabilities across our sites. In addition, we have joined the Danish Vision Zero Council.

We will furthermore continue to improve our health and safety culture and launch new initiatives to stimulate stronger preventative safety awareness among all employees.

Our vision is to achieve zero accidents throughout the company and a 2021 target of less than 3 accidents per 1 million work hours.



Safety principles

- All accidents can be avoided
- All dangerous situations can be controlled
- Management is accountable for safety
- People are the determining factor when it comes to safety
- Working safely is a pre-requisite for employment

Renewable electricity and increased recycling



As part of the renewable energy industry, we strive to maximise our positive impact on the environment, not only through the products we develop but also through our actions aimed at managing the business in an ever more responsible manner.

Status

Our production facilities are certified according to the international environmental standard ISO14001, which ensures a systematic organisation and documentation of internal environmental procedures.

For wind to be a viable alternative to traditional fossil fuels, it has to be competitive. At KK Wind Solutions, we contribute to advancing the wind industry by continuously improving our products and developing new innovative solutions that contribute to the optimisation of wind energy. Furthermore, we are working in partnership to extend lifetime and reduce the cost of wind turbines.

Progress

In the past year, we have focused on reducing the environmental impact of our operations and increasing the share of recycled waste to 92%. We have recycled or partially recycled 98.5% of our waste. In addition, we have set up an advanced sewage treatment plant for wastewater recycling at our facility in India.

In 2020, we continued to ensure that our global electricity consumption was covered by renewables. We entered into renewable electricity purchase agreements directly with local utilities. In countries where local utilities could not provide these contracts, we purchased certificates to ensure that our electricity consumption was covered by sustainable sources.

We also continued our conversion of company cars from diesel to electric or hybrid cars. In 2020, we installed LED lights and sensor-

controlled lighting at our facilities in India to reduce our energy consumption. In addition, we installed a centralised air conditioning system optimising airflow and reducing energy consumption by 30%.

To further raise awareness of environmental issues, more information about environmental practices and behaviours has been added to the on-boarding process for new employees.

New objectives

At KK Wind Solutions, we remain committed to further reducing the environmental impact of our operations. We will create a CO2 baseline according to GHG protocol scope 1 & 2. This initiative will help us to work towards reducing our carbon footprint. Our target for recyclable waste remains at its current high level.

New products within energy storage are making a strong contribution to a fully sustainable wind industry and have already made an impact on offshore wind turbines, removing the need for diesel generators in case of grid-loss. By offering repowering and control system retrofit solutions together with leading condition monitoring, we strive to increase wind turbines lifetime and performance, providing a strong and sustainable business case for asset owners.

Furthermore, we are developing localised supply chain solutions and establishing a more global footprint to support our customers locally in a more sustainable manner and bring growth to societies.



100%

of our global electricity consumption is covered by wind power or other renewable energy sources.

Feature story:

Ingenuity saves energy in **battery testing**

A new test setup has made battery lifetime cycle testing fully sustainable by replacing dump load with a grid converter, feeding electricity back into the power grid.

As part of ensuring superior quality and long product lifetime, power testing needs to be performed. The purpose of testing is to make an accelerated lifetime test of the battery modules for our wind turbine power back up system.

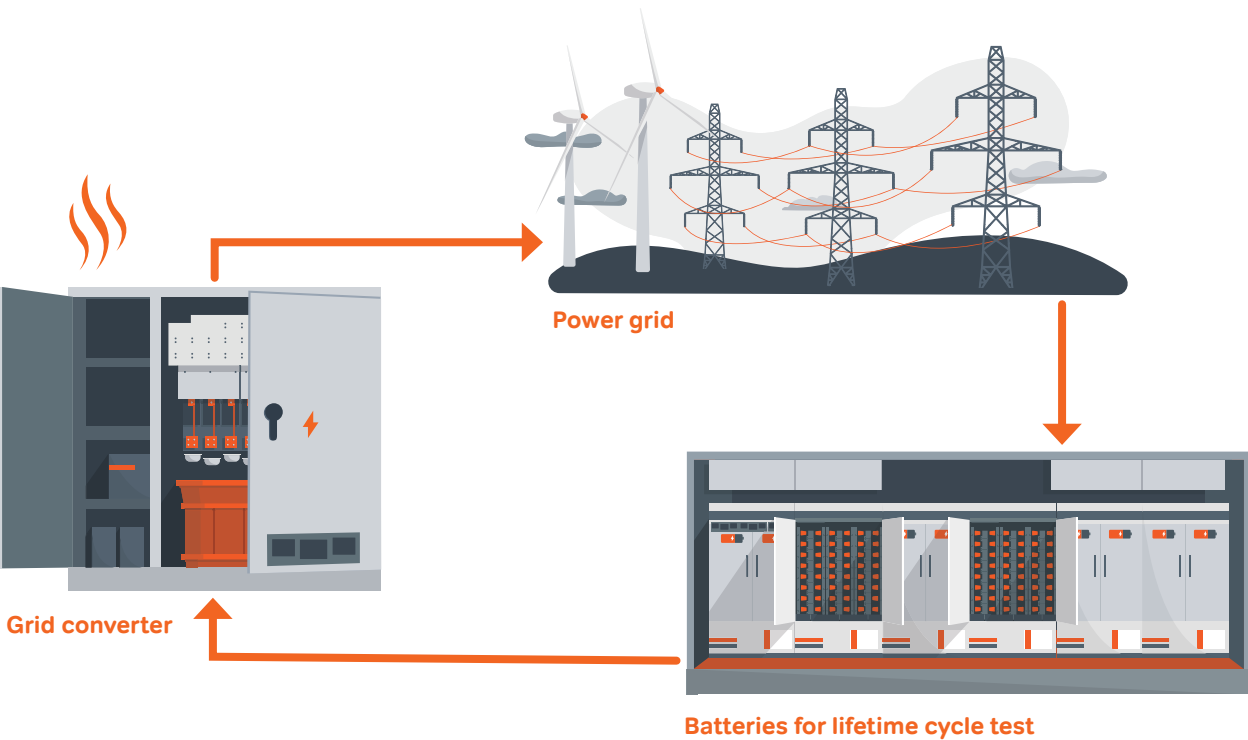
A battery test of the power backup system runs 12 power cycles a day, charging and discharging the batteries. The test setup consumes approximately 1MW electricity per day, and over a test period of 300 days, this becomes quite significant.

Traditionally the electricity in this test setup has been fully consumed by performing a dump load of power.

Our engineers' ingenuity has resulted in a new sustainable test setup to replace dump load with a power grid converter, returning the electrical power in test directly back into the grid.

The new test setup only consumes the heat losses in the electrical power conversion. The remaining discharge power is returned directly to the grid via a grid converter.

This means that over 90% of the power is returned to the grid, saving more than 275MW in the test setup.



+90%

Reduction in electricity consumption when performing accelerated battery lifetime testing.

Feature story:

Promoting a diverse and **wild nature**

Transforming our outdoor areas from a green grass dessert into a wild and diverse flower habitat where bees and insects can thrive, and employees can walk, work or rest.

In the spring of 2021, we will join the movement to intentionally make our outdoor areas wilder around our headquarters in Ikast, Denmark. We do this to support biodiversity and help re-establish some of the natural living places and food sources for insects and wildlife in general.

Like many other companies, we trimmed our lawns, ensuring our green areas were well maintained. However, we have come to realise that trimming our grass areas creates a green monoculture dessert that is damaging to the biodiversity and further reduces the habitats for wildlife and valuable insects.

We will join this movement to create a local impact by making nature wilder, richer and more diverse. We will do this by re-establishing the wild landscape and sowing various wild flower seeds that are suited to the local wildlife.

When this is done and nature takes over, we will have provided a simple contribution to biodiversity while providing employees with new nature experiences and the ability to conduct outdoor meetings in the wild.

Partnering with WILD

Over the past year we have continued to support the WILD Nature Foundation, consisting of wildlife photographers Helle and Uri Løvevild Golman. Together they have travelled the world, taking breathtaking images of remote locations and endangered animals to support nature conservation and help save the last remaining wild places on our planet.

The purpose of their work is to compile all their stunning images in a limited edition book called WILD, accompanied by a specially designed Montegrappa fountain pen. During 2021, they will present the WILD book and pen to the world's leaders with these words: "With this book, you have the document of the world's last wild places, and with this pen, you have the power to rewrite the future of our planet!"

In 2020, we supported WILD by acquiring 1,400 copies of the WILD book and giving it to all of our employees as a token of appreciation for their extraordinary efforts during the COVID-19 pandemic.



Business ethics and anti-corruption



We are committed never to engage in any form of bribery, corruption, extortion or embezzlement, or any illegal method to influence public officials, the judiciary or private parties.

Status

Our Code of Conduct ensures our commitment to continuously focus on running our business in an ethical and responsible manner.

However, we see a need to increase our focus on keeping a very high ethical level as we become an increasingly globalised company.

Excellent standards and responsible business practices are an essential part of our corporate culture and behaviour.

Progress

In the past year, our target was zero incidents of corruption. We have not registered any form of breach of our Code of Conduct in connection with corruption, extortion or bribery.

To ensure that all employees fully understand the importance of following our Code of Conduct, this is given special attention when onboarding new employees.

New objectives

KK Wind Solutions remains committed never to engage in any form of corruption, extortion or bribery. In 2021, we will train our employees on our gift policy, detailing when and what type of gifts are appropriate to give or receive as part of a business relationship.

We will continue to seek out the best possible ways of maintaining a culture with very high ethical standards and zero tolerance towards corruption.



We enable a
Wind Powered Future





About KK Wind Solutions

Building on more than 35 years of experience in electro-mechanical systems for wind, KK Wind Solutions' capabilities span development of state-of-the-art technologies, high quality lean manufacturing, cost-efficient supply chain solutions and flexible service of turbines.



MAERSK PRODUCT TANKERS

The Sustainability Update for 2020 is enclosed on the next pages.






Sustainability Update 2020

A sustainable future

About Maersk Tankers

- Operates one of the world's largest fleets of product tankers
- Founded in 1928
- Signatory to the UN Global Compact
- Member of Maritime Anti-Corruption Network (MACN)
- Green Award certified for oil and chemical
- Founding member of High Impact Low Frequency Maritime Risk Management (HiLo MRM)
- Partner in Global Maritime Forum (GMF)

Maersk Core Values

-  **Constant care**
Take care of today, actively prepare for tomorrow
-  **Humbleness**
Listen, learn, share, give space to others
-  **Uprightness**
Our word is our bond
-  **Our employees**
The right environment for the right people
-  **Our name**
The sum of our values, passionately striving higher



CEO's statement

3 CEO's statement

4 Ensuring a sustainable future

Sustainable Development Goal 17 - Partnerships for the Goals

5 Health and Safety

Sustainable Development Goal 3 - Good Health and Well-Being

6 Environment

Sustainable Development Goal 13 - Climate Action

7 Human Rights and Labour

Sustainable Development Goal 5 - Gender Equality

8 Anti-Corruption

Sustainability Development Goal 16 - Peace, Justice and Strong Institutions

9 Summary of Priorities

Sustainability Priorities 2020 – 2022



Dear Reader,

We look back on a year defined by a health pandemic that shook all corners of the globe, leaving an indelible mark on people and society.

Throughout the pandemic, we have supported shipowners who have entrusted us with the management of their vessels. During one of the most volatile years in tanker market history, we navigated them through high and low waters, and continued our work to boost the economic and environmental performance of their assets. We did so by utilising our scale, decades-long expertise in shipping and forward-thinking business model, while ensuring operations were carried out safely.

Shipping is increasingly taking action to combat climate change and its effects, and rightly so. With a sizeable carbon footprint, a decades-long investment horizon and key customers having made ambitious pledges to cut emissions, shipping cannot afford to wait.

We help shipowners reduce CO₂ emissions from their vessels in line with current and upcoming regulations, and goals. One of the most prominent of the latter is the International Maritime Organization goal that international shipping must pursue a 70% cut in CO₂ emissions by 2050, compared to 2008.

We have increased our investment in the development and deployment of digital, commercial and technical shipping solutions to spur an environmental shift in the industry. One example is our establishment of the independent digital start-up ZeroNorth, which, with its core solution Optimise, helps operators to cut CO₂ emissions and boost revenue.

Others have followed in our footsteps and Optimise now has the commitment of 1,500 vessels in tramp shipping to use it.

We recognise that substantial work lies ahead, for both Maersk Tankers and the industry, to cut CO₂ emissions further. We are priming ourselves through partnerships with shipowners and organisations such as Getting to Zero Coalition and Global Maritime Forum, and by our unwavering commitment to decarbonise shipping.

At a time where shipping needs to find new solutions to complex problems such as climate change it needs innovation. Increasing diversity and inclusion among our employees is helping to generate innovative thinking, just as it also helps to raise the engagement and performance of each of us. And when we excel, our businesses and industry excel.

While employee diversity is high in certain areas, for example nationality, in shipping, the workforce remains predominantly male - the gender-gap must be closed. To move the needle in this important area, we delivered several strategic initiatives under our diversity and inclusion strategy during 2020. One example was training our leaders to identify and reduce unconscious bias in hiring and promotion. These efforts have led to tangible results, including the hiring of a new female Chief Commercial Officer in 2020 and a new female Chief Human Resources Officer who joined in March 2021. The executive management now consists of two women and four men.

As a Values and purpose-led company, we stand firm in our commitment to the United Nations Global Compact (UNGC) and its principles on human rights, labor, anti-corruption and the environment.

I would like to thank our stakeholders for their continued support in 2020, especially our employees for their extraordinary contribution and results during an unusual year; shipowners and cargo customers for putting their trust and confidence in us; and owners for their stewardship and cooperation.

A handwritten signature in blue ink, reading 'M Ingerslev'.

Christian M. Ingerslev
CEO of Maersk Tankers

Ensuring a sustainable future

We are pleased to present the Maersk Tankers Sustainability Update 2020.

At the start of 2020 we conducted a new materiality assessment which identified the Sustainability Priorities for the period 2020-2022, this being the next step in our sustainability journey.

Our focus has been on the United Nations Sustainable Development Goal (UN SDG) #13 Climate Action, which links directly to the Maersk Tankers’ Shaping the Future strategy. We have set ambitious targets to be ahead of the carbon reduction goals set by the International Maritime Organization because we believe that by leveraging our scale and expertise, we can lead the industry in decarbonization where relevant. Additionally, four other Sustainable Development Goals have been identified which have a potential for linking under our Sustainability agenda;

- #3 Good Health and Well-Being
- #5 Gender Equality
- #16 Peace, Justice and Strong Institutions
- #17 Partnerships for the Goals

Together with the most important initiatives that have been taken in these areas, we have included quantitative metrics to present our progress.

Good health and well-being of our employees onshore and offshore is always a top priority. The ongoing COVID-19 situation has set a new global challenge in ensuring the safety of all our employees.

Our Leadership Team and COVID-19 Response Committee continues to follow the recommendations of the governments and health authorities at all Maersk Tankers office locations.

We believe that in order to keep our position as a leader, we must leverage the diversity of thought and embrace an inclusive culture. By doing so, we have the potential to create a sustainable and innovative future. We are also intensifying our efforts to attract more women to Maersk Tankers and to the industry at large to ensure a more balanced work culture.

Corruption is one of the biggest obstacles to social and economic development. Thus, we continue working towards SDG #16 Peace, Justice and Strong Institutions by taking a clear stand against it in way of having a zero-tolerance approach towards any form of corruption.

SDG #17 Partnerships for the Goals plays an important role in our actions to cut CO₂ emissions. We are forming partnerships within the industry to share expertise and knowledge. We have rolled out existing technology improvements to a larger proportion of the fleet that we and our partners, Cargill and Mitsui control. We are active members of the Global Maritime Forum and we entered a new partnership with Getting to Zero Coalition and we collaborate with ZeroNorth. We supported the development of an independent research organization, Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping to lead the way for decarbonizing shipping.

As a signatory of the United Nations Global Compact (UNGC), Maersk Tankers reaffirms its support of the Ten Principles of UNGC in the areas of Human Rights, Labour, Environment and Anti-Corruption and to ensure that its operation and goals are aligned with the Sustainable Development Goals.

We remain committed to our Core Values while we explore new possibilities to innovate our industry. Our purpose is to leverage the opportunities that we have as leaders in the shipping industry to drive decarbonization by new digital and technical solutions.

Janus Auken
Head of Marine Standards
Maersk Tankers A/S



Health and Safety

Personal Health and Safety, Operational Safety and Security

Providing a healthy and safe working environment for our people remains a priority. We continue to work towards a goal of zero accidents and incidents.

This means no harm to people, damage to the environment, physical assets or reputation. This will include identifying areas with increased risk and applying targeted interventions and focussed campaigns to reduce the risk level.

Developing a sustainable generative safety culture, where safety is an integral element of all our operations will be a significant aim in establishing the right environment.

Our determination to continuously improve includes participation in and partnerships with Industry bodies, such as Shell’s Maritime Partners in Safety, HiLo Maritime Risk Management and in committees at Danish Shipping.

To ensure we have the necessary tools, we will further develop our primary safety management platform ShipNet, in close collaboration with the service provider to ensure that effective and smart digital solutions are in place.

Recognising the impact that mental and physical well-being has on health and the ability to work safely, a number of activities used to promote resilience and workplace wellbeing are being planned. These will be undertaken with an aim to improve and ensure people are safe, healthy, satisfied and engaged at work.



Safety Performance	2018	2019	2020
LTI Frequency*	0.52	0.28	0.28
TRC Frequency**	1.33	0.71	0.55
Near Misses***	8139	7784	6622

* Lost Time Injuries per one million man-hours. Lost Time Injuries are the sum of Fatalities, Permanent Total Disabilities, Permanent Partial Disabilities and Lost Workday Cases.

** The Total Reportable Case Frequency is the number of Total Reportable Cases per million Exposure Hours worked during the period.

*** An event or sequence of events which did not result in an injury, but which, under slightly different conditions, could have done so.

Environment



Fuel Efficiency and Emissions

As a global leader in the tanker shipping industry, we are aware of our responsibility to build a more sustainable future. Our Shaping the Future strategy commits us to reducing our emissions 30% by 2021, 45% by 2030 and 75% by 2050, compared to a 2008 baseline.

Our emission reduction strategy is based on three pillars:

- **Developing and deploying digital solutions;**
- **Commercial incentives and**
- **New technical solutions, including fuels**

Digital Solutions

This year, Maersk Tankers launched a standalone digital business. ZeroNorth was founded to change the industry approach to climate by optimizing vessel performance and reducing CO₂ emission. The collaboration and knowledge sharing between Maersk Tankers and ZeroNorth further enhances the potential of its new digital product.

Financial Incentives

Maersk Tankers as a pool manager distributes payments to pool partners according to the Bunker Consumption methodology. This calculates the fuel consumption of each vessel in relation to the pool average. Bunker Adjustment rewards good operational performance and offers a healthy return on investment to pool partners that invest in the fuel efficiency of their vessels. The transparent and fair distribution of money is an incentive for pool partners to strive for better fuel efficiency.

CO₂ Program

In 2020 Maersk Tankers has established a CO₂ program to move towards achieving its short, medium and long-term CO₂ reduction targets. The purpose of the program is to coordinate between departments to better manage initiatives across the organization and leverage the potential of the diversity of the work group to identify new areas that are aimed at reducing CO₂ emissions.

Environmental Performance	2018	2019	2020
EEOI*	12.92	13.18	12.79
CO ₂ reduction basis 2008 baseline	27.94%	26.48%	28.7%

* Energy Efficiency Operational Indicator: g CO₂ per Ton Cargo Carried per nm sailed.

Human Rights and Labour

Diversity

Diversity of thought and an inclusive workplace culture are prerequisites for creating innovation and greater opportunities for employees and companies. During Rainbow Week, we celebrated and explored the many facets of diversity and inclusion. We ran a series of events around the globe, both onshore and offshore, online and offline, with initiatives such as webinars on LGBTQ+, cross-culture dynamics, inclusiveness and more. We believe that fostering a culture where colleagues can be their best selves at work will raise the engagement and performance levels of each of us. Maersk Tankers has signed The ABC of Diversity and Inclusion pledge and we believe that when we excel, our business and industry will excel.

Gender Equality

We are in collaboration with Women in Shipping, Denmark to build a more diverse and inclusive shipping industry and remain committed to encouraging more women to choose a career within the maritime field.

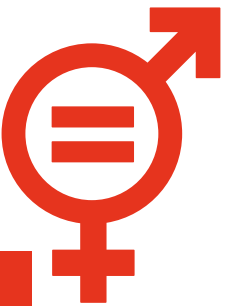
Parental Leave

Our parental leave policy gives new on shore fathers four weeks paid paternity leave across all locations. Maersk Tankers is thus increasing paternity leave by two weeks in Denmark, Singapore and the US, and by three weeks in Romania and India. Encouraging new fathers to take leave will support families after childbirth or adoption, and at the same time, contribute to a more equal distribution of leave between mothers and fathers. In the long-term, increasing parental leave is contributing towards the goal of a more gender balanced workforce. Maersk Tankers also offers a Return to Work programme which gives onshore employees returning from parental leave of more than 18 weeks, the opportunity to work 20% fewer hours at full contractual pay for up to 26 weeks. This programme can be used during the first year after childbirth or adoption.

Female Employees	2018	2019	2020
Onshore	27%	29%	30%
Offshore	0.92%	1.03%	1.55%
MTL*	0	0	17%
ELT**	8%	8%	12%
Board	20%	20%	20%

* Executive Management

** Extended Leadership



Anti-Corruption

Bribery and Facilitation Payments

Maersk Tankers has completed three years since the implementation of its Zero Facilitation Payment approach under the MT Anti-Corruption Policy.

Even though our vessels have been targeted by local authorities, in way of harbour and port inspections in certain trade routes, our masters have acted firmly and in accordance with our Anti-Corruption Policy. This, while ensuring the safety of the crew and vessel at all times. These challenges have been escalated to the highest local authorities as well as communicated to relevant stakeholders. We are working together to ensure that non-discriminatory policies are followed.

Despite the challenges faced, organizationally we remain strongly committed and resolute to ensure a corruption free work environment. We will continue to collaborate with responsible authorities internationally to achieve this goal.

To reiterate, any demands, harassment or suspicion for bribes or facilitation payments and apparent attempts at extortion will continue to be escalated and reported to appropriate authorities and industry bodies.



Anti-Corruption Performance	2018	2019	2020*
Facilitation Payment (USD)	1421	224	126
Hospitality (USD)	23788	27786	20156

* Based on 9 months data only (September through November 2020 missing owing to change in reporting tool).

Summary of Priorities

Health and Safety

We actively promote incident free operations as well as the health and safety of our employees and encourage the same of our contractors.

Why this matters:

Increased health and safety results in reduced operational incidents and personal injuries, thereby boosting productivity, protecting our assets and the environment.

Environment

We reduce the environmental impact of our operations by reducing CO₂ and other harmful emissions.

Why this matters:

Climate change affects everyone and we have a part to play by doing business in a way that minimizes our environmental impact.

Human Rights and Labour

We ensure a respectful workplace by endorsing human rights, encouraging diversity and promoting gender equality.

Why this matters:

This benefits the social fabric of society.

Anti-Corruption

We uphold our values and protect our name by having a zero tolerance for any form of bribery or corruption.

Why this matters:

Corruption impacts the most vulnerable.



MAERSK TANKERS

Please see Maersk Tankers, p. 96.