

A.P. MØLLER HOLDING A/S

CSR REPORT

2021

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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 2021.

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 2021 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 provides 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 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.

The CSR reports of our portfolio companies – each outlining company-specific policies, activities and results for 2021 – are enclosed in this report.

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.

As of 31 December 2021, the investment companies fully owned by and/or where A.P. Moller Holding controls the entity comprise:

- APMH Invest A/S
- APMH Invest V ApS
- 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 XVI ApS
- APMH Invest XVIII ApS
- APMH Invest XX A/S
- APMH Invest XXI ApS
- APMH Invest XXII ApS
- APMH Invest XXIII ApS
- APMH Invest XXIV ApS
- APMH Invest XXV ApS
- APMH Invest XXVI A/S

- APMH Invest XXVII A/S
- APMH Invest XXVIII AB
- APMHI GP ApS
- Iv3 Aqua Holding A/S
- Iv3 Aqua Corporation
- ZeroNorth A/S
- Innargi Holding A/S
- Innargi A/S
- Innargi Project I P/S
- Innargi Project I GP ApS

APMH Invest V ApS, APMH Invest VIII ApS, APMH Invest XX A/S, APMH Invest XXIV ApS, APMH Invest XXV ApS, APMH Invest XXVI A/S, and APMH Invest XXVII A/S are dormant companies as of 31 December 2021.

Being 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.



A.P. MOLLER - MAERSK

The Sustainability Report for 2021 is enclosed on the next pages.

ALL THE WAY

2021

Sustainability Report



2021 performance highlights

Revenue 61,787
(USD million)

EBIT 19,674
(USD million)

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

Direct emissions
(scope 1) 36,863

Indirect emissions
(scope 2), location-based 310

Value chain emissions
(scope 3) 28,952

Women in leadership 22%
(% based on headcount)

Employee engagement 59th
percentile*

*in the Gallup organisation's database of global companies

See more Performance data on pp. 54-55.

The science is clear: we must make an impact
in this decade, and we are now accelerating
our climate ambitions by ten years
and committing to be net zero across
our business and value chain by 2040
with 100% green solutions for our customers.

Søren Skou, CEO of A.P. Møller - Maersk

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 2021 calendar year. Our approach to sustainability reporting is to focus on material issues and activities, in line with double materiality principles encompassing both the social and environmental impact of and on our business and ensuring consideration of context, completeness and balance. We are guided by the reporting principles set out in the GRI 101: Foundation Standard to determine the report content and quality in terms of materiality, stakeholder inclusiveness, sustainability context, completeness, balance, comparability, accuracy,

timeliness, clarity and reliability. This report also represents our statutory statement on social responsibility, underrepresented gender and diversity and data ethics in accordance with sections 99a, b, d 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, TCFD and UN Global Compact Communication on Progress index tables. The ESG overview can be downloaded at: investor.maersk.com under files for download at the release of the Annual Report.

Previous years' reports and data table are also available online. Please visit [Maersk.com/sustainability](https://www.maersk.com/sustainability).

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Progress on ESG

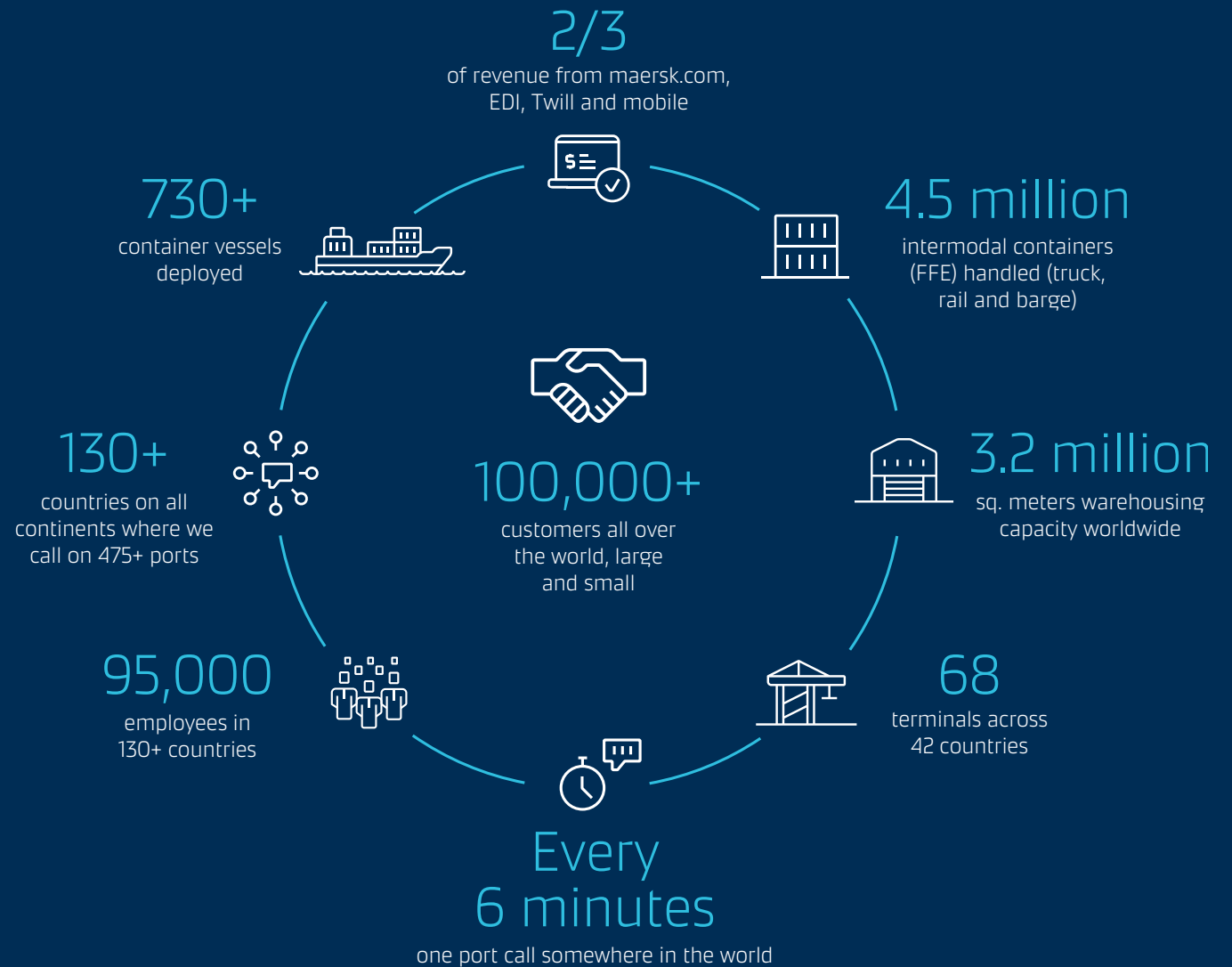
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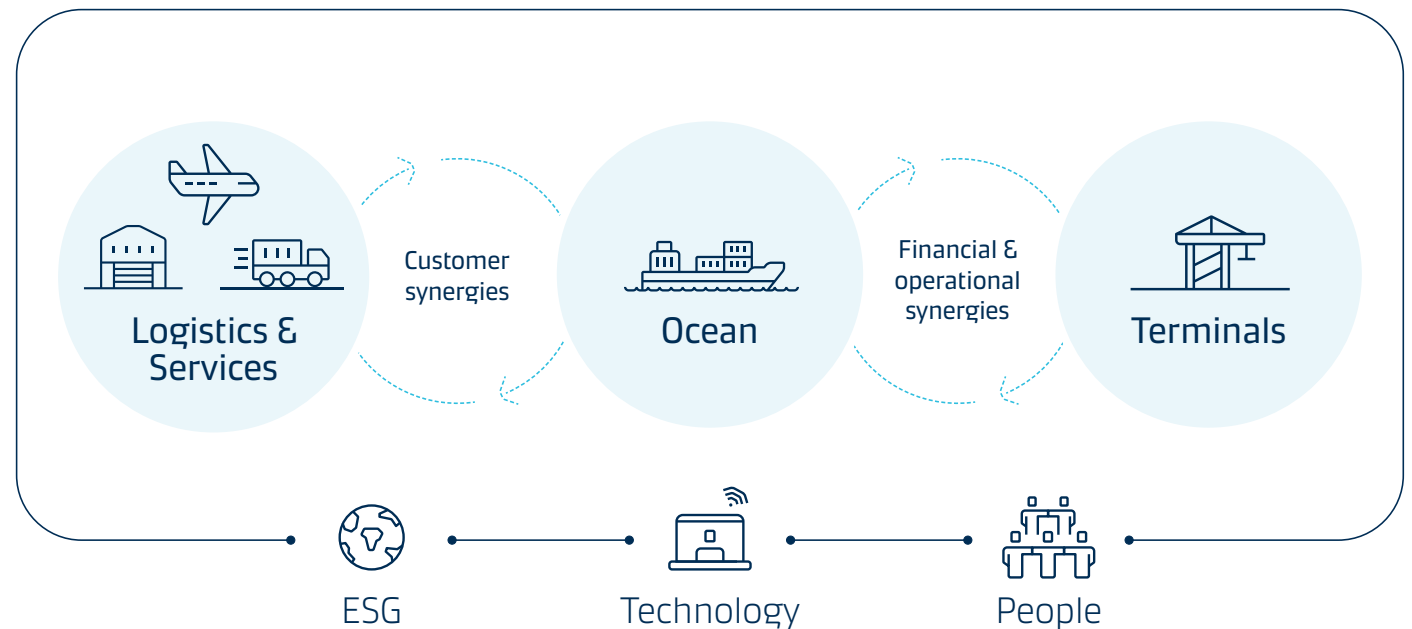
A.P. Moller - Maersk in brief

A.P. Moller - Maersk is connecting and simplifying the world's supply chains with the vision of providing truly integrated logistics. Across oceans, ports, air and on land, we are combining our supply chain infrastructure with the power of our people and technology to drive end-to-end innovation that accelerates our customers' success.



What we do and how we create value

A.P. Moller - Maersk enables its customers to trade and grow by transporting goods anywhere. Our business model supports our vision of providing truly integrated logistics that create value for our customers. By combining a leadership position in Oceans with Logistics & Services and Terminals, and by realising synergies across our business, we create better outcomes for our customers.



What we depend on

RELATIONSHIPS

Purposeful people and our culture

Our talented and diverse team of 95,000 employees live our Core Values every day as they help customers realise their ambitions.

Our brand

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

Stakeholder relationships and partnerships

We rely on constructive relationships with customers, suppliers, peers and authorities to conduct our business and maintain supportive framework conditions. See our key partnerships on p. 15.

RESOURCES

Natural resources

Our business relies on natural resources, in particular for steel for our vessels and oil for fuel, as we transition to green energy sources.

Assets and end-to-end delivery network

Our assets, supplier relationships and expertise in end-to-end delivery networks ensure the resilience of our customers' supply chains.

Financial capital

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

Technology and data

Technology and data are key to enhancing our operational performance and solutions for our customers' success.

Value created for

Our customers

We aspire to provide truly integrated logistics that connect and simplify our 100,000+ customers' supply chains, enabling them to focus on growing their business. Read more on p. 16.

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. 36-37 and on human capital on p. 38.

Society

We are going all the way in digitising, democratising and decarbonising the world's supply chains and in doing so, we reinvent the logistics industry and enable sustainable trade and growth. Read more on pp. 8-9.

The planet

Our industry is a significant contributor to global greenhouse gas (GHG) emissions and we are committed to decarbonising our operations through investments and collaboration. Read more on pp. 18-28.

Shareholders

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



Letter from our CEO

Dear reader,

The decade of action has begun. There is unprecedented agreement among the world's governments, industry and civil society stakeholders that we as a global community are operating on a strictly limited carbon budget, and that we cannot wait until 2030 to take action to reach a net zero world by mid-century.

That is why we at A.P. Moller - Maersk (Maersk) are accelerating our climate commitments and actions. We see decarbonisation as the area where we can have the greatest impact, but we also recognise that sustainability risks, responsibilities and opportunities for our business encompass the full scope of Environmental, Social and Governance (ESG) factors. For this reason, we are integrating a comprehensive and ambitious ESG strategy into our business strategy and operations to hold ourselves accountable throughout the year.

This is the heart of Maersk's ESG strategy – from how we serve our customers on land, sea and air as the global integrator of end-to-end container logistics, to how we ensure a level and fair playing field that benefits societies far beyond the movement of goods.

A year of disrupted supply chains

The pandemic is still very much with us; this year has seen tragic human losses as new waves of breakouts continue to strain public health systems as well as taking their toll on mental health for many around the world. Maersk is doing its part where it can add the most value, doubling down on solutions to keep the world's supply chains open for business this year, as customers continue to be challenged with disruptions, capacity and equipment shortages and port congestion.

At the same time, these supply chain disruptions unfortunately had a negative impact on our carbon emissions for the year, as vessels sailed at maximum speed to make up for lost time, and reefer containers ran overtime to protect delayed foods and perishables. Keeping our customer promises and getting goods to the millions of people counting on us unfortunately meant that our CO₂ emissions, measured relative to how much cargo we carry, increased in 2021.

Climate ambitions align

We must ensure that the critical need to support our customers in securing global supply chains against disruptions goes hand in hand with the imperative of decarbonising logistics.

Two thirds of our top 200 customers have now set net zero or science-based decarbonisation targets, and they rely on us to achieve their ambitious targets. The commitment in October 2021 by some of the world's largest retailers in the coZEV coalition to only ship their goods on vessels using green fuels by 2040 is another signal of the scope of change we will see in the next decades.

We also saw strong demand and supply-side commitments made through two major initiatives introduced at the COP26 climate summit to jump-start demand for sustainable shipping solutions. The First Movers Coalition will help emerging technologies reach the market at scale and competitive cost, while the commitment to establish green shipping corridors by countries signing up to the Clydebank Declaration will provide infrastructure to accelerate their operational deployment.



We are committing to be net zero across our business by 2040

New targets and actions for net zero by 2040

In 2018, Maersk took leadership with a strong commitment to decarbonise our shipping operations by 2050 and develop solutions to help the industry reduce its carbon footprint. Since then, we have continuously accelerated our actions and ambitions and proven that scalable technologies and solutions are available, also in a so-called hard-to-abate sector as shipping.

The science is clear: we must make an impact in this decade, and we are now accelerating our climate ambitions by ten years and committing to be net zero across our business and value chain by 2040 with 100% green solutions for our customers. This represents our commitment to our customers: that we will decarbonise their supply chains in time, and our commitment to society to act with urgency and have an impact in this decade. We have set a new 2030 target to align with a Science Based Targets initiative (SBTi) 1.5°C pathway. And also by 2030, our target is to have industry-leading green customer offerings, including 25% of ocean cargo transported with green fuels, 90% green operations for contract logistics and cold chain, and at least 30% of air cargo transported with sustainable aviation fuel (SAF).

Our new targets are an 'all-in' commitment. They will not be easy to achieve, but we believe it is doable. Since setting our first net zero target in 2018, we have consistently found that climate

solutions are available. In 2021, we demonstrated this with tangible actions and investments, including the order for eight large ocean-going container vessels capable of being operated on green methanol, to be delivered in 2024. In January 2022, we extended the order for four more vessels in the series, to be delivered in 2025.

The biggest immediate challenge is the availability and cost of the green fuels necessary to reach our targets, and governments and industry must work together to address this long-term. During 2021, we took steps to invest and secure agreements with fuel providers. Maersk is strongly supported by our customers and stakeholders on this journey. Customers continue to set ambitious targets for their supply chains and we are pleased to see their strong desire to partner with us in developing new technologies and jointly piloting green solutions.

The finance and investor communities are also critical stakeholders. In November, Maersk took a major step in aligning our finance strategy with our decarbonisation strategy through the introduction of a Green Finance Framework, and we saw an encouraging high level of interest from investors.

Maersk looks forward to continuing to work with our customers, industry partners, investors and other key stakeholders to help build and scale a market for cost competitive, green logistics solutions.

A comprehensive strategy on Environmental, Social, and Governance priorities

In 2021 we reviewed our priorities to ensure a comprehensive focus on all material Environmental, Social and Governance issues while integrating ambitions and targets into our business strategy. Our ESG priorities are grounded in a strong foundation of societal responsibility and a commitment to serve our customers' needs for sustainable logistics solutions, and aligned with key external standards and ratings. This ensures that we prioritise the issues that are most material to society and to Maersk, with proportional responses and solid metrics to track progress and hold ourselves accountable. As we embark on the roadmap to deliver on our updated targets, we are committed to tying performance on key ESG metrics to executive remuneration from 2023. Our ESG strategy comprises 14 categories covering all material responsibilities, risks and opportunities across the environment, social and governance dimensions, and our work is guided by three core commitments:

- We will take leadership in the decarbonisation of logistics
- We will ensure that our people thrive at work by providing a safe and inspiring workplace
- We operate based on responsible business practices

In this report, we present our ambitions and report on progress across all 14 categories. In 2022, we will host our first ESG Day targeted at investors, to provide more detail on our strategic ESG targets and the roadmap to deliver on our ambitions.

Loss of lives are unacceptable

Our prime responsibility is to keep our people safe. We are not always able to live up to that responsibility, and it is with great sadness I recognise that four people lost their lives while working for us in 2021. This is unacceptable to me, and the Executive Leadership Team and I continue to be

fully committed to the development of a safety culture and mindset that will enable us to eliminate the risk factors leading to fatal accidents.

Engaging and living our values

In line with our continued support for the UN Global Compact, we recognise the importance of collaboration to reach our ambitious goals, and as a result we continue to engage in partnerships and alliances across sectors with leading organisations, including many of our customers, to drive progress on sustainability issues. In addition to providing real opportunities for developing and scaling new solutions, such partnerships and other public commitments are open demonstrations of how we live our Core Values.

Despite some of the unavoidable setbacks caused by the continued pandemic, 2021 was a year of many milestones – none of which would have been possible without the shared commitment of our customers, partners and the many dedicated and passionate people at Maersk.

Driving resilience and sustainability into the world's supply chains is a daunting task. I trust our Global Integrator strategy, our investments and our commitment to the task will enable us to deliver. We are also helped by the unprecedented momentum and consensus on the importance of acting with urgency. The decade of action is not just beginning – it is well under way.

Søren Skou

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



Striving to create resilient and inclusive supply chains

A.P. Moller - Maersk (Maersk) connects and simplifies trade to help customers and societies grow and thrive. With 95,000 employees, operating in more than 130+ countries, we see it as our mission to go all the way to digitise and decarbonise the world's supply chains to enable global trade for a growing world. Across oceans, ports, air and continents, we provide essential infrastructure that links producers, suppliers, manufacturers and consumers around the world.

The pandemic has created exceptionally challenging conditions for global supply chains. In

2021, the push to re-invigorate national economies combined with a boom in e-commerce and continued pandemic-related challenges on land led to congested supply chains globally.

In the port of Los Angeles in the US, the largest point of entry for trade between China and North America, the congestion challenge is highly visible. Towards the end of 2021, over 80 vessels lay in wait just to enter the port and secure a slot, with an average waiting time of 13 days. The average time for unloading and reloading the vessel had also doubled to between six and seven days¹.

In addition, COVID-19 flareups in some Chinese ports led to partial port closure and the number of vessels waiting to enter Chinese ports were at significantly higher levels than at any other time during the past three years. In Asia more broadly, small manufacturers were unable to book space on vessels with inventory build-up and no income as a result. Also, vessels increasingly cancelled planned port calls en route between Asia and North America or Europe. This led to a build-up of cargo in small or far-off ports – as well as a shortage in the supply of containers.

Combined with these more long-term effects were other one-off yet significant disruptive events such as the six-day blockage of the Suez Canal in March due to the grounding of a large container vessel, which shut off all traffic. As one of the world's busiest trade routes, the canal obstruction had a significant negative impact on trade between Europe, Asia and the Middle East, and after five days over 360 ships were waiting to pass through the canal. Chain reactions from extreme weather-related events also affect supply chain resilience. An illustrative example of this is the November 2021 shutdown of all rail lines away from the Port of Vancouver, another major shipping centre on the North American west coast. The blockage was due to massive mudslides created by record rains falling on soil that had been left barren and loose from major forest fires months earlier².

keeping cost and inventory to a minimum, many customers saw the need to fundamentally reassess their approach as flexibility, connectivity, and ability to rapidly respond to new shocks in the supply chain became critical competitive advantages.

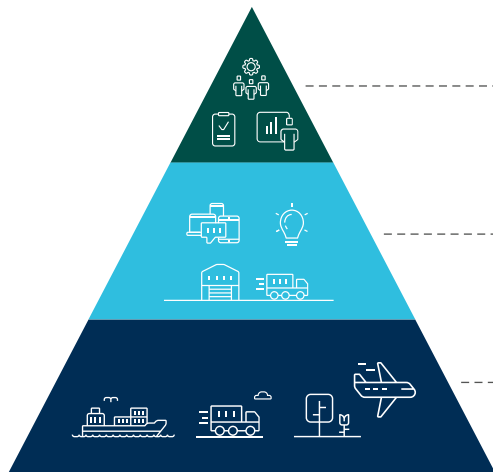
Hence, the conversations with our customers are becoming more holistic, partnership-based relations, focused on how we truly partner with them to solve their logistics problems and keep their supply chains running end-to-end.

The exceptional market conditions have thus accentuated customer demands that verify Maersk's strategic direction to be the global integrator of end-to-end container logistics.

A key enabler of this ambition is the rollout of new digital platforms, with the intent to drive greater standardisation and improved customer experience. During 2021, we saw increases in our digital interaction with customers on all available platforms, indicating a huge shift in how customers will engage with us going forward and a validation of our industry-first digital solutions, for example instant booking confirmation.

Our customers can engage with Maersk's ocean and logistics business in different ways, as shown on the left, ranging from the simplest option of "Transported by Maersk", for example booking a slot for a container on one of our vessels, to the most advanced model, "Managed by Maersk", where our full network of assets, systems and capabilities are activated to manage a customer's logistics needs all the way. When we assume responsibility for our customers' logistics needs, we know they expect us to live up to the highest standards of responsibility across the full scope of environment, social and governance (ESG) matters.

End-to-end logistics services



MANAGED by Maersk

Combining transport and fulfilment solutions with digital platforms, and providing end-to-end visibility, actionability and control. Includes services such as lead logistics, supply chain management, and cold chain logistics.

FULFILLED by Maersk

Solutions connecting seamlessly to our transportation network, optimising inventory flow and precision to deliver individual orders precisely and on time. Includes services such as contract logistics (warehousing, distribution and depot) and e-commerce.

TRANSPORTED by Maersk

Modular solutions providing customers end-to-end services with higher reliability, speed and accountability. Includes services such as ocean and landside transportation, air and less than container load.

¹ www.wsj.com/articles/supply-chain-problems-show-signs-of-easing-11637496002

² www.bloomberg.com/news/articles/2021-11-30/climate-change-brings-insect-plagues-and-christmas-shortages

Our customers are implementing sustainability and ESG requirements into their logistics decision-making, as witnessed for example in the rapid growth in the number of our large customers using ESG supplier evaluation platforms such as EcoVadis. We are incorporating customer requirements into all our ESG priorities, and have launched several commercial products to support our customers on decarbonisation. See p. 19.

Trade contributions

We invest in digitising, decarbonising and integrating global supply chains, and beyond the benefits to our customers and our own business, these efforts also contribute to making trade more sustainable by removing friction in trade, and decoupling greenhouse gas emissions during transportation from economic growth.

The challenges to the concept of free, global trade, for example the increasing use of protectionist measures and a negative perception of the impacts of global trade especially among some groups in Europe and the USA, began before but has increased during the global pandemic. We recognise the need for debate on how to enable the global trading system to favour more resilience, sustainability and inclusivity. Still, there is no doubt that trade is a powerful contributor to sustainable development, as highlighted across numerous UN Sustainable Development Goals and targets.

Challenges for small businesses

Trade is not an automatic equaliser, however. And the current demands for shipping and logistics capacity has hit small and medium-sized enterprises (SME) around the world hard, as they struggle to find free capacity in an already overheated system, or as calls to their local ports are cancelled.

Maersk's digital logistics solution for SME company trade, Twill, allows companies to book directly through a digital platform. Since its commercial launch in 2017, Twill's customer base has grown steadily, having now supported almost

8,000 small and medium-sized businesses to continue to benefit from international trade. Twill provides more than a booking option, developing services to support SMEs to access global markets. In 2021, Twill launched a knowledge hub as part of the online platform aiming to give information to SMEs on logistics know-how, news, trends, and events. Since its release, the outreach was 56,000 unique users (5,000 average per month).

To continue to support SMEs, that are heavily impacted today by the lack of space, Maersk is dedicating more ocean space to Twill. However, it is by no means enough to counter the challenge for the world's small businesses. Helping SMEs to grow and boost their access to global trade must continue to be a policy priority for an inclusive and sustainable recovery, as SMEs are the backbone of many national economies.

Support for women in trade

The positive impacts of including more women-owned businesses in trade are recognised by governments and scientists alike.

Twill has since 2018 supported SheTrades, an initiative under the International Trade Center, that works to connect women entrepreneurs from all over the world to international markets. In 2021 we extended the partnership to continue until 2024. One of our primary contributions is the development of a coaching programme, where coaches working for Twill or Maersk are paired with a woman entrepreneur from a developing country, supporting the small business owner in growing her company by connecting to international trade. After a pilot in 2020, a digital coaching solution is now being developed which is expected to launch in early 2022. This automation will help scale the programme, to allow many more entrepreneurs to participate.

Integrating our commitment to sustainable trade

Our commitment to sustainable and inclusive trade has previously been expressed in separate sustainability goals, which included four targets

towards 2025. The targets focused on connecting global containerised trade to digital solutions, on connecting small and medium-sized enterprises, including women-operated businesses, to international trade, on trade facilitation reforms and on reducing food loss in logistics.

Today, integration and digitisation of global supply chains are at the core of our business strategy. Through Twill, we offer services directly targeting the needs of small and medium-sized enterprises, and our cold chain business is growing steadily. Having time-bound commitments separate from our business and integrated ESG strategy is therefore not meaningful, and we are no longer reporting on those targets.

Our commitment to sustainable trade remains, and in 2022 we will continue to consider how our contributions to improving the world of trade can best be reflected in both words and actions.

The potential of trade to be a powerful enabler of sustainable development is expressed in the UN Sustainable Development Goals – in particular the goals related to growth and jobs, infrastructure, production and partnerships.



Mumbai Maersk leaving port fully loaded



ESG strategy and governance

As a global company, A.P. Moller - Maersk (Maersk) must take active responsibility for the society and environment we operate in. While this belief has been part of the company from its early beginnings, the understanding of what constitutes taking active responsibility has changed over time, and never more than in the last few years.

Today, working actively and strategically with all aspects of corporate risks and responsibility is a baseline requirement from our customers, investors, employees, regulators, civil society and other stakeholders, whose expectations are also increasingly converging.

At the same time, Maersk is moving through a transformation: from conglomerate to end-to-end logistics provider as directed by our Global Integrator strategy, from reliance on fossil fuels to industry leader in the green transformation, and from technologically conservative to digital frontrunner.

These factors drove us to rethink and reframe our sustainability work in 2021. Building on the update in 2020 linking our sustainability priorities to Maersk's Global Integrator strategy, we added an Environment, Social and Governance (ESG) perspective to our analysis and have defined a comprehensive ESG strategy where accountability and governance for each of the ESG issues identified is strengthened by Executive Leadership Team anchoring and renewed target setting. With this strategy, we are establishing ESG as core to the purpose of our company. We have chosen to use the term, 'ESG', as it resonates well with our key stakeholders and adds greater emphasis

on how we measure and report on progress and performance. However, we continue to use the terms sustainability and ESG interchangeably.

ESG enables our business strategy

Our ESG strategy is centred around three core commitments which encompass the areas that the Executive Leadership Team determined as strategic priorities within the environment, social and governance dimensions. The full ESG framework comprises 14 categories covering all of Maersk's material sustainability responsibilities, risks and opportunities (see graphic on next page).

The core commitments and their supporting KPIs and targets represent the issues where Maersk can create the most significant impact due to our company's position, size and reach, and which are critical to the success of our business strategy.

Driving progress on our commitments

For each of the strategy's three core commitments, we have established supporting commitments and targets which steer our activities and enable our stakeholders to measure and hold us accountable for our performance.

In addition to the strategic priorities and targets, all of the 14 categories and relevant sub-categories covered by the ESG strategy have defined ambitions, KPIs and metrics for reporting going forward (see the relevant sections of this report). As external expectations on ESG issues continuously evolve, and as our efforts progress, we recognise that our priorities will also evolve and our target-setting and reporting will mature.

A.P. Moller - Maersk ESG strategy



Environment



Social



Governance

Commitments	We will take leadership in the decarbonisation of logistics		We will ensure that our people thrive at work by providing a safe and inspiring workplace			We operate based on responsible business practices		
	We will deliver on our customer commitment to decarbonise their supply chains in time and our societal commitment to act and have impact in this decade		We create an engaging environment for all colleagues	We facilitate diversity of thought	We ensure everyone gets home safe by preventing fatal and life-altering incidents		We live our Code of Conduct	We procure sustainably
Strategic targets <i>All targets are for end of year</i>	2040: <ul style="list-style-type: none"> Net zero across the business 100% green solutions to customers 	2030: <ul style="list-style-type: none"> Aligned with the Science Based Targets initiative 1.5°C pathway Industry-leading green customer offerings across the supply chain 	2025: <ul style="list-style-type: none"> Top quartile score on engagement survey 	2025: <ul style="list-style-type: none"> >40% women in management >30% diverse nationality of executives 	2023: <ul style="list-style-type: none"> 100% of High Potential Incidents trigger frontline Learning Teams Global Leadership (Top 900) upskilled in Maersk safety and security principles 	2023: <ul style="list-style-type: none"> 100% of employees trained in the Maersk Code of Conduct 	2024: <ul style="list-style-type: none"> 100% of suppliers committed to the Supplier Code of Conduct 	2023: <ul style="list-style-type: none"> 100% of employees trained on data ethics
Overview of all ESG categories	Climate change Environment and ecosystems (incl. ship recycling)		Employee relations and labour rights - Safety & security - Human capital Sustainable and inclusive trade - Diversity, equity and inclusion - Human rights			Business ethics - Governance - Responsible tax Sustainable procurement - Data ethics - Citizenship		

ESG strategy highlights new material issues

The ESG strategy's commitments and categories are aligned with and expand on the sustainability priorities defined in 2020: decarbonising logistics, sustainability in our end-to-end offerings and responsible business practices. Towards the same ends, we have determined five of the 14 ESG categories to warrant heightened attention. These are climate change, safety and security, diversity, equity and inclusion (DEI), business ethics and data ethics.

Our work to create the ESG strategy has led to the following key changes in the way we work with and report on our material issues:

- We launched a new, ambitious vision accelerating targets for decarbonisation. Read more on pp. 18-28.
- We elevated the focus on people and social issues by establishing safety and security, as well as DEI, as strategic commitment issues, with the addition of the new issue of human capital. Read more on p. 39.
- We launched new targets for DEI reflecting a higher ambition level on gender diversity and a stronger focus on building an inclusive culture. Read more on pp. 40-41.
- The Environment and ecosystems category includes the topics we identified to be most material from an environmental impact perspective: Waste and pollution, including air emissions, ecosystem health and biodiversity, and efficient resource consumption. Read more on pp. 29-32.
- The responsible ship recycling programme is anchored in the Environment & ecosystems category, however, we continue to take responsibility for both social and environmental impact. Read more on pp. 33-34.
- Our programme on ESG in procurement is now called 'Sustainable procurement', signalling a broader scope establishing full visibility of suppliers' ESG performance for our end-to-end logistics product offerings. This includes continued focus on responsible business practices. Read more on pp. 46-47.
- Our ESG strategy includes the new issue of Data ethics ensuring our responsible use of data. Read more on p. 48.
- We no longer report separately on our previously set 2025 targets for Sustainable and inclusive trade because their purpose is absorbed by our Global Integrator strategy. Read more on pp. 8-9.
- We revert to reporting on human rights as an ESG category in its own right, but cutting across multiple other topic areas. Read more on p. 43.

For more on our materiality assessment for 2021, please see p. 14.

Governance of the ESG strategy

Governance of sustainability and ESG is anchored with the Board of Directors and the Executive Leadership Team. Ownership and responsibility to drive actions across the 14 categories is anchored in line of business to ensure alignment with business priorities and a long-term focus on ESG. A sponsor from the Executive Leadership Team is assigned to each category.

Across categories, a central SteerCo representing key corporate functions ensure direction, coordination and ESG subject matter expertise.

Underlining the commitment to the ESG strategy, the Board of Directors has committed to linking executive remuneration to key ESG targets from 2023.

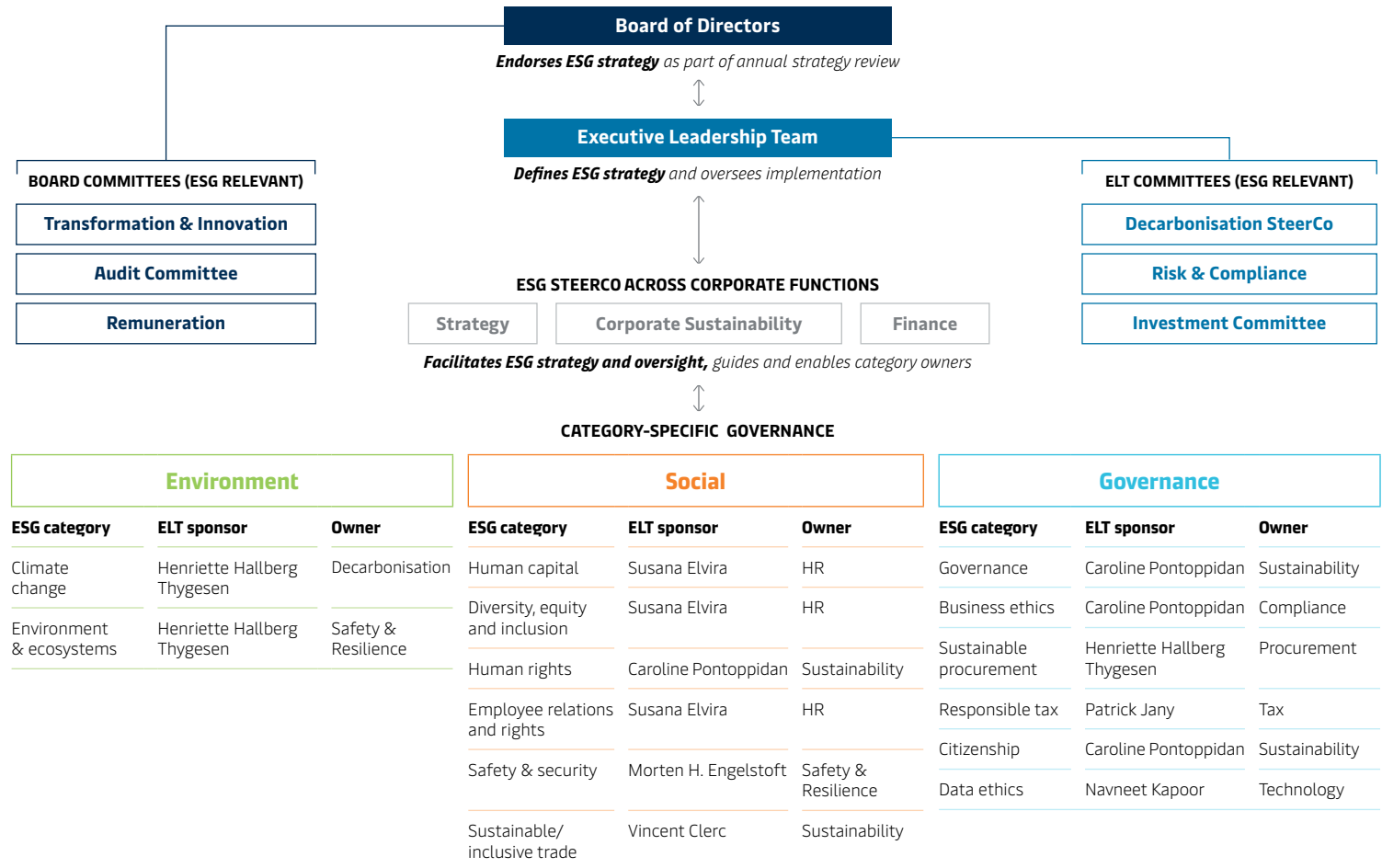
ESG in the central governance framework

Several ESG topics related to compliance are integrated into Maersk's central governance framework, Commit, which consists of 35 internal governance rules determining the goals and boundaries for our actions. Each rule has a designated owner in the organisation who is responsible for compliance reporting to the Risk and Compliance Committee. Executive oversight of compliance with Commit is anchored in this committee, where three members of the Executive Leadership Team meet quarterly. The expectations of all employees on ESG compliance is described in the A.P. Moller - Maersk Code of Conduct, which is available on the Maersk.com website.

Whistleblower system and Ombuds function

As part of the control mechanisms in our governance system, the Maersk whistleblower system is a confidential channel through which all stakeholders can raise concerns about possible violations of laws or established Maersk rules in areas such as competition law, IT security, data privacy, threats to health, safety and environment, theft and embezzlement, financial fraud, corruption, human rights and labour rights, workplace and/or sexual harassment, retaliation or discrimination.

Governance of ESG in A.P. Moller - Maersk



We do not tolerate discrimination or retaliation against persons submitting reports in good faith. See pp. 42 and 45 for data on whistleblower cases in 2021 relating to employee relations and anti-corruption.

In 2021, we introduced the Maersk Ombuds function as a neutral, independent, informal and

100% confidential function that will listen to and coach employees who do not feel comfortable reporting concerns to human resources departments, line managers or posting to the whistleblower system, in resolving conflicts or concerns. Contrary to the whistleblower, the service is informal and offers a voluntary and safe place

for employees to seek guidance, voice concerns and discuss options for any work-related matter, even if they opt not to report it. During the 7 months it was operational in 2021, the function handled 90 issues representing 127 employees. The Ombuds function is governed by the principles of the [International Ombuds Association](#).

Materiality and stakeholder engagement

A.P. Moller - Maersk (Maersk) applies the principle of double materiality in determining how sustainability issues may constitute responsibilities or risks, enabling us to understand and report on those issues where Maersk has significant responsibility to mitigate potential negative impact on society or the environment and where issues may pose significant risk to our business. See our materiality model on p. 14.

Establishing the list of 14 categories included in our ESG strategy, we reviewed issues that stakeholders expect us to address and that we view as relevant to our business. To do this, we analysed reporting frameworks such as GRI, TCFD and SASB, the UN Sustainable Development Goals, customer expectations, ESG ratings, investor requests and interests and our materiality work from the previous 10 years.

Five stakeholder groups are prioritised when establishing our material ESG issues: customers, employees, investors, authorities and civil society. Experts across Maersk continuously engage with these groups as they carry out their work, and their feedback is incorporated in the identification of material issues. Furthermore, in 2021 we have conducted a range of stakeholder engagement activities which are described on the next page.

ESG ratings as proxy for stakeholder expectations

We also performed an analysis of the ESG ratings landscape. Complex and fragmented as it still is, we use the criteria in these ratings as a proxy for stakeholder expectations, particularly investors and customers. We have prioritised three ESG






ratings which are most recognised and used by our customers and investors and which align with our ESG priorities: EcoVadis, CDP and S&P Global Corporate Sustainability Assessment. Three other ratings and benchmarks are furthermore viewed as very important to support our ESG leadership proposition: MSCI, Climate Action 100+ Net Zero Benchmark, and the Corporate Human Rights Benchmark.

Our ambition is to work towards reaching leadership scores in these ratings, and a key requirement is to expand our disclosure on ESG targets and performance. As part of the ESG strategy formulation, new targets have been identified and several will be added to our existing external disclosures. It is expected that our level of disclosure will continue to increase as our ESG strategy matures.

ESG risks to our business

As part of the materiality process, we draw on our enterprise risk management process, which assesses top risks to achieving our business plan within a 5-year horizon (for more information, see the risk section of the Annual Report). Four ESG issues are assessed as among our top risks. These are human capital (inability to attract and scale the right workforce matching business demand), 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 business ethics (being involved in a large compliance case).

Five key stakeholder groups inform our materiality assessment

Stakeholder group	Stakeholder expectations	Key input sources
 Customers	Demand for solutions that ensure responsible business practices and net zero emissions in their supply chains	Business development conversations Tender processes and criteria Daily customer engagement Strategic Customer Council Alliances and partnerships
 Employees	Want work to provide meaning and to receive fair treatment and wages, a sense of belonging for all, and good development opportunities	Daily interactions between managers and colleagues Engagement surveys Inclusion survey
 Investors	Demand for strategies and plans that mitigate current and future risk to the business model. Strong focus on climate change including both risks and opportunities	Investor Relations engagement ESG investor calls Investor surveys Capital Markets Day and ESG Day (to be held in March 2022)
 Authorities	Demand compliance with existing regulation on responsible business practices and collaboration on transformation to net zero	Bilateral meetings Engagement with local, national agencies and meetings of international authorities Engagement through industry associations
 Civil society	Want high levels of ambitions and accountability on all sustainability-related issues where Maersk is perceived to have impact on society or the environment	Bilateral engagement Meetings on collaborative initiatives Alliances and partnerships

An updated corporate human rights impact assessment






A corporate-level human rights assessment was conducted in 2021. As Maersk is evolving into an integrated transport and logistics company, the

company's human rights risk profile is changing. The assessment has informed our understanding of Maersk's potential and actual human rights risks and impacts across our value chain (see p. 43).

Materiality assessment 2021

Our approach to double materiality: We assess material topics using both social, environmental and financial criteria. Recognising the dynamic nature of materiality, this process is done on an annual basis covering four steps: 1. Input: Identifying the universe of sustainability issues; 2. Assessment: Determining materiality based on specific criteria; 3. Validation: Confirmation by the executive sponsors and the Executive Leadership Team; and 4. Output: Identifying ESG issues that encompass Maersk's material sustainability responsibilities, risks and opportunities. The steps and the results of our materiality assessment for 2021 are shown below. Read more about each issue in the relevant sections of this report.

1. Input **2. Assessment** **3. Validation** **4. Output: Material Issues**

<p>Customer engagement</p> <p>Investor interactions</p> <p>Human rights assessment</p> <p>Employee feedback</p>	<p>Social & environmental materiality</p> <p>Where Maersk - driven by our Core Values, stakeholder expectations, and social and environmental context - takes responsibility to mitigate significant potential negative impacts and increase positive impacts on people, society, and the environment</p>	<p>Criteria:</p> <ul style="list-style-type: none"> • Hard and soft law, voluntary commitments • Severity & urgency of impact • Stakeholder expectations • Our leverage to influence • Sector materiality • Our values, competencies, policies & strategies 	<p>Validation by executive sponsors and the ELT</p>	<p> Environment</p> <ul style="list-style-type: none"> • Climate change - meeting our obligation to decarbonise our end-to-end operations and to support a just transition [p. 18] • Ecosystems & biodiversity - protecting the ecosystem in which we operate [p. 29] • Air emissions, waste, pollution - minimising impacts of our activities [p. 31] • Ship recycling - ensuring safe and responsible ship recycling globally [p. 33] <p> Social</p> <ul style="list-style-type: none"> • Safety & security - taking care of our people [p. 36] • Diversity, equity & inclusion - creating an inclusive workplace with diversity of thought [p. 40] • Human rights - ensuring respect for human rights across our value chain [p. 43] • Labour rights - ensuring decent working conditions [p. 42] • Sustainable/Inclusive trade - contributing to an inclusive trade environment [p. 8] <p> Governance</p> <ul style="list-style-type: none"> • Sustainable procurement - ensuring responsible practices in our supply chain [p. 46] • Responsible tax - being a responsible and transparent taxpayer [p. 49] • Citizenship - contributing to communities and societies where we operate [p. 50]
<p>Supplier engagement</p> <p>Civil society dialogue</p> <p>Regulatory tracking</p> <p>ESG ratings and standards</p> <p>Trends and issues research</p>	<p>Financial materiality</p> <p>Where environmental, social and governance issues pose significant short or long-term financial or strategic risks or opportunities to Maersk</p>	<p>Criteria:</p> <ul style="list-style-type: none"> • Influence on strategic decisions by Maersk and shareholders • Magnitude of potential financial impact, informed by ERM and strategic opportunities • Likelihood of future financial impact, informed by ERM thresholds 	<p>Validation by executive sponsors and the ELT</p>	<p> Environment</p> <ul style="list-style-type: none"> • Climate change - managing transition and physical impact risks and opportunities, including the imperative to decarbonise our customers' supply chains in time [p. 18] <p> Social</p> <ul style="list-style-type: none"> • Safety & security - managing critical risks across our operations [p. 36] • Human capital - ensuring access to critical talent [p. 39] <p> Governance</p> <ul style="list-style-type: none"> • Business ethics - managing compliance risks across our operations [p. 41] • Sustainable procurement - enabling our end-to-end logistics strategy [p. 42] • Data ethics - enabling our growth as digitally-based global integrator [p. 44] • Governance - linking ESG performance to executive remuneration [p. 12]

Key engagements informing materiality in 2021

In addition to our customer engagement activities (read more on p. 16), a selection of other stakeholder engagement activities in 2021 deserve to be highlighted:

We conducted a survey of selected key investors and NGOs to inform the planning of our first ESG Day targeted at investors, planned for March 2022. From this survey, we learned that the general expectation is that Maersk covers the full ESG landscape, but by far the greatest interest is in the specifics of our decarbonisation roadmap including interim targets and fuel strategy. Other highlighted topics of interest are climate risks and opportunities to business (including physical impacts of climate change), environment and biodiversity impacts, respect for human rights (operations and supply chain), ship recycling, tax and how ESG will be linked to executive compensation.

During COP26 and at International Maritime Organization (IMO) meetings, we engaged with government representatives, customers, international and civil society organisations on many aspects of the decarbonisation agenda, including just transition.

We also engaged bilaterally with NGOs during 2021, for example with WWF to discuss underwater noise, deep-sea mining and a nature-positive economy, and with Amnesty International on due diligence and sustainable corporate governance. On human rights issues, ongoing engagement with civil society and rightsholders is important for informing our approach, and we engage with rightsholders and their representatives, including unions and local communities close to our terminals.

As part of our participation in the Transform to Net Zero initiative, we have had dialogues with other corporate members and Environmental Defense Fund (EDF) on carbon pricing and offsetting, and engagement with the financial sector on net zero transformation.

We engage regularly with investors on ESG topics, including the Climate Action 100+ network, and in 2021 had extensive dialogue with financial sector representatives as part of the launch of Maersk's new Green Finance Framework and our first green bond.

We gain insights into employee perspectives through the bi-annual engagement survey (read more on p. 39). In 2021, we also completed Maersk's

first inclusion survey, where all employees were invited to participate and provide insight into the state of inclusion in the company and ideas for improvements. Read more about the result of this survey on p. 40.

Sustainability and ESG topics, in particular climate change and environmental issues, are increasingly high on the regulatory agenda for our industries. We engage with regulators in the EU, UN agencies and national governments on a wide variety of ESG topics, including decarbonisation, ship recycling, clean air and future fuels. In some cases we provide technical insights to relevant regulators, particularly at EU and IMO level. We engaged with EU representatives over elements in the EU Fit for 55 package, specifically in the area of decarbonising shipping. Other topics on our EU agenda have been the EU Taxonomy for sustainable activities and matters related to ship recycling. Another type of engagement is how Maersk responds to various government consultations across the world.

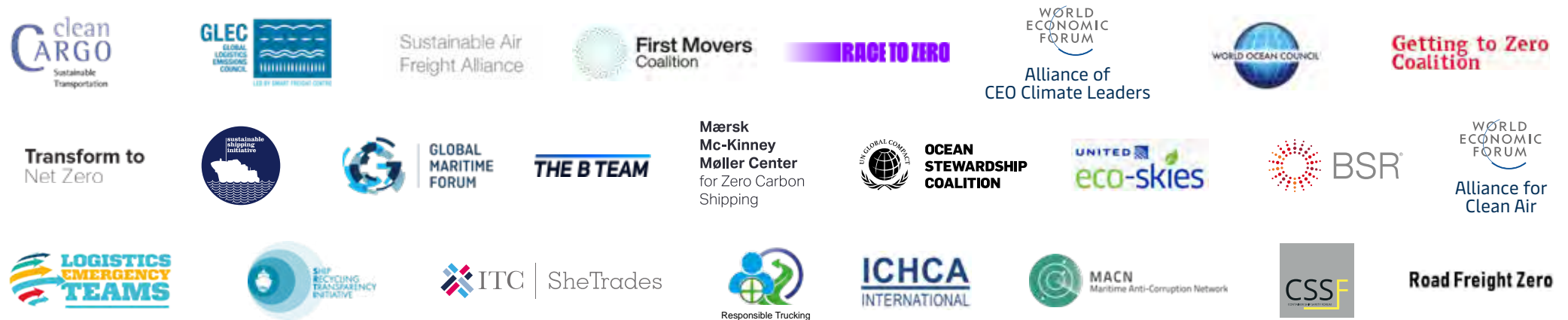
We also engage with regulators through memberships in industry associations such as World Shipping Council, Danish Shipping

and BIMCO, among other things by providing input to technical correspondence groups in IMO.

Reflecting the paramount importance and scale of our ambitions on decarbonisation, this is the area where we are most heavily and actively engaged in cross-industry partnerships and coalitions aiming to co-develop and catalyse solutions, standards and advocacy. Beyond the decarbonisation agenda, we are also active members of partnerships on other key ESG topics, including for example the Maritime Anti-Corruption Network (MACN), CSR Europe's Responsible Trucking Initiative, the Ship Recycling Transparency Initiative, and World Ocean Council. An overview of partnerships can be seen below.

As members of the UN Global Compact-led Ocean Stewardship Coalition, in 2021 we engaged in cross-sector consultations on maritime decarbonisation and ocean health. We contributed actively to the Blue Road to COP26 report and became a signatory to The Ocean for Climate Declaration, where signatories commit to act to achieve healthy and productive oceans.

Key partnerships and coalitions



How we engage with customers on sustainability

Sustainability is becoming an integrated element in our engagement with customers and our product offerings. We listen to and engage with our customers on sustainability as part of daily business relationships and in dedicated fora. We are driven by a commercial need to understand customer needs and develop solutions and services that are well received in the market. We are also interested in our customers' needs and priorities as input to our continuous evaluation of Maersk's strategic direction, and we are always looking for potential partners, not least for driving us towards net zero as fast as possible.

One new initiative in 2021 was our first Strategic Customer Council, where 30 of our largest customers joined members of our Oceans and Logistics (O&L) Management Board for a full strategy day. We had invited them specifically to

get their input on shaping the future offerings of Maersk as we pursue our ambition to be the global integrator of container logistics. At the Council meeting were senior supply chain and logistics executives from some of the largest companies and brands in the world. The key takeaway from this event was that sustainability has become a key theme for all customers, regardless of industry.

Leading customers are part of new coalitions and alliances such as Cargo Owners for Zero Emission Vessels (coZEV), where large cargo owners come together to accelerate maritime shipping decarbonisation. Decarbonisation is the most critical sustainability issue for customers, but many other ESG topics are becoming increasingly important, including labour conditions, anti-corruption, procurement practices, safety, DEI and circularity.



We engage with our customers to understand how our solutions and services can contribute to the resiliency and sustainability of their supply chains.

Customer needs in sustainable logistics

Maersk ESG priorities	Customer needs in sustainable logistics
Sustainability partnership	Strategic collaboration on sustainability
 Decarbonise logistics	End-to-end GHG visibility
	End-to-end GHG optimisation
	End-to-end green logistics
Responsible business practices across ESG issues	Co-innovation in sustainable logistics
	End-to-end visibility & risk mitigation across logistics

Charting customer needs

Based on such customer engagement as well as analysis of market trends, past and current purchases, feedback from client managers in our operations and more, we have formulated a set of overall customer needs in sustainable logistics.

We meet these customer needs with a multi-tier value proposition for sustainable logistics, which aligns our engagement with the sustainability maturity and ambition level of our customers. For customers who match or exceed our ambitions, we continue to build partnerships to co-develop new and mutually beneficial market-based solutions for green logistics. Our most advanced customers are generally interested in partnering with key suppliers to solve sustainability challenges to differentiate themselves. They are interested in co-innovating new groundbreaking solutions that can help them reach their sustainability ambitions and stand out as sustainability leaders.

“Unilever is committed to accelerating the transition to clean transport solutions, not just in our own operations, but along global value chains as we work to achieve net zero emissions by 2039. With logistics and distribution accounting for around 15% of our greenhouse gas emissions footprint, it's important that we work with partners shifting to lower carbon fuels. We are proud to partner with Maersk as they pioneer carbon-neutral transportation on the high seas.”

Michelle Grose
Head of Logistics and Fulfilment, Unilever

Environment



Taking action to decarbonise logistics is our greatest responsibility and where we can have the greatest impact. Our current greenhouse gas emissions account for 1% of all transport and logistics emissions, and there is no time to waste. The next pages of this report describe how we take leadership and activate our vision to reach net zero.

In this section, we also report on our efforts to minimise the negative impacts that our operations may have on the natural environment within the areas of ecosystem health and biodiversity, waste and pollution. This includes air emissions, resource use and circularity, and how we continue to drive responsible ship recycling.

Climate change

Global greenhouse gas (GHG) emissions from transport and logistics amount to 3.5 billion tonnes every year³ and A.P. Moller - Maersk's current emissions account for about 1% of all transport and logistics emissions and close to 0.1% of all global emissions⁴. We must act with urgency to support the transition to a net zero economy by eliminating these emissions.

All roads lead to decarbonisation

In 2021, several events and developments brought further urgency to our work on decarbonisation.

First, the UN Intergovernmental Panel on Climate Change's 6th status report not only reiterated the need for eliminating GHG emissions but strongly emphasised that speed is of the essence to avoid irreversible effects of climate change.

Second, due to supply chain congestions following the COVID-19 pandemic, our emissions from ocean transport grew and impacted our vessel efficiency negatively.

Third, the customer demand for green logistics solutions continues to grow. Two thirds of our Top 200 customers have now set net zero or science-based targets, and rely on us as logistics provider to enable them to reach their targets to decarbonise their logistics supply chains. This expectation was emphasised when nine of the world's largest cargo owners – who are also our customers either directly or indirectly – in the autumn of 2021 launched the coZEV coalition (Cargo Owners for Zero Emission Vessels), and publicly committed to requiring net zero operations of their shipping partners by 2040.

Accelerating our commitments and targets

Already in 2018, Maersk took leadership in our industry with a strong commitment to decarbonise our shipping operations by 2050 and develop scalable solutions to help the entire industry reduce its greenhouse gas footprint. Since then, we have continuously accelerated our actions and ambitions, and proven that while shipping is a so-called hard-to-abate industry, low climate-impact solutions are already available. We must act now, and we can make significant progress already in this decade. Reflecting the increased sense of urgency, we have launched a new decarbonisation vision encompassing our entire GHG footprint requiring us to be accountable and drive this work with an emergency mindset. This means we do not have the luxury of waiting for a perfect solution but must work on several tracks that will deliver immediate impact, while continuing to strive for long-term solutions.

Our new targets for decarbonisation represent a bold and determined response, and a more ambitious vision that will meet expectations of societies and our customers, inspire our employees, and support our position as a leader in this field.

Maersk established its first net zero target in 2018 covering our ocean operations. With the new targets and commitments presented on p. 19, we are now:

- Adding speed and pressure by **changing the goal post for decarbonisation from 2050 to 2040** and extending the ambition to cover all businesses, customer offerings and all emissions

scopes, aligned with the net zero criteria of the Science-Based Targets initiative (SBTi) (see p. 25 for an overview of our current emissions footprint across all scopes).

- Adding urgency and ambition to our near-term targets by **aligning with a Science Based Targets initiative 1.5-degree pathway**, which will be delivered by achieving 50% reduction of greenhouse gas emissions intensity in our oceans business, in addition to a 70% absolute reduction of scope 1 and 2 emissions in our terminals business (both from a 2020 baseline).
- Detailing our commitment to customers with **targets on green customer offerings towards 2030 and 2040**, covering ocean, air, contract logistics (warehouses and depots) and cold chain businesses. These products will utilise green technologies and solutions to ensure they provide real emission reductions within the supply chain.
- Adding the use of **Natural Climate Solutions above and beyond the 1.5-degree target**, as recommended by the SBTi. For more about Natural Climate Solutions, see p. 22.

The SBTi shipping sector guidance is expected to be finalised in Q1 2022. Maersk has been part of a technical working group which was consulted by SBTi during the drafting of the shipping sector guidance, and based on our knowledge from this work, we assess our targets to be in line with the guidance for the 1.5-degree pathway and aim to have our targets validated by the SBTi as soon as the shipping sector guidance is published.

Why it matters

The world is facing a climate emergency. We see it as our obligation – as an industry leader and with the resources available to us – to do all we can to get to net zero operations as fast as possible and to help our customers decarbonise their global supply chains end-to-end.

Ambitions

We will deliver an emergency response to the climate crisis and take leadership in the transformation of the transport and logistics sector to net zero operations.



Targets

2040

Net zero across our business and 100% green solutions to customers

2030

- Aligned with a Science Based Targets initiative 1.5-degree pathway
- Industry-leading green customer offerings across the supply chain

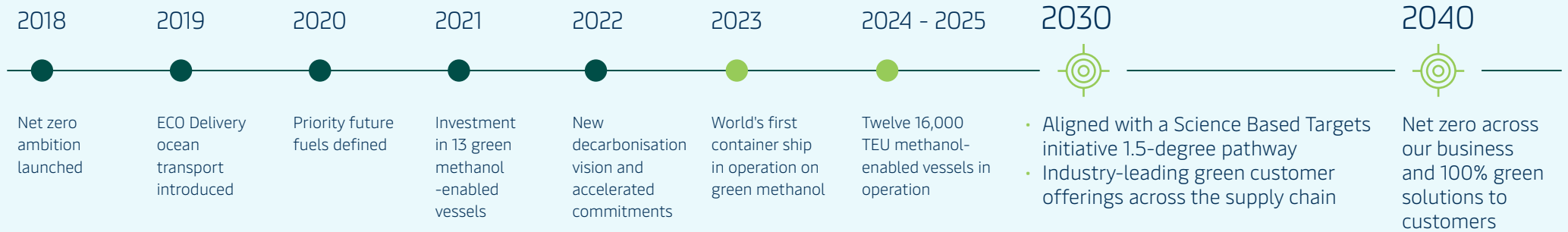
Targets above replace previous targets:

- 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
- To deliver a 60% relative reduction in CO₂ emissions by 2030 compared to 2008 levels

³ ourworldindata.org/emissions-by-sector

⁴ www.iea.org/data-and-statistics/charts/transport-sector-co2-emissions-by-mode-in-the-sustainable-development-scenario-2000-2030

Roadmap to deliver net zero by 2040



OUR DECARBONISATION COMMITMENTS



2030: Industry-leading green customer offerings across the supply chain

- Ocean: Min. 25% of cargo transported with green fuels.
- Air: Min. 30% of cargo transported with Sustainable Aviation Fuels.
- Contract logistics and cold chain: Min. 90% green operations (scope 1 and 2).
- Inland: Industry leading green offering - quantitative target to be defined in 2022.



2030: Aligned with a Science Based Targets initiative 1.5-degree pathway

- Ocean ~50% reduction in emission intensity (2020 baseline).
- Terminals ~70% absolute reduction of scope 1 and 2 emissions (2020 baseline).
- Natural Climate Solutions used above and beyond 1.5-degree target to sequester at least 5 million tonnes GHG in 2030.



2040: Net zero across our business and 100% green solutions to customers

- 100% green solutions to our customers.
- Net zero greenhouse gas emissions across all scopes and businesses.
- Aligned with the Net Zero criteria of the Science Based Targets initiative and a pathway to limit global warming to 1.5 degree.

Our **customer commitment** to decarbonise their supply chains in time and...

...a **societal commitment** to act and drive impact in this decade



Note: Green is defined as fuels or energy that have low or very low greenhouse gas emissions on a life cycle basis. For details, see p. 21.

Growing the market for decarbonised solutions

Maersk ECO Delivery is an Ocean transport customer offering that uses green fuels. Since its start in 2019, customer demand for Maersk ECO Delivery has grown more than 170% year-on-year. We expect the growth in sales for this solution to continue at least at equally significant levels in the coming years. In 2022, we will also expand our current ECO Delivery product to 3rd party verified emission-reduced Logistics and Services products to serve our customers across the entire value chain with green solutions. For air, we are helped by joining United's Eco-Skies Alliance and committing to SAF for our customers in 2021 (see p. 23).

We launched a new Emissions Dashboard in 2021 that will help customers reach their increasingly ambitious carbon reduction targets. The dashboard will allow customers to measure their carbon footprint across Maersk-controlled and non-Maersk controlled logistics, including all transport modes such as truck, train, airplane, or vessel. The dashboard will provide increased emissions transparency, allowing customers to identify supply chain carbon hot-spots and make sustainable choices for their cargo flows. To ensure that the Dashboard meets customer needs and expectations, it was piloted and developed with leading Maersk customers who provided valuable and positive feedback along the way.

Disruptions have adverse effects on emissions

In 2018, we set a target towards 2030 to reduce CO₂ emission intensity by 60% from a 2008 baseline using the Energy Efficiency Operational Indicator (EEOI) developed by the IMO. However, the EEOI only measures CO₂ and not other greenhouse gases converted to CO₂-equivalents. As our new targets cover all greenhouse gases, the EEOI is no longer an appropriate measure for tracking progress towards these. However, we will keep reporting on performance, as it is a standard industry measure.

We will also need to report against our old target until our new target is approved by the SBTi.

When this happens, the 60% reduction target will be replaced by our new reduction target, which aims for a 1.5-degree aligned 50% relative reduction with a 2020 baseline. If a 2008 baseline were applied, the reductions achieved would be above 70%.

Compared to emissions in 2020, we did not continue our downwards trajectory towards the EEOI target in 2021, as we saw an increase in our emissions intensity/EEOI of 6.9%. The increase is related to global supply chain disruptions, as vessels sailed at maximum speed to make up for lost time, and reefer containers ran overtime to protect delayed foods and perishables. These

challenges are expected to continue into 2022, but not to continue indefinitely. As such, we are confident our emissions reductions will revert to being on the right track.

New fuels for ocean transport

Even as we expand our ambitions to cover the full scope of our operations across land, air and sea, ocean transport continues to constitute the vast majority of our emissions. For this reason, we direct most of our decarbonisation investments towards our efforts to move away from the use of fossil fuels to power our vessels.

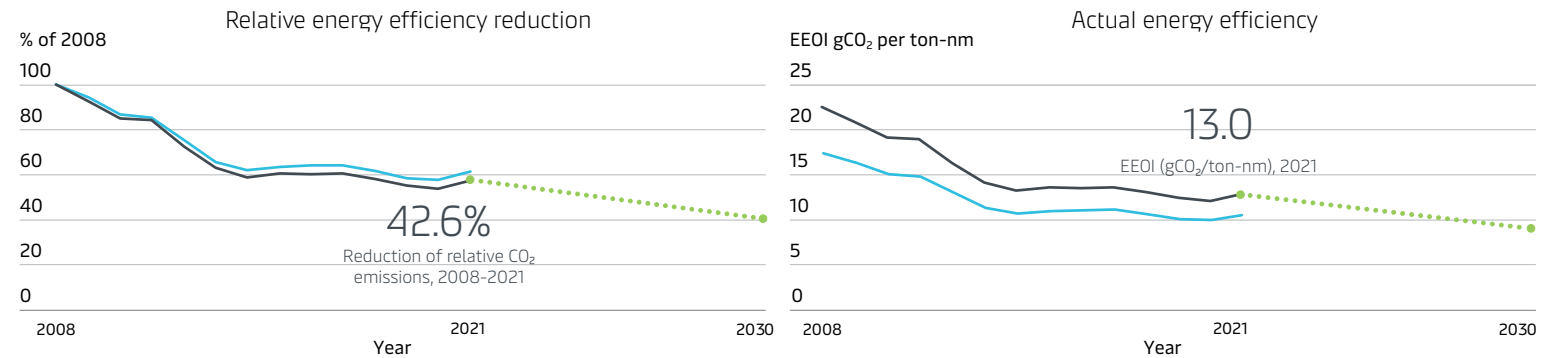
For the past 100 years, shipping has used one type of fuel: oil. Today, we look into a future that is at least initially a patchwork of green fuel types,

and where we will be placing bets on several different options to ensure we can make significant impact already in this decade.

Based on our pathway analysis of viable future fuels for net zero ocean shipping, we are actively pursuing the use of three types of fuels:

- Biodiesel, which is already used to power our fleet, sold under the Maersk ECO Delivery label.
- Green methanol, which we are opting for in order to ensure we have an impact on the sustainability of global supply chains in this decade.
- Green ammonia, which may be a zero-greenhouse gas solution in the long-term, but is still a considerable longer way away from being ready to implement.

Towards 60% CO₂ emissions reduction



EEOI: Energy Efficiency Operational Indicator. See further explanation in footnote below.

- Old EEOI, relative from 2008 (%)
- New EEOI as per MEPC circ 684, relative from 2008 (%)
- 2030 target pathway, relative EEOI, 2008 index
- Old EEOI, actual
- New EEOI as per MEPC circ 684, actual
- 2030 target pathway, actual EEOI

The indicator underlying the relative CO₂ reduction target is EEOI, Energy Efficiency Operational Indicator, calculated as g CO₂/(Ton x Nm). From 2020, we have disclosed performance in actual numbers in addition to the progress relative to the index year 2008. An improved methodology was also developed in 2020 to bring the calculation of EEOI fully in line with the IMO's Marine Environment Protection Committee's (MEPC) regulations. In line with credit facility requirements we continue to report on both the old and the new methodologies. Using the old methodology, we have by 2021 reduced emissions by 39.8% since 2008.

Our lifecycle assessment approach (see box to the right), leads us to conclude that e-methanol must be based on a biogenic source of CO₂ and renewable energy, bio-methanol must be based on sustainable biomass, and e-ammonia must be made purely from renewable energy.

Furthermore, we continue our collaboration in the LEO coalition, where we work with a strong group of customers and scientists on developing a new type of biofuel for shipping based on biomass residue (lignin), derived from forestry and agricultural activities and alcohols (methanol or ethanol). We prefer not to invest in transitional fuels, including liquified natural gas (LNG), and instead leapfrog directly to fuels such as green methanol that are available now and have significantly larger greenhouse gas reduction potential and the possibility of being climate neutral on a lifecycle basis. This is in line with the emergency mindset we are committed to.

In our development of future fuels, we continue our collaboration with the Mærsk McKinney Møller Center for Zero Carbon Shipping, an independent, non-profit, leading-edge research and development centre launched in June 2020.

We benefit from the collaboration with some of the best minds from industry, academia, energy, fuel and ship technology, regulatory affairs and finance, particularly in the area of technologies with low readiness levels, for example ammonia.

Thirteen new vessels ordered

The container shipping industry today faces a 'Which comes first, the chicken or the egg?' dilemma, where marine fuel producers want to ensure there will be sufficient demand before making capital investments to scale production, and ocean shipping companies are waiting to order new vessels until they know cost-competitive fuel will be available at scale. In 2021, Maersk

took significant steps to break this deadlock. In our efforts to accelerate the pace of our decarbonisation efforts, we announced in February that we were ordering the first container ship, a small feeder vessel, capable of operating on green methanol, for delivery in 2023. This means that we will be able to deliver on our first decarbonisation milestone seven years ahead of the original schedule.

In August, we took the even more significant step of ordering a series of eight large container ships with a groundbreaking design allowing them to operate on green methanol, starting delivery in 2024. We have since expanded this order to a total of 13 vessels with the last four vessels to be delivered in 2025, and have made public the innovative design of these.

Using lifecycle assessment to assess fuels

Maersk evaluates all new fuels from extraction or collection of the feedstock through production, transport, and combustion of the fuel. We include CO₂ and all other relevant greenhouse gases (GHG) assessing them for their 20- and 100-year global warming potentials. We use the ISO 14040-series standard for life cycle assessment (LCA).




On a lifecycle basis, net zero GHG emissions are only achieved when there is no net addition of GHG emissions associated with the fuel over its lifecycle, i.e. from raw material extraction to end of life. This means that to have net zero fuels the complete fuel supply chain must be fully decarbonised.

The production pathway determines an alternative fuel's lifecycle GHG reduction in comparison to fossil fuels. Maersk works with partners to achieve higher GHG savings when developing projects for advanced fuels such as e-methanol, while this is not possible when sourcing commodity fuels, such as biodiesel.

We distinguish between green fuels that have 'low' and 'very low' GHG emissions, equal to 65-80% and 80-95% GHG reduction compared to fossil fuels on a life cycle basis, respectively. Today's best alternative fuels can have lifecycle GHG reductions up to ~95%.

Maersk uses LCA for the assessment of emissions and environmental impact of other activities such as vessel construction, maintenance, and recycling. We also consider all other impact categories of an LCA such as biodiversity, ecosystems, resources and materials depletion, toxicity, air and water quality.

Priority fuels for green shipping

Fuel	Key advantages	Key limitations/risks
 <p>Biodiesel (from waste feedstocks)</p>	<ul style="list-style-type: none"> • Biodiesel market already exists • Can be used as drop-in fuel in existing vessels and engines 	<ul style="list-style-type: none"> • Limited availability of suitable biomass feedstock • Price pressure due to competing demand from road transport and aviation
 <p>Green methanol (bio-methanol and e-methanol including lignin enhanced fuels)</p>	<ul style="list-style-type: none"> • Can be produced from sustainable biomass and renewable electricity • Vessels running on methanol are already in operation today • Well-known handling 	<ul style="list-style-type: none"> • Bio-methanol: availability of suitable biomass feedstock • E-methanol: Availability of biogenic CO₂ source and renewable electricity
 <p>Green ammonia (e-ammonia)</p>	<ul style="list-style-type: none"> • Can be produced at scale from renewable electricity • Contains no greenhouse gases 	<ul style="list-style-type: none"> • Safety and toxicity challenges • Infrastructure challenges at ports • Future costs depend on cost of renewable electricity and availability of engine, expected in 2025

Note: Green is defined as fuels or energy that have 'low' or 'very low' greenhouse gas emissions on a life cycle basis. See box to the right.

These commitments are an industry first and will offer Maersk customers green transportation at scale on ocean trades. When fully phased in, the 13 vessels will replace emissions of 1.5 million tonnes greenhouse gas emissions, corresponding to 4.5% of our fleet emissions in 2020.

The series, to be built by Hyundai Heavy Industries (HHI), will replace older Maersk vessels, and come with an innovative dual-fuel engine setup that can operate on methanol as well as conventional low sulphur fuel. Maersk plans to operate the vessels on green e-methanol or bio-methanol as soon as possible. Sourcing adequate amounts of green fuel for these vessels will be a critical challenge as it requires a significant ramp-up of global production capacity.

Securing supply of future fuels

Our order of the 13 methanol-powered vessels sends a firm demand signal to the market. With this commitment fuel producers can safely begin investing in developing scalable solutions to ensure the supply of future green fuel. However, securing a competitive global supply chain of green fuels is the main challenge ahead. Maersk needs the global, green methanol production to increase from 30,000 tonnes to 500,000 tonnes in 2024 just to operate the first series of twelve vessels. We have engaged in developing this market through numerous investments and will continue to do so.

In 2021, we entered into an agreement with REintegrate, a subsidiary of the Danish renewable energy company European Energy, to produce and

deliver the green methanol for the vessel set for delivery and integration in our fleet by 2023. This will imply establishing a new facility to produce the approx. 10,000 tonnes of green e-methanol needed annually to operate Maersk's first new, green vessel. Maersk will work closely with REintegrate and European Energy on the development of the facility, which will be placed in Denmark and use renewable energy provided by a solar farm in the south of Denmark and biogenic CO₂ to produce the e-methanol. We consider this partnership to be a learning platform for scaling green fuel production through collaboration across the industry ecosystem.

Maersk Growth, the company's venture capital arm, has new green fuel types as a focus area. In

2021, Maersk Growth made minority investments in three start-up companies that typify the innovation needed across the value chain to develop available, cost-competitive sustainable fuels:

- Prometheus Fuels – direct air capture-technology that combines renewable energy, water, and air into cost efficient, green electro-fuels.
- WasteFuel – turning unrecoverable agricultural and municipal waste into sustainable aviation fuel, green bio-methanol and renewable natural gas.
- Vertoro – developing liquid lignin technology, from sustainably sourced forestry and agricultural residues, which can be used as a marine fuel.

The use of Natural Climate Solutions

Included in our new vision to decarbonise logistics is the additional use of Natural Climate Solutions (NCS) to increase our impact over and beyond what we can achieve with our direct emission reductions, in line with the Net Zero criteria of the Science Based Targets initiative. NCS cover nature-based conservation, restoration and improved land management actions that increase carbon storage and/or avoid greenhouse gas emissions.

When we made our first net zero commitment in 2018, we were adamant not to use offsetting to

ensure full focus on real decarbonisation, and this remains without question our prime objective. Today, the sentiment around offsetting is changing, and NCS is seen as an important part of the solution to the climate emergency⁵. This is also reflected in the recommendations from the Science Based Targets initiative (SBTi): real emissions abatement is a clear first priority, and offsets do not count to reach a target. However, SBTi recommends that firms compensate for emissions beyond the abatement targets to deliver net zero.

Maersk follows strict principles for the use of NCS:

- NCS will not be used to reach science-based targets with the exception of the use of carbon removal (referred to as neutralisation by SBTi) to neutralise residual emissions in the 2040 net zero year in accordance with the Net Zero criteria of the Science Based Targets initiative.
- Use of NCS will only happen at company level and not at individual business unit/product level
- The green products we offer to our customers will not be based on the use of NCS

We intend to establish a portfolio of robust and third-party verified projects which will mainly consist of NCS such as conservation and restoration projects. An added benefit of NCS is the co-benefits for local communities and biodiversity in ecosystems they often create, which will enable us to contribute to our other important environmental and social goals through our NCS portfolio. We will also dedicate a part of the portfolio for other carbon removal solutions to help scale the market for these.

5 In a recent report, the World Economic Forum and McKinsey assess that there is a practical abatement potential of 7 Gt CO₂ per year from NCS projects, which is sufficient to deliver around one-third of the 23 Gt CO₂ reductions per year needed to reach the 1.5°C pathway by 2030.

Decarbonised logistics and services on land

While our landside footprint currently constitutes 5.7% of our total GHG footprint, it is an area of growing significance for our business, our customers and society in general.

Compared to ocean emissions, Maersk's position in working with emissions from Logistics and Services solutions differs significantly. Most services are regional with varying regulations and local conditions, and we are in most cases not the

asset owner. Hence, the toolbox is more complex and our role to lead the transition will require regional and product-specific adaptations, enabled by improved emissions data and analytics and certification.

In 2021, we have set up an Inland decarbonisation programme with the aim to serve our customers with end-to-end decarbonised logistics solutions. The most important products from an emissions and customer perspective are 1) landside transportation

(medium/heavy duty transport by truck, rail or barge), 2) contract logistics (warehouses and depots) and cold chain, 3) air freight and 4) emissions transparency. Each of these have very different solutions in terms of decarbonisation, and we work to find the right answers for Maersk, society and our customers. We also reinforce our 2040 commitment with aspiring and clear ambitions for 2030 in contract logistics, cold chain and air freight. See table below.

Working in these areas, transformational action and customer solutions require fully transparent and reliable emissions data, which can be credibly analysed and certified by an independent third party. Given that granular scope 3 emissions data remains a challenge not only for Maersk but the industry as a whole, we will develop a more comprehensive set of KPIs and targets over the next years to report on dedicated initiatives across the value chain.

Decarbonisation of inland logistics and service offerings



Landside transportation (truck, rail, barge)

We aim for 100% green landside transportation solutions in 2040. We will achieve this by:

- Efficiency measures and continued promotion of modal shift from truck to lower emissions transport modes like rail and barge.
- The advancement of clean fuel alternatives and electrification in heavy-duty trucking. In 2021, we started the first pilots with biofuels and battery-electric trucks in collaboration with customers.
- Scouting for innovations and new business models, and by building on strong partnerships with our existing carrier network. Maersk Growth's investment into Einride was one important step in this direction.

From 2022 onwards, we will expand our offerings stepwise, aiming to launch a standard product offering third-party verified emission-reduced transport and engaging actively in developing the infrastructure and green transport networks across the globe.



Contract logistics and cold chains

We own and operate a large number of warehouses, depots and cold stores across the globe, and aim to provide 90% green contract logistics operations across scope 1 and 2 by 2030. This requires a combination of many technologies, including energy efficiency optimised buildings and operations, fully electrified equipment indoors and electrified or clean fuel equipment outdoors, renewable energy installation, non-fossil based heating, and charging or clean fuelling infrastructure for transport vehicles, changing to lower climate-impact refrigerants, opting for sustainable building materials, and using sustainable packaging materials.

From 2022 onwards, new sites and long-term leases will be built to serve a low/zero-carbon business, aspiring to LEED 'Platinum', BREEAM 'Excellent' or equivalent accreditation. Meanwhile, we are also launching a global retrofitting programme of our existing footprint together with our vendors and partners.



Air freight

Air freight – in comparison to maritime, rail or road transportation – is by far the mode with the highest emissions intensity. Still, the global air cargo volume is expected to grow. For our customers and society, we are committed to building a sustainable air freight business, ready for the future and net zero in 2040. This ambition is based on two main pillars:

- Fleet efficiency: We will expand our own aircraft fleet with technology that is above industry-average in fuel efficiency. Our recent order of two planes offers 17 percent better fuel efficiency and reduced GHG emissions compared to legacy airplanes.
- Sustainable aviation fuel (SAF): For 2030, we commit to a minimum of 30% of our Maersk air freight offerings transported with SAF. We will achieve this with strong partnership with our carriers and synergies from our green fuel development activities.

A roadmap for net zero terminals

Our network of owned and operated port terminals connects our ocean and our landside activities. We want to claim leadership in decarbonisation within the terminal industry and achieve net zero in 2040 along with the rest of our business. By 2030, we are committed to around 70% absolute reduction of GHG emissions for scope 1 and 2.

In 2021, we have embedded decarbonisation into the terminal business's core strategy and have developed an ambitious roadmap to decarbonise, based on both ongoing and new activities. We have so far identified reduction or elimination solutions for a substantial share of our emissions from terminals through use of available and proven technologies. Our efforts

range from energy consumption optimisation to reduce fuel and electricity consumption, improved electricity sourcing and conversion to renewable energy solutions when possible, and transitioning to using green fuels.

Finding adequate solutions for the remaining amount will require close collaboration and investment with our suppliers and partners. We are currently exploring opportunities to co-develop wind/solar farm options for specific terminals, and discussing options for green energy supply with local governments.

Decarbonising strategic businesses

Svitzer, a towage operator and part of A.P. Moller Maersk, provides its services in harbours, rivers

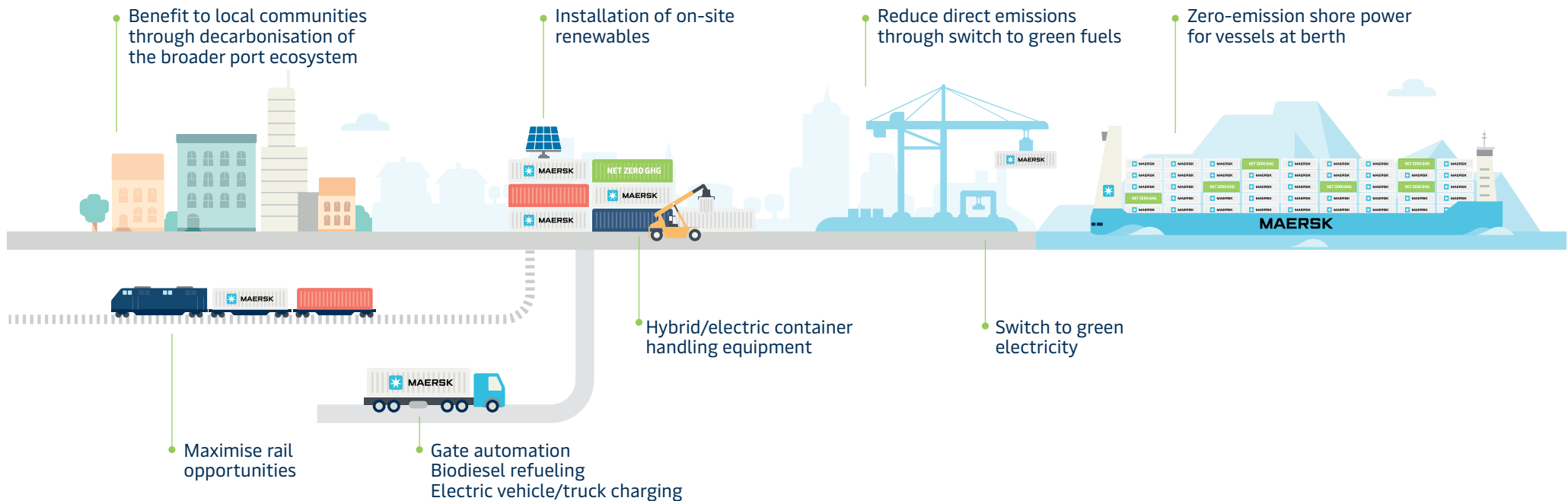
and canals in more than 30 countries around the world. In 2021, the company took an important step towards green product offerings. Following a successful pilot, 10 Svitzer tugs operating on the Thames River in London are now powered by a marine biodiesel and sold to customers as Ecotow.

Calculations estimate that Ecotow will reduce greenhouse gas emissions by about 90% on a lifecycle basis. Ecotow is also offered to global customers as an insetting opportunity for fossil-fuelled towage elsewhere in their value chain. As part of Svitzer's strategy it invests in vessel designs using green fuels to drive down emissions. In addition to Ecotow this includes a methanol fuel cell tug project. Svitzer's targets for decarbonisation are to achieve a 50% reduction in

vessel emission intensity from 2020 to 2030 and net zero emissions by 2040.

Supporting offshore activities in the energy sector, Maersk Supply Service (MSS) is invested in decarbonising its industry. Key levers in MSS's roadmap are technical upgrades, digitalisation and a solid energy efficiency mindset across the fleet as well as use of biodiesel. In 2021, the company purchased a new hybrid battery solution upgrade that will be installed at a vessel dedicated to anchor handling. The hybrid battery chosen is designed for reduced vessel emissions, reduced maintenance and increased operational performance. MSS are pursuing targets to reduce CO₂ emissions by 50% by 2030 from a 2018 baseline and to be net zero by 2040.

Decarbonising terminals



Our greenhouse gas emissions footprint

A detailed overview of our emissions footprint is critical for guiding decarbonisation efforts. For Maersk, such an overview establishes the sourcing, trading and use of marine fuels as the primary source of our greenhouse gas emissions.

Compared to our scope 1 and scope 3 emissions, our indirect emissions from the generation of purchased energy (scope 2) are negligible. In actual terms, however, these emissions merit attention and are addressed in our terminals.

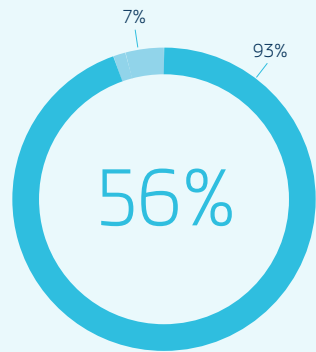
The evolving science of scope 3

In 2021, as part of the work to review and expand Maersk's decarbonisation targets to cover all emission scopes, we implemented significant improvements to our methodology and data collection for scope 3 emissions calculation.

This deep-dive exercise revealed scope 3 emissions in some business areas that were not captured in the analysis made in the two previous years. Specifically, this includes emissions from

marine fuels purchased by Maersk Oil Trading and resold to third parties. 2020 data is restated below and in the Performance data on p. 55. The addition of this category alters the relative distribution of emissions between scope 1 and scope 3 in Maersk's overall GHG footprint. Consequently, to align with requirements from the SBTi, we will be setting a dedicated target for scope 3 emissions, when the shipping sector guidelines are finalised.

Scope 3 methods are constantly evolving, and we continuously strive to provide more accurate data. As the methods and data improve, results can also be expected to be adjusted in the future.



SCOPE 1: OWN OPERATIONS

Direct emissions coming from our financially controlled operations.

93% of our scope 1 emissions come from our ocean operations (fuel use). (2020: 96%)

36,863 (1,000 tonnes CO₂ eq) (2020: 33,902)

- Bunker fuel
- Other

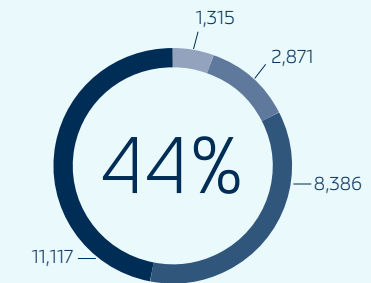
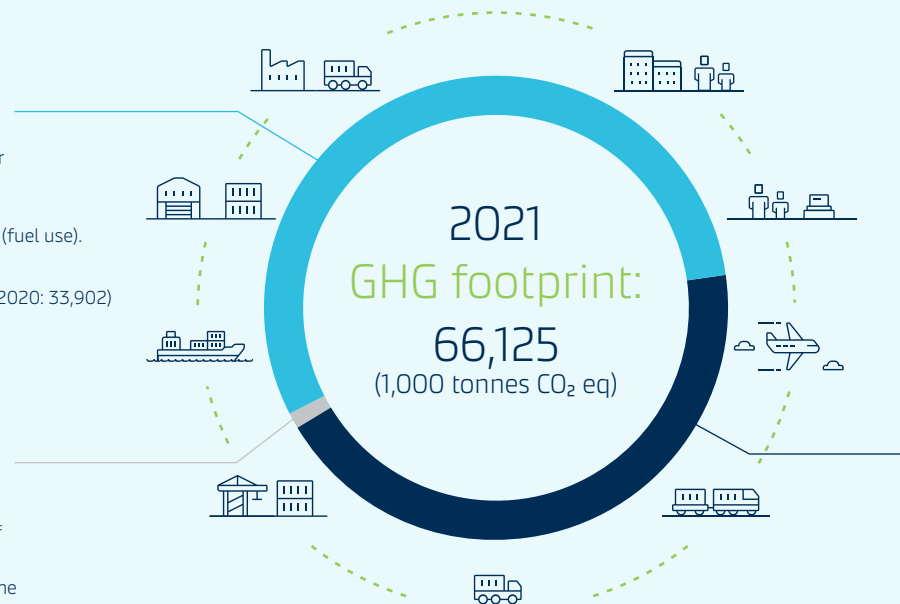
1%

SCOPE 2: PURCHASED ELECTRICITY (location-based)

Emissions from the generation of purchased electricity.

61% of our scope 2 emissions come from our terminals.

310 (1,000 tonnes CO₂ eq) (2020: 289)



SCOPE 3: VALUE CHAIN

Emissions created in the value chain as a result of Maersk's business activities, including emissions from cargo transported under vessel sharing agreements and sourcing of marine fuels to third-party customers.

28,952 (1,000 tonnes CO₂ eq) (2020: 27,287)

The main activities driving our value chain emissions are:

- Upstream transportation and distribution: 11,117 (1,000 tonnes CO₂ eq) (2020: 11,224)
- Use of sold product: 8,386 (1,000 tonnes CO₂ eq) (2020: 8,782)
- Purchased goods and services: 2,871 (1,000 tonnes CO₂ eq) (2020: 2,248)
- Capital goods: 1,315 (1,000 tonnes CO₂ eq) (2020: 363)

See the detailed overview of Maersk's GHG footprint 2021, incl. data on all 11 GHG categories applicable to Maersk in the ESG Data table which can be downloaded from [Maersk.com](https://www.maersk.com/esg)

Policy frameworks to accelerate change

While our size and position enable us to impact the level of decarbonisation in the shipping industry, we remain highly dependent on policy frameworks and commitments to further this process. This applies to decarbonisation targets set by both countries, regional entities and international organisations such as the International Maritime Organization under the United Nations. A package of decarbonisation measures is needed to drive a faster switch from black to green solutions, and market-based measures such as pricing of GHG emissions should be an integral part of such a package.

We were pleased to see the momentum for green shipping and logistics at COP26 – not least through numerous initiatives specifically on supply chains that were launched by ambitious states, businesses and NGOs. The commitments from key retailers to purchase green logistics, from key states and companies launching the First Movers

Coalition and the adoption of the Clydebank Declaration on green shipping corridors all provide a strong starting point for the many stakeholders in our industry working to create a decade of action to get shipping on track to deliver on the Paris agreement.

This momentum was regrettably not carried over to the critical MEPC meeting in the International Maritime Organization (IMO) in November 2021. We consider this a missed opportunity as many states presently support at least a net zero target for 2050. We need IMO to deliver to stand a chance to decarbonise shipping and we need progress now. It is time for ambitious states to be more forceful and direct. The global shipping community – shippers, investors, bankers, shipowners, authorities and many more – stand united in calling for regulation. Maersk will continue to engage closely with IMO states to secure progress before the next IMO meeting in June 2022.

The solution must be a package of measures centred around:

- A global standard for accounting for the life-cycle greenhouse gas emissions from marine fuels (securing the needed production of the new fuels)
- A 'drop dead' date to mark a future deadline for the building of fossil-fuelled ships;
- A global fund and GHG price to secure just transition (i.e. channelling support to developing countries);
- Definition and deployment of green corridors;
- Enhancing the IMO data collection system and ensuring it is transparent

Regional measures as a needed stepping stone

With the publication of the Fit for 55 package, the European Union has advanced its ambitions to make Europe the first climate-neutral continent by 2050 and deliver the EU's 2030 emissions

reduction objective of at least net 55%. Maersk fully supports the EU's ambitions and not least the multi-pronged approach whereby proposals are put forward to address the production of the right fuels (Renewable Energy Directive), the use of the right fuels (FuelEU Maritime) and the right behaviour from shipping companies (Emissions Trading System). It is, however, imperative that the many proposals in the Fit for 55 package complement not only each other but also the work at IMO level.

Maersk therefore welcomes the fact that the EU has acknowledged the importance of fuel lifecycle assessments as well as included in several proposals all relevant GHG emissions (i.e. methane and nitrous oxide). The EU must now evaluate how best to use these initiatives to support the development of mid and long-term measures at IMO, as EU measures will at best be able to address 15% of the emissions from maritime transport.

Driving change through pricing

Economists and climate experts agree that the most effective way of driving the green transition of society is to put a price on emissions.

We believe IMO should take steps to introduce a greenhouse gas price phased in over a couple of years by 2025 to reach a price level covering the competitiveness gap between fossil and renewable fuels.

A fair estimate of this gap would be at least 450 USD per tonne fuel, i.e., at least 150 USD per tonne CO₂ equivalent, in the medium term at current oil price.

Equally important all greenhouse gases must be considered. Fuel assessments should be based on a full life cycle analysis, or we would risk pushing shipping's emissions to elsewhere in the supply chain.

Revenues collected from this market-based measure will be unprecedented and should be recycled into R&D investments in green fuels and improved resilience into logistics chains



Launch of the First Movers Coalition, of which Maersk is a founding member, at the UN Climate Conference COP26 in Glasgow.

across the world with focus on supporting developing countries.

It would be unfortunate if these revenues ended up funding existing technology, were used as state subsidies to shipping companies or simply became a tax on shipping. Instead, part of the revenue should be specifically earmarked for 'just transition' initiatives in developing countries which may or may not be directly linked to shipping.

The need for a just transition

Addressing the climate crisis requires a massive shift across systems in the ways the global economy and society operate, physically, economically and socially to reach net zero GHG emissions by mid-century or before. The necessary change will simultaneously create new jobs and opportunities, but at the same time, the transition is likely to spur significant job displacement and new migration patterns. Ensuring that the energy transition is a just transition is paramount.

We understand the risk that our ambitious and accelerated decarbonisation strategy can cause unintended impacts on peoples' rights, including jobs displacement and new supply chains (for example sourcing of biofuels) affecting communities. In addition, as demand grows for renewable energy sources, including solar and electric batteries, we will be contributing to the increasing global pressure on these developing supply chains.

As we accelerate our decarbonisation efforts and navigate the emerging challenges, we will incorporate a human-centred approach to decarbonisation, adhering to international human rights standards and continue to engage with stakeholders – workers, unions, local communities, governments, civil society, and multi-stakeholder initiatives – to understand the issues and avoid or mitigate any negative impacts. We will also continue to engage in policy debates and support initiatives that leave no one behind.

EU taxonomy reporting

The EU taxonomy is a classification system identifying environmentally sustainable economic activities. In accordance with the requirements, for 2021 Maersk is reporting against the EU taxonomy for the first time on the share of revenue, CAPEX and OPEX that are 'taxonomy-eligible' (see table). Eligible activities are activities that are covered by the taxonomy, irrespective of whether these activities meet any or all the technical screening criteria stated in the taxonomy.

The KPIs show that Maersk holds great potential to contribute significantly to the green transition, with 94% of revenue, 93% of CAPEX and 90% of OPEX reported as taxonomy-eligible.

However, since Maersk is at the beginning of its end-to-end decarbonisation journey, it is likely that a significantly lower share of activities will comply with the substantial contribution criteria outlined in the taxonomy. While Maersk therefore expects to report a low share of taxonomy-aligned activities from 2022, there is significant opportunity to increase the alignment as the company progresses on its decarbonisation pathway.

The eligible activities in Ocean mainly relate to ocean container transport and associated services. For Logistics and Services, eligible activities include road and rail freight, intermodal transportation and services and land-based

infrastructure such as warehouses and distribution centres. In Terminals & Towage, all operations are eligible as considered as infrastructure supporting ocean-based transportation. In Manufacturing & Others, only a small part of Maersk Line Limited activities relating to roll-on roll-off activities are eligible.

Maersk's non-eligible activities mainly relate to airfreight (Star Air), sourcing of marine fuels (Maersk Oil Trading), offshore oil and gas services (Maersk Supply Services) and manufacturing and servicing of containers (Maersk Container Industry). For more on Maersk's taxonomy reporting, please refer to the accounting policies section on p. 56.

A.P. Moller - Maersk taxonomy reporting for 2021

Segment	% of Group based on revenue	Economic activities covered by the taxonomy	Taxonomy-eligible activities as share of		
			Revenue	CAPEX	OPEX
Ocean	76%	<ul style="list-style-type: none"> 6.10 Sea and coastal freight water transport 6.16 Infrastructure enabling low carbon water transport 	97%	99%	96%
Logistics & Services	16%	<ul style="list-style-type: none"> 6.2 Freight rail transport 6.6 Freight transport services by road 6.15 Infrastructure enabling low-carbon road transport and public transport 	79%	67%	79%
Terminals & Towage	6%	<ul style="list-style-type: none"> 6.10 Sea and coastal freight water transport, vessels for port operations and auxiliary activities 6.16 Infrastructure enabling low carbon water transport 	100%	100%	100%
Manufacturing & Other	2%	<ul style="list-style-type: none"> 6.10 Sea and coastal freight water transport, vessels for port operations and auxiliary activities 	9%	0%	5%
Consolidated	100%		94%	93%	90%

Climate-related risk disclosures

We are committed to providing transparency on greenhouse gas emissions across all scopes, our transition pathways, and climate-related risks and opportunities. The key framework which guides our reporting on the latter is the TCFD (Task Force on Climate-related Financial Disclosures). For an overview of TCFD reporting, please see the TCFD Index in our ESG data table, which can be downloaded from our [website](#).

Decarbonisation mitigates material transition risks

In 2020, we conducted a strategic review to analyse the likelihood and implications of different scenario pathways for global warming (1.5, 2, 3 and 4 degrees) and how these might impact global demand and key sectors. This review confirmed the urgency of mitigating the transition risks to our own business (e.g., in relation to policy changes, technology, and carbon pricing and adoption) and of capturing opportunities to stay relevant in the market by supporting our customers to decarbonise their supply chains. It also confirmed the risk of not decarbonising our end-to-end supply chain at a speed that matches our customers' and investors' expectations, as a top enterprise risk to Maersk, and that decarbonisation holds significant opportunity to develop green end-to-end logistics offerings for our customers.

We manage the risks and the opportunities through our decarbonisation programme as reported in this chapter, and with clear governance as outlined on p. 12.

Assessing weather-related disruption and damage costs

As Cyclone Tauktae struck the West Coast of India in May 2021, our port terminal, Pipavav, in the area was both directly and indirectly impacted, resulting in diminished capacity to the terminal for almost two months and approximately 20m USD costs in disruption and damages.

With the increasing prevalence of exactly this kind of extreme weather event – hurricanes and storms, as well as flooding, heatwaves and water stress, it is clear that the physical impacts of climate change may affect both our land-based assets and operations and the supply chains we operate. We know this from a hotspot analysis performed and reported on in 2018 and 2019. The strategic review in 2020 also estimated that a significant proportion of global container trade could be impacted. In 2021 we initiated an in-depth analysis of this risk, including how physical climate change will impact our land-based assets, the non-owned extended infrastructure we depend on to deliver our services, our business verticals and trade flows, and what opportunities may result.

The first phase of this analysis assessed the impact of disruption including damage costs on 107 key land-based assets (terminals, logistics centres, shared service centres and data centres) and extended infrastructure, relative to three climate scenario pathways: a present, middle-of-the-road 'Stated Policy', scenario aligned with stated government policies (approx. 2.5 degrees), a more aggressive 'Paris-aligned' emissions pathway aligned with a 2 degrees scenario, and a 'No Policy' scenario resulting in a pathway leading to above 3 degrees warming. The study was performed by the Cambridge Centre for Risk Studies and is based

on CMIP6 modelling aligned with the IPCC 6th Assessment Report from 2021.

Impacts on our company

The study, which captures baseline risk not taking mitigation efforts into account, finds that the weather disruption and damage costs at the facilities are likely to increase by 30% by 2050 as a result of climate change in the Stated Policy pathway. Future losses could be reduced if the world pursues a more aggressive emission pathway, or could increase if the world fails to achieve its current stated policy commitments. The variation between the scenario pathways is only around +/- 5%, as most of the near-term change in the physical system is already baked in from historical emissions.

Another finding is that coastal floods, windstorms and hurricanes are the key drivers of increased risk, with the bulk of the impact concentrated in relatively few high-risk, large terminal assets. This knowledge will be incorporated into due diligence, loss prevention and continuity planning and assessment of where additional mitigation measures may be needed. The current measures in place to mitigate weather-related impact to our assets are among other things local severe weather preparedness plans and business interruption delegation plans. Steps have been taken to dig deeper into the climate-related risk for terminals and warehouses and articulate specific mitigating actions for individual assets.

The biggest losses will likely not stem from the damage to or disruption of assets themselves, but from the resulting disruption of the network. In 2022, the study will continue with expanded focus on wider network and supply chain impacts.



Aftermath of Cyclone Tauktae at APM Terminals Pipavav, May 2021.

Environment and ecosystems

A.P. Moller - Maersk's (Maersk) activities impact ocean and land-based ecosystems. The ships, trucks, trains, warehouses, depots and airplanes we use to store and move our customers' goods emit pollutants to air and water and influence the living environments of humans and other species.

We see ourselves as active citizens of the Earth, operating on the oceans and increasingly on land and in the air. We are committed to doing as little harm as possible while actively participating in restoring ocean and land health and resilience including protecting animal habitats where we operate. Our ESG strategy identifies four key material areas of impact, as shown in the figure below.

Working in each of these areas, we assess and monitor the impact of our operations on the environment, provide relevant training for our employees working across our operations, and engage actively on environmental issues with key stakeholders, including customers, civil society, authorities and investors, and transparently report

on our performance. Finally, we support ocean science in areas where we can leverage our assets.

As the scientific understanding evolves and the interconnections between nature, biodiversity and climate change impacts become clearer, we recognise that to live up to our responsibilities and the rising expectations of our stakeholders, our ambitions in these areas must go beyond compliance and risk management. We expect to set more detailed targets over the coming years.

Managing growth

Maersk projects significant growth in the number of facilities we operate on land, for example warehouses and depots, in line with the growth of our Logistics & Services business. We expect most of these facilities to be either leased or acquired, while we will build only a smaller share ourselves.

In 2021, we developed a corporate-wide management framework to establish standards for how we operate while doing as little harm

as possible in addition to complying with global environmental requirements.

The management framework includes an environmental and social profiling tool and an HSSE due diligence process for mergers and acquisitions which we use to identify key sensitivities and vulnerabilities in potential acquisitions. Typically, our analyses unveil challenges within governance systems and the coverage of programmes as well as data quality.

We recognise the expectations for us to have externally certified management systems in place across our full business. This is increasingly part of tender requirements and in dialogues with our customers. In ESG ratings, it is a requirement to be recognised as a leading company. Our ocean-based activities have been ISO 14001-certified for over a decade, and we are working to gain an in-depth understanding of the benefits, risks and opportunities from establishing a company-wide third-party verified system.

Four priority areas within environment and ecosystems



Why it matters

We have a responsibility to minimise negative environmental impacts from our operations, in compliance with regulations, and to live up to the requirements and expectations of our customers and other key stakeholders.

Ambitions

We see ourselves as active citizens of the Earth, operating on the oceans as well as increasingly on land.

We are committed to doing as little harm as possible while at the same time actively participating in restoring ocean and land health and resilience, as well as protecting animal habitats where we operate.

We aspire to be recognised by our stakeholders for our commitment and actions.



Targets

We set targets and measure our progress through KPIs and relevant metrics which we transparently share with our stakeholders.

Please refer to each of the subject areas on the following pages to see current targets.

Ecosystem health and biodiversity

There is an evolving understanding of the gravity of the loss of biodiversity on land and in the oceans⁶ and there is increased global momentum in this field. The UN is working towards new global goals for biodiversity, the EU is developing standards for reporting on biodiversity for inclusion in the taxonomy for sustainable activities, and the UN Ocean Summit will be held in 2022.

We recognise that biodiversity increasingly is a priority for our stakeholders, and we are committed to engaging in research and dialogue to enhance our understanding of our potential impacts and how we can contribute, including by leveraging natural climate solutions. We are currently most heavily invested in ocean-related aspects of this agenda.

Oceans cover 71% of Earth's surface and contain about 97% of its water. They redistribute CO₂ and heat, supply people and communities with food, water, renewable energy, and build livelihoods through tourism, trade and transport.

Our first obligation is to comply with existing rules and regulations that safeguard ocean health. For 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 requirements of the ballast water management convention. For each of these areas, we have policies and procedures in place to manage and mitigate risks.

On top of this, we collaborate to protect and restore ocean health. For example, we are signatories to the Ocean for Climate Declaration launched during COP 26 and we continue our membership of the Ocean Stewardship Coalition (formerly called the UN Action Platform for Sustainable Ocean Business). The topic of deep-sea mining in sensitive areas was a subject of public debate in 2021. Maersk Supply Service provided marine services to a customer, between 2018-2021, to enable environmental impact and baseline assessments for deep-sea

research. This contract has been concluded. Our work was conducted in accordance with ISA (International Seabed Authority) regulations.

Avoiding invasive species from ballast water

We comply with international conventions to perform pest control and install ballast water treatment systems on our vessels to reduce the risk of invasive species as we carry goods across ecosystems. The Ballast Water Management Convention (BWMC) obligates shipowners to have such systems installed on all vessels by 2024. We have completed installation on 53% of our fleet and are on track to comply with the full target.

Operating in sensitive and protected areas

We follow all mandatory speed reduction schemes at sea and avoid restricted zones to reduce risk of whale strikes and disturbing whales breeding. In 2021, we engaged in dialogue with WWF on this topic. It is an area where more research is needed

to fully understand how underwater noise from ships can be reduced, and we intend to initiate a study together with partners in 2022.

In our landside operations, we must ensure all necessary permits are in place to operate in sensitive or protected areas. We complete environmental impact assessments for construction projects where this is required by local laws. During 2022, we will work to set targets and develop a global standard. Also in 2022, we will work to set targets and develop systems to allow us to monitor and report on compliance for both ocean and landside activities in marine protected areas, protected areas on land and areas of protected conservation status.

Supporting ocean science

As an organisation committed to responding to and acting on science, we feel a special obligation to support ocean science in the areas where we have an impact on the environment and ecosystems. In this

Targets - ecosystem health and biodiversity

- Avoid invasive species from ballast water
- Avoid or minimise operations in sensitive or protected areas in oceans and on land
- Support ocean health through scientific research collaborations and partnerships including The Ocean Cleanup
- Avoid transport of illegal wildlife and endangered species

regard we see our vessels as a unique platform for collecting data for science. Current activities include:

- Our entire fleet of approximately 300 Maersk-owned vessels collect and transmit weather data at sea as part of a project run by the World Meteorological Organization and UNESCO.



The Ocean Cleanup's System 002 deployed for testing in the Great Pacific Garbage Patch.

- We partner with the World Ocean Council and the University of Hawaii on the Tsunami Warning Project, with monitoring equipment installed on three Maersk vessels.
- We also collect weather data for the European Common Automated Weather Stations programme, and have equipment installed at 50 of our vessels so far.

Going forward, we intend to actively seek to participate in additional relevant science projects where our vessels can provide a natural platform.

Dealing with banned cargo

As a provider of ocean carriage and logistics services, we risk unintentionally transporting endangered species, banned timber and illegal wildlife. We are committed to avoiding such transport and will continue to work with stakeholders, including NGOs, authorities and customers to eliminate the risks.

We have systems and policies in place to avoid illegal transport and are continuously developing booking screening tools and implementing improved processes to stop or prevent the transport.

In 2021, we established [a new policy on illegal wildlife trade](#), clearly stating our zero-tolerance policy towards such trade, and explaining how we collaborate to combat it.

Continued collaboration to clean up oceans

Maersk contributes to improving ocean health through our support for The Ocean Cleanup, which continued in 2021 with successful offshore campaigns in the Great Pacific Garbage Patch. For more on this partnership, see p. 50.

Waste and pollution

We strive to minimise the known negative environmental impacts related to our operations across all activities in Maersk. This commitment includes preventing spills of hydrocarbons and chemicals into the natural environments from our vessel and landside operations, as well as how we manage the waste we generate, and minimise emissions to air which include SO_x, NO_x and particulate matter.

We can also have unintended waste impacts in cases where containers are accidentally lost at sea.

Two spills in 2021

We currently report on hydrocarbon spills. In 2021, there were two uncontained spills above 10m³, both to land, in the terminals Maarsvlakte 2, Netherlands (15m³) and Salalah, Oman (28m³). Recognising that environmental impacts is an area with increasing disclosure expectations and requirements, in 2022 we intend to work towards setting targets and providing increased disclosure also including chemical spills.

Reducing emissions to air through global regulation

For the past two years, all ocean transport has been obligated to use fuels compliant with the International Maritime Organization's (IMO) 0.5% global cap on the content of sulphur in fuels.

Maersk considers this legislation a very encouraging example of effective global regulation, as it simultaneously fulfils its purpose of improving the air quality in coastal zones and is enforced in a way that keeps the commercial playing field level. The key enforcement mechanism is a ban on carrying non-compliant fuels on vessels. While port state controls were affected by COVID-19 in 2021, the reports received show that very few violations of the ban were found and that even fewer of these were intentional.

The other accepted compliance application is to install scrubbers on vessels to clean exhaust gases. The use of open-loop scrubber systems remains a discussion point. We welcome all scientific evidence on this matter but consider the current evidence insufficient to determining if a ban on open loop scrubbers is necessary in both coastal zones and open sea. The EU, some US states and Australia already require vessels to shut off this type of scrubber system when entering near-coastal waters and switch to low-sulphur fuel. We have completed our scrubber installation programme on our vessels and have no plans to expand the use of these systems.

For Maersk, SO_x emissions increased to 108,000 tonnes in 2021, up by 6% from 102,000 tonnes in 2020, but still substantially lower than the 569,000 tonnes emitted in 2019, the last year before the ban took place.

Co-founders of a new Alliance for Clean Air

Our efforts to transition to non-fossil fuels will not just reduce greenhouse gas emissions, but will at the same time reduce other harmful emissions to air such as SO_x, NO_x and particulate matter (including black carbon). In 2021, we emitted 108,000 tonnes of SO_x, up by 6% from 2020, and 889,000 tonnes of NO_x, up by about 7% from 2020. We do not have systems that allow us to report on particulate matter yet. However, despite the progress made on reducing air pollution from shipping, the health of millions of people around the world is still affected by air pollution every year. In 2019, it was the fourth leading risk factor for early death worldwide. It therefore remains a critical issue to address. In 2021, Maersk became a founding member of the Alliance for Clean Air, which has as one of its goals to develop a methodology to measure emissions of particulate matter across scopes. In doing so, we commit to establish air pollution footprints on SO_x, NO_x, and

Targets - waste and pollution

- Avoid spills from vessels and minimise pollution impacts across all operations
- Reduce air emissions impacts (SO_x, NO_x and particulate matters)
- Avoid accidental loss of containers to the sea
- Ensure strong environmental management systems in place across all operations

particulate matter (including black carbon) during 2022 and set ambitious targets to reduce these air pollution emissions with a clear action plan. Subject to finalisation of the methodology in due time, we further aim to report these figures starting with our Annual Sustainability Report for 2022.

Waste management challenges

In 2021, we generated a total of 339,000 tonnes of waste, up from 283,000 tonnes in 2020. This is mainly due to the increased activity in our Ocean business and an increase in non-hazardous waste from APM Terminals. Of the 339,000 tonnes, 216,000 tonnes is hazardous waste.

We reviewed and refined our procedures and garbage plans for both ocean and landside activities in 2021.

On our vessels, Maersk allows for food waste to be discharged at sea, but otherwise obligates all vessels to store waste and discard it when in a port with adequate facilities. However, we continue to be challenged by the lack of reception facilities in ports and the lack of transparency on waste management infrastructure for many of our landside facilities. A priority for 2022 is to gain a better overview of our waste supply chain across our business.

Lost containers at sea

Starting this year we will disclose the number of lost containers overboard as part of sustainability reporting.

We report on the loss of containers to all relevant authorities and salvage where possible. In 2021, Maersk lost 962 containers at sea⁷, which came from two incidents in January, where Essen Maersk lost 727 containers overboard, and in February where Eindhoven Maersk lost 235 containers. These were exceptional losses far above the norm. In the past decade, the only other exceptional year was 2014, where 553 containers were lost. In all other years, the losses have ranged from 0 to 110 as the highest, with an average across the decade of 30 containers lost, mainly due to adverse weather conditions.

Maersk is committed to avoiding lost containers and we are working hard to play an active role in the prevention of these losses. To that end, we participate in the TopTier project, a joint industry collaboration addressing the root causes of the loss of containers from large vessels.

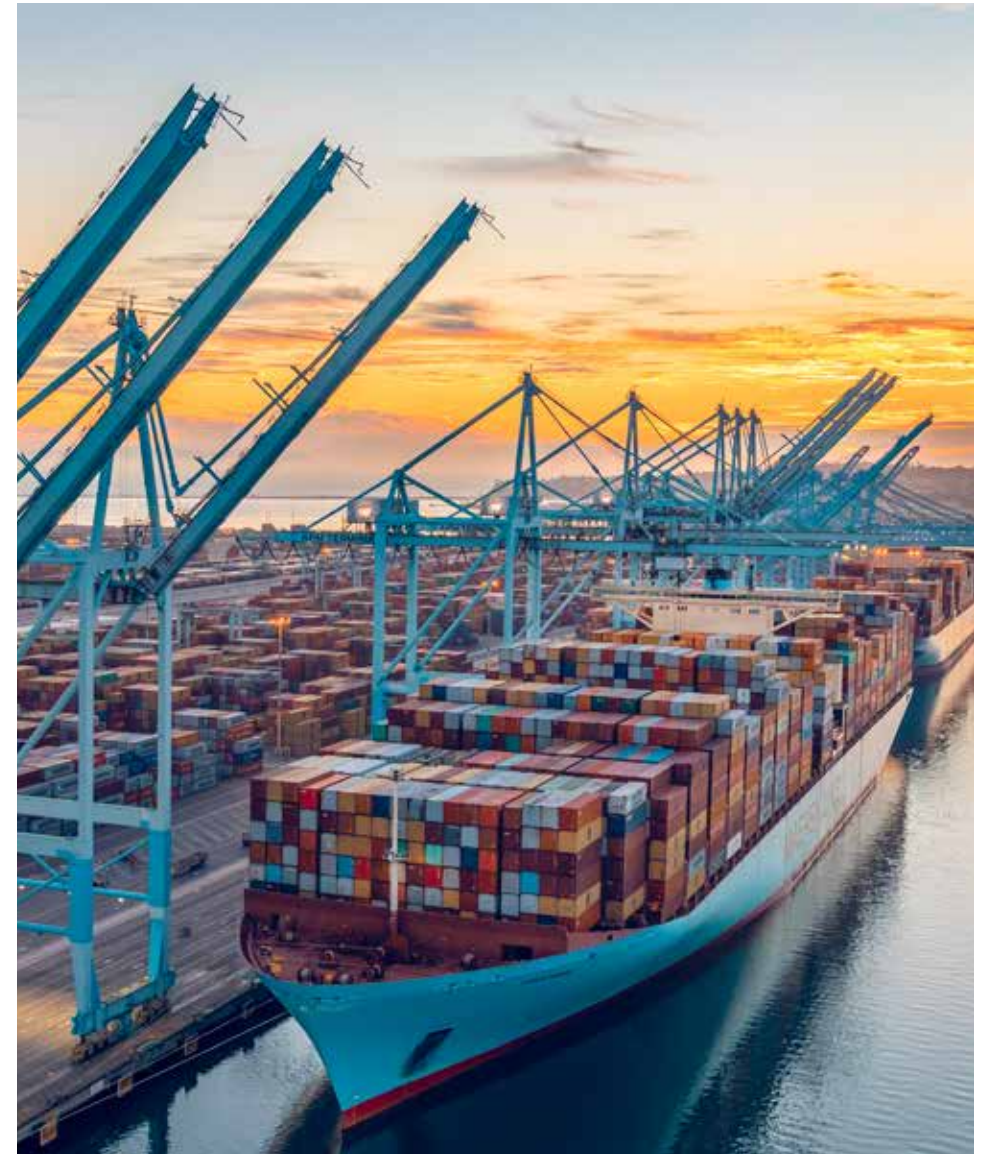
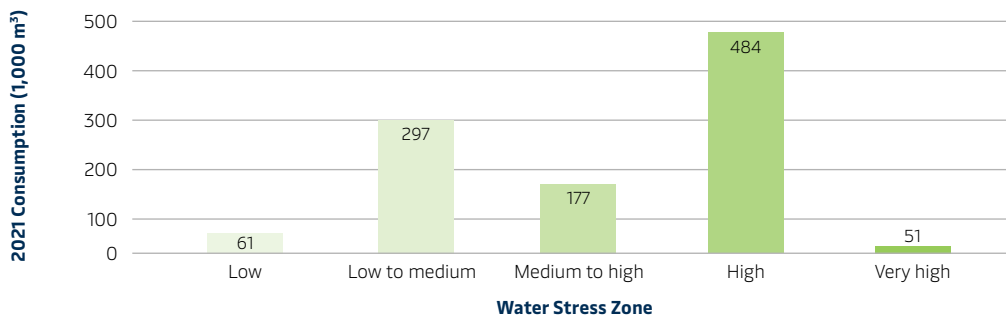
Efficient resource consumption

Managing our resources effectively, and reducing the resource impacts from our operations, is a topic of increased attention for our stakeholders including regulators. Our efforts to reduce energy consumption are managed and reported in the chapter on Climate change. In addition, we have identified two key focus areas where we intend to work to enhance our understanding of our impacts and set targets:

- Efficient resource use, recovery and recycling
- Freshwater consumption in water-stressed areas

Our water usage increased in 2021 from 1,736,000m³ in 2020 to 1,834,000m³ driven by the growth in the Logistics & Services business. In 2021, our Terminals business piloted a new way of consolidating water consumption data across different water stress zones⁸ (see figure below). This new approach identified that around half of our terminals' water use is in high and very high water stress zones in 2021. This context provides a better understanding of the risk of water use in our Terminals business and enables teams to prioritise and manage these risks. In 2022 we will expand this approach to all our landside operations.

Water consumption in water stress zones, Terminals business



Eugen Maersk at APM Terminals Pier 400, Los Angeles.

⁷ The World Shipping Council collects data from the container industry on total global losses of containers. The 2021 report was not available at the time of this report's publication.

⁸ Based on water stress zones identified using the WRI Aqueduct (www.wri.org/aqueduct), accessed in August 2021.

Responsible ship recycling

In spite of many shipowners having policies for responsible ship recycling, nearly 90% of the gross tonnage recycled is done under poor health, safety and environmental conditions. As global ship recycling volumes⁹ are set to nearly double by 2028 and quadruple by 2033 there is an urgent need to ensure that this growth in demand for ship recycling services will be met by suppliers with responsible practices.

Over the past six years, Maersk has recycled 16 vessels in seven yards in Alang which is one of the three locations in South Asia where around 20%¹⁰ of the world's tonnage is sent for recycling. Playing the role of a catalyst, our engagement in

the area has driven a transformational change in the Alang ship recycling industry. Over 90 of around 120 operational yards in Alang have voluntarily invested to be compliant with The Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships (HKC), though this is still pending entry into force. Maersk vessels are recycled in accordance with the Maersk Responsible Ship Recycling Standard (RSRS), which is a stringent interpretation of the HKC and our responsible procurement programme.

Progress and activities in 2021

In 2021, we placed two vessels for recycling with

yards in Alang, and completed recycling of three vessels. We continued our audit regime that encompasses a screening of partners, full-time presence by Maersk staff on the ground and external verification audits.

Despite COVID-19-related challenges in 2021, our yards engaged in safe, environmentally sound and RSRS-compliant recycling operations. As in previous years, external audits continued after landing a vessel in a yard, including one that we engaged with for the first time, until only one finding related to excessive overtime remained. This is a challenge in many industries and geographies with migrant workforces.

Alang impact assessment

The study covers the period 2017-2021, during which 14 Maersk ships were responsibly recycled at six Alang yards engaging more than 1000 workers.

Our engagement

Health and safety	Environment	Labour and human rights	Wider Alang development
Over 2,950 man-days of supervision	Over 82,000 m² impermeable floor established at yards	Over 1,300 workers' homes made ILO-compliant	Over 62,200 consultations in Mobile Health Unit Over 5,800 laboratory tests
Over 4,350 trainings	20 heavy-duty cranes installed	Improved social security standards and working conditions	Over 5,000 workers part of health awareness training programme
Over 40 Lloyd's Register audits	Over 35 environmental tests	Over 35 Maersk responsible procurement audits	

The impact

Zero fatalities Zero lost time injuries	Zero spills and hazardous materials incidents Minimised environmental impact	Improved living standards Improved labour management and social security standards	Enhanced healthcare access Improved health awareness and outcomes
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Why it matters

Only a small share of all vessels globally is recycled responsibly. The projected growth in demand for recycling capacity for very large vessels add to the urgency of creating new opportunities for responsible practice-driven, financially viable recycling. As a leader in the shipping industry, we have a responsibility to use our leverage to make a positive impact.

Ambitions

Ensure safe and responsible ship recycling globally to the benefit of workers, environment, responsible yards and ship owners.



Targets

- 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 the Ship Recycling Transparency Initiative scale-up work and raise the profile of transparency
- Identify Maersk's role in decarbonising the global steel value chain by leveraging ship recycling volumes in the long term

⁹ Sustainable Shipping Initiative - Exploring shipping's transition to a circular industry, June 2021 (www.sustainableshipping.org/resources/shippings-transition-to-a-circular-industry/)

¹⁰ 2021 Annual List of Ships Scrapped Worldwide (Excel), NGO Shipbreaking Platform, February 2022 (shipbreakingplatform.org/platform-publishes-list-2021/)

We also updated the impact study of our investments and activities in Alang. The study covers 14 vessels recycled between 2017 and 2021, as well as our access to health efforts in the wider Alang community. See the table on p. 33.

The mobile health unit, which we have supported since 2018 to improve healthcare access in the wider Alang area, provided nearly 15,400 health visits and 1,050 laboratory tests in 2021. The training programme, supported since 2019, raised awareness on hygiene, substance abuse and sexually transmitted diseases continued, and to address the evolving needs of the community, an additional training module on material handling and ergonomics was introduced and skin camps organised.

Regulatory landscape: still challenging

During 2021, the regulatory landscape for ship recycling changed as some gaps in the EU Ship Recycling Regulation were closed. However, challenges remain and pose a risk to having the right solutions ready in time.

What was reconciled in 2021 was the uncertainty related to the effect of the 2019 entry into force of the Basel Convention on export of hazardous waste. Were it to supersede the EU Ship Recycling Regulation, this could effectively hinder non-OECD countries such as India from offering to recycle ships coming from OECD countries. The new EU Waste Shipment Regulation (which implements the Basel Convention) was published end-November 2021 and proposes that the EU Ship Recycling Regulation will take precedence when it comes to European flagged vessels, and to amend the EU regulation accordingly¹¹. This means that yards in non-OECD countries will remain eligible for inclusion on the EU's list of approved recycling facilities, provided these can meet the requirements stated.

Creating supply for unprecedented demand

A significant part of the global shipping fleet ready for recycling in the next decade come from the post-panamax category. The name is derived from the fact that they are too large to pass through

the Panama Canal, and they are also too large to be responsibly recycled at the vast majority of the world's currently available recycling facilities. Given this challenge, it is crucial that we engage to create responsible ship recycling opportunities for mainstream, commercial, post-panamax vessels globally. We need to begin to send demand signals and lead the creation of new opportunities for responsible ship recycling. In 2021, we progressed our ongoing dialogues with global players and assisted with research and technological developments, building the business case and performing due diligence for potential sites.

Compounding this urgency is the delay in including yards in non-OECD countries in the EU List – which lists yards allowed to recycle vessels registered in EU countries. The fact remains that very few yards included in the EU List are capable of handling post-panamax vessels, and that even fewer wish to accept commercial vessels for recycling as their current activities are more profitable. This was confirmed by a 2020 study by the Baltic and International Maritime Council (BIMCO)¹².

Uniting for change

We remain steering group members of the Ship Recycling Transparency Initiative (SRTI), to which we were founding signatories in 2018. The SRTI aims to accelerate a voluntary, market-driven approach to responsible ship recycling and today has 13 shipowners across a range of vessel types and geographies disclosing data on their ship recycling policies and practices. This enables lenders, investors, cargo owners and others to make informed decisions and reward good practice

Ship recycling's link to green steel

Steel is one of the core engineering and construction materials today. However, the steel industry is among the three biggest emitters of CO₂¹³. Some of our customers are engaging on this subject through ResponsibleSteel, a non-profit collaboration developing an independent third-party certification programme for the steel value chain. Financial institutions and investors are focusing on the issue via ESG ratings and global coalitions such as the MSCI, Glasgow Financial Alliance for Net Zero, etc. While green steel does not exist today, the technology is maturing for it to be from around 2025. Steel-scrap emerging from large vessels will increasingly be recognised as a viable raw material to produce green steel. We will engage with the shipping industry stakeholders to better understand the global steel value chain and how we could play a role in decarbonising it.

through the market. 2021 saw an increase in the interest from insurance providers, allowing for more collaboration between shipowners and financial stakeholders in moving the initiative's goals forward. With a total of 30 signatories (shipowners and other stakeholders), the SRTI includes more than 50% of the global container fleet by TEU capacity.

Working on the ground



The Taasinge Maersk undergoing responsible ship recycling at R.L. Kalthia (Plot 19) in Alang, India – August 2021. The Maersk-funded Mobile Health Unit and qualified trainer imparting health awareness training to the workers.

11 Proposal for a new Regulation on waste shipments, November 2021 (ec.europa.eu/environment/publications/proposal-new-regulation-waste-shipments_en)

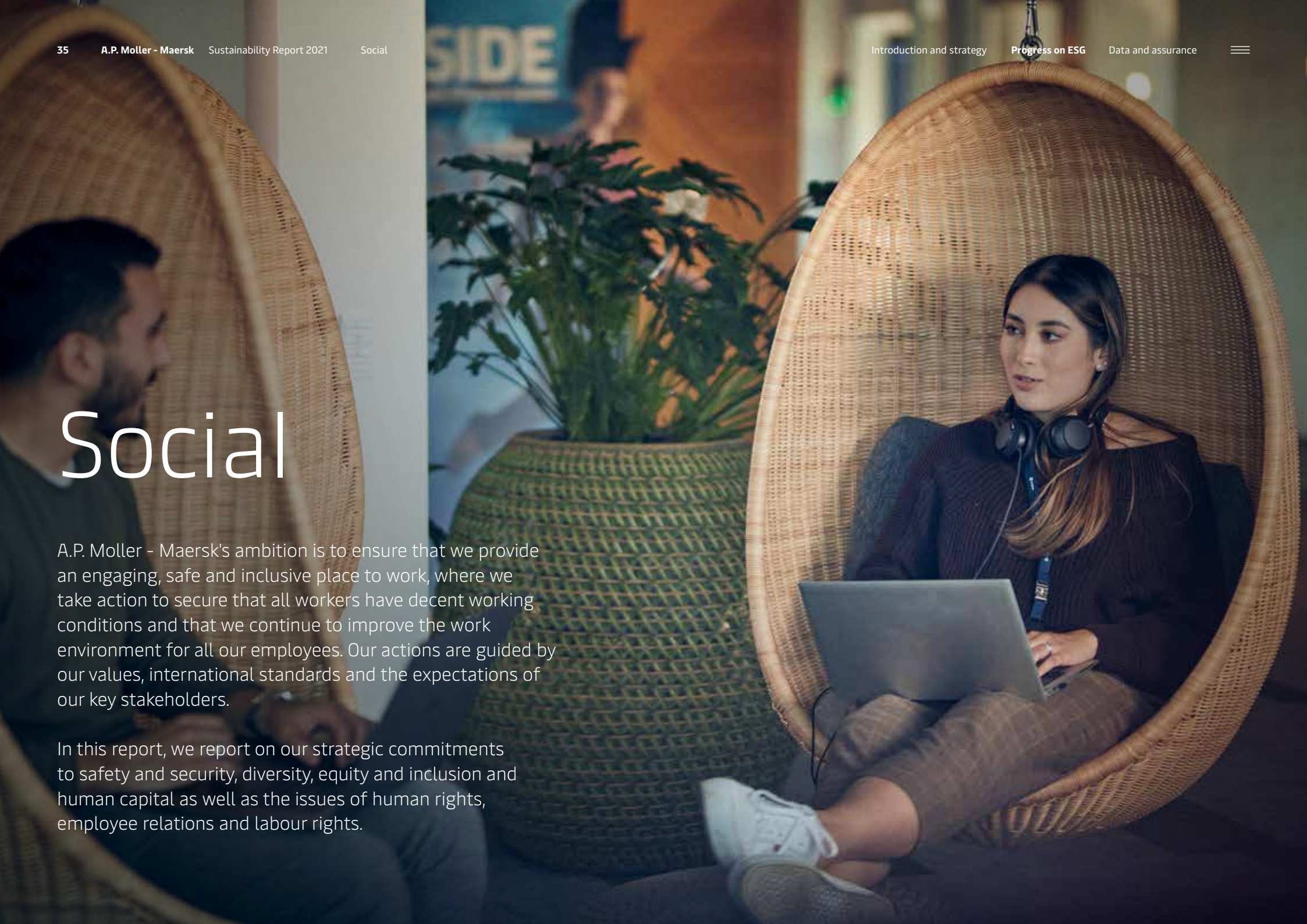
12 Report on the European List of Ship Recycling Facilities, BIMCO, December 2020 (www.bimco.org/-/media/bimco/ships-ports-and-voyage-planning/environment-protection/recycling/updated-report-on-the-european-list-of-ship-recycling-facilities-december-2020-final.ashx)

13 Decarbonization challenge for steel – McKinsey & Company, June 2020 (www.mckinsey.com/industries/metals-and-mining/our-insights/decarbonization-challenge-for-steel)

Social

A.P. Moller - Maersk's ambition is to ensure that we provide an engaging, safe and inclusive place to work, where we take action to secure that all workers have decent working conditions and that we continue to improve the work environment for all our employees. Our actions are guided by our values, international standards and the expectations of our key stakeholders.

In this report, we report on our strategic commitments to safety and security, diversity, equity and inclusion and human capital as well as the issues of human rights, employee relations and labour rights.



Safety and security

A.P. Moller - Maersk (Maersk) provides jobs for 95,000 people in over 130 countries. It is our prime responsibility to keep them safe and free of harm while they perform their work duties at sea, in the air, in terminals, warehouses and offices. For this reason alone, safety and security is one of three core commitments in our ESG strategy.

Keeping our employees safe from harm means that we must work to eliminate fatalities and life-altering injuries and strive for as few lost time injuries as possible associated with our operations.

Leading the drive to improve safety

We firmly believe that to drive progress, the performance indicators we track must focus on the diligent implementation of robust processes and actions that lead to building the safety culture necessary to keep employees safe and secure. Backed by research, we find that driving change towards an improved safety culture cannot be achieved by setting zero-targets. Such targets are known to incentivise behaviour that is not conducive

to open and trust-based environments that report and learn from safety risks and incidents. In other words, work environments that have the capacity to fail safely, meaning that even if accidents or incidents occur, our safety culture, processes and mitigating actions have the strength needed to ensure that no significant harm occurs.

For safety and security, our ESG strategy therefore sets out targets towards 2023 on leading indicators for safety capacity. Reaching these targets requires us to invest and commit resources to building leadership capabilities and improving our safety culture:

- We focus on High Potential Incidents as predictors of where there is a heightened risk of fatal and life-altering accidents. We are rolling out the use of Learning Teams across the entire organization, with an overall strategic target of ensuring that by the end of 2023, all High Potential Incidents will trigger a frontline Learning Teams follow-up to enable leaders and the frontline teams to learn from and prevent

similar incidents in the future. See box on p. 37 for more on Learning Teams and other key safety concepts.

- The second strategic target is that by the end of 2023, Maersk's entire global leadership (Top 900 leaders) will have gone through comprehensive training in the Maersk Safety and Security Principles that form the core of our approach to safety and security, enabling leaders to champion and effectively take on the critical responsibility to ensure that we are doing everything we can to make safe work easier.

Loss of life sadly remains a risk

To our great distress, four persons lost their lives while working for us in 2021. We can never bring families and friends back to their loved ones, but as a company we have a solemn obligation to learn from these tragic events. We will continue to work to eliminate the factors and behaviours that lead to such fatalities and life-altering events.

Fatalities in 2021

In 2021, we tragically lost four colleagues in our fleet and landside operations. Action has been taken in response to each incident across our global operations.

Business segment	Location	Description and learnings	Employed by
Logistics and Services	Benin	A sales executive fell to the bottom of an unmarked, faulty elevator shaft at a customer location, and died from his injuries. We have revised the customer visit safety protocol.	Maersk
Logistics and Services	Tanzania	A security guard in a Maersk depot was fatally hit by a truck operating on the site. We have enhanced focus on man-machine separation in our land-based operations.	Third-party contractor
Ocean	South China Sea	A seafarer disappeared from a Maersk container vessel overnight and was presumed lost at sea. A four-day rescue operation including five Maersk vessels was not able to locate the seafarer. We have carried out a major project to improve procedures and safety equipment on board vessels. Improvements include life vests with electronic tracking.	Maersk
Ocean	Weser River, Germany	A seafarer preparing the gangway for arrival was pulled overboard as it came loose from its stowed position causing the victim to fall overboard. Despite intense search and rescue efforts by six vessels and a helicopter, the seafarer could not be found. Follow-up on this incident was included in the above-mentioned project.	Maersk

Why it matters

Safety and security at work is a basic human right, and we have a duty of care for employees and anyone operating on our sites, whom we must keep safe. It is a Core Value and an ethical responsibility for us as a company towards our employees, their families and communities.

Ambition

We ensure everyone gets home safe by preventing fatal and life-altering incidents.



8.8

Targets

2021

Leading indicator targets for building safety capacity 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)

2023

- 100% High Potential Incidents trigger frontline Learning Teams
- Global Leadership (Top 900) upskilled in Maersk Safety & Security Principles

Acting on our Safety and Security Principles

We want safety to be embedded into the fabric of our business and ensure that we have the capacity to manage risks under variable conditions. This must be enacted through leadership that engages with frontline employees and provides the support they need to make safe operations easier.

Maersk's approach to safety and security is guided by four strategic principles:

- We lead with care and will improve leadership capabilities.
- We learn and adapt and will build capacity to manage serious risks through controls and safeguards.
- We improve our culture of learning by promoting employee voice, engagement and knowledge sharing.
- We enhance foundations both structurally and operationally with simple, accessible tools and competent advice.

We carried out activities within each of these areas in 2021.

To **lead with care**, we conducted 16,790 Leadership Gembas (see box at right) where senior leaders engage with frontline employees to learn and respond to what is needed to make safe work easier.

Update on legal proceedings

As part of legal proceedings following a fatal accident involving a tugboat in 2019, Svitzer, a Maersk's business, in 2021 indicated a guilty plea to the two charges the company faces, recognising that it could have done more to ensure health and safety. We continue to cooperate fully with the authorities and have implemented the findings of the Marine Accident Investigation Branch report and shared these lessons across our global fleet wherever it has been appropriate to do so.

Connecting leaders to the reality of frontline work in this way was also the theme of our 2021 Global Safety Day, which was marked by activities across all areas of operation.

To **learn and adapt**, we delivered a number of critical risk projects, including on lashing injuries, engine fires, vessel inspections and man overboard. To ensure we grow our business safely, we also issued new global safety and security requirements for all our landside operations and strengthened our HSSE review process for new business cases, mergers, and acquisitions.

To improve our **culture of learning**, we continued the rollout of Learning Teams, in which frontline teams come together to analyse an incident, task or operation on which they are the experts, to establish where safety improvements can be made. By better understanding what makes human mistakes more likely, controls and safeguards hard to use, and compliance difficult to deliver, we can expand our capacity for safe operations.

More robust safety governance

Finally, to **enhance our foundations** we continued the consolidation of our HSSE organisation to deliver one unified approach to safety and security across Maersk. We put in place clear governance structures for our work, including an updated Health, Safety, Security and Environment (HSSE) rule in Maersk's central governance system, Commit, and the launch of a corporate-wide HSSE policy and management framework. In line with our transformation into an integrated logistics company, this will ensure that our new business areas build on the safety culture, insight, experience, and high standards we have long developed in areas such as our marine and terminal operations.

As formal safety certification is increasingly important to our customers and other stakeholders, we will further explore certification needs and requirements through an operational and customer lens and deliver recommendations for next steps in 2022.

Learning Teams and Gembas: Key approaches to build safety culture

Maersk is adopting several innovative approaches to safety practice as part of our efforts to transform our safety culture. These share a common focus on engaging frontline employees to build capacity.

A **Learning Team** brings together a group of workers who are involved in a task or operation, to learn from them as the experts about everyday work, by discussing how the work is done, what works well and what does not, and how they adapt to make the work successful. Following up on High Potential Incidents with a Learning Team, we can understand challenges experienced and the adaptations and improvements required to deliver safe work outcomes by making safe work easier.

Safety Leadership Gemba walks present an opportunity for leaders to connect to operational frontline work. This is done by continuously visiting where frontline work takes place to learn about how tasks are experienced by the frontline experts. By stepping into the shoes of the frontline, leaders gain direct operational insights and expertise on how work is done, what challenges are faced, how workers overcome those challenges and what they need to do to de-risk their work and reach their goals easier and safer. By responding to these needs, leaders can be the difference between a safe and efficient job being done or a High Potential Incident occurring.



In front of our head office in Copenhagen, on Global Safety Day 2021, office staff tried their hand at the lashing of containers, i.e. securing them to the surface they stand on. Lashing is a critical process for the safety of both staff and cargo and to avoid losing containers at sea.

Safety is also about security

Maersk has a duty of care towards our employees and anyone operating on our sites, whom we must keep safe, and towards our customers whose cargo and reputation we must protect. Both of these obligations are impacted by security risks. A key security risk in 2021 was piracy. We have been monitoring the risk of pirate attack, primarily off the West African coast for a number of years. In 2021, this risk rose to levels that demands new action. To ensure the security of our people and building on our past experiences from the Gulf of Aden, we increased the security measures in place on our vessels and in our terminals. We also engaged with sovereign states to move towards a shared solution involving deploying navy vessels to patrol the area. We are highly appreciative of the contribution by the Danish navy in this regard and are looking forward to more navies joining the effort to protect the seafarers who keep global supply chains running.

We closely monitor areas of business operations affected by armed conflict to protect the safety and security of our employees and advise our customers. In Myanmar, Sudan and Ethiopia, we dedicated considerable resources to these efforts in 2021. Through our additional efforts, we have managed to keep all employees safe, ensure compliance with sanctions and export control requirements, and continue delivering for our customers. We continue to assess the situation in these locations and are in close dialogue with stakeholders.

Protecting employees in a time of COVID-19

COVID-19 continues to present many challenges to the health and safety of our employees, particularly for our seafarers. Among these are ever-changing regulations and rules, unpredictable travel lanes, and spikes in number of COVID cases.

Despite a UN resolution designating seafarers as key workers, signed by 46 countries, including many with key ocean shipping hubs, there are still severe

strains being put on our people. The key worker designation was supposed to ensure seafarers ease of travel between home and vessel, as well as the right to disembark from their ships to seek medical treatment ashore. This is rarely the case, and our seafarers are particularly pressed by the lack of shore leave and lack of access to medical care, also if unrelated to COVID-19. As an employer wanting to keep its employees safe, Maersk finds the lack of support from authorities unacceptable.

Maersk's overall approach to managing the effects of COVID-19 in 2021 was to empower local leaders to take the right decisions depending on the situation and restrictions in their area and region, while supporting centrally with information, guidance, tools and resources.

This has resulted in enhanced measures at our offices and facilities, risk mapping of countries, guidelines on travel, information about personal and community health and safety precautions, support on working from home and mental health, and support for families of employees who have been seriously ill with COVID-19 or sadly lost their life due to it.

Given the safety and efficacy of COVID-19 vaccines, we find that getting as many employees as possible fully vaccinated is the best way to continue driving our three priorities: protecting our people, supporting our customers and helping society by keeping supply chains running. Our efforts towards this end include the operation of vaccine camps, especially in locations with poor

vaccine access. More than 10,000 Maersk seafarers were vaccinated by year-end, and nearly 100% of all on-signing crew are now vaccinated.

We kept business travel severely restricted and the few who did travel had to be fully vaccinated or have natural immunity to COVID-19. Furthermore, Maersk is implementing guidance for people to be either fully vaccinated or naturally immune to enter its facilities to ensure the safest possible workplaces for its people. This guidance is being implemented locally based on many variables including the local pandemic development, public health policy and vaccine availability, and is always done in full compliance with all applicable laws, including GDPR privacy requirements as well as all union and works councils agreements and contracts.



Approx. 600 seafarers and onshore colleagues got their vaccination at the Mumbai vaccination camp.

Human capital

A key priority in our ESG strategy is to create an engaging environment for all colleagues, based on the premise that our people are the foundation for our success as a company, and that we want everyone to continue to learn and grow.

A.P. Moller - Maersk (Maersk) is moving through a transformation with changes on at least three fronts: from conglomerate to end-to-end logistics provider, from reliance on fossil fuels to industry leader in the green transformation, and from technologically conservative to digital frontrunner.

For us to succeed in this transformation, we need to attract and retain talented colleagues at all levels, but particularly for Logistics & Services and to drive our digital transformation.

One key part of our digital transformation is to build platforms to interact with customers. To support this aim, for example, in 2021 alone we recruited 1,500 engineering colleagues to the technology team. Bringing this expertise in house ensures that anyone who is developing such platforms for Maersk is fully integrated into the company and closely connected to our overarching purpose and our Global Integrator strategy.

A new people strategy

In 2021, we developed a new People Strategy which builds on past strengths while focusing on new capability areas needed for successful strategy execution. Our key ambition is to nurture a knowledge-driven organisation, capable of executing reliably, and made effective by the power of empathy. We will accomplish this through:

- A ready supply of empathic, ambitious and purpose and values-driven leaders who inspire our employees to do their very best.
- Continued investment in the development of all employees and outsized investments in areas that particularly fuel our Global

Integrator strategy and drive customer outcomes.

- A strong employer brand and talent acquisition processes that help us attract the right skills from the external market.

We are investing in these three areas and developing new measures for each in the coming years.

Measuring engagement

Driving up engagement, improving trust and revitalising our values are some of our continued focus areas. We have been focused on a renewed engagement journey for a number of years, and today we measure employee engagement twice annually. In our October 2021 survey of over 72,000 colleagues, we were placed in the 59th percentile in the Gallup organisation's database of global companies. Since we adopted the Gallup approach in 2017, we have made steady and consistent improvements towards our goal of being a top quartile engaged company. Highly engaged teams foster strong performance and deliver better

customer outcomes, and this priority will support our work to become more customer-centric and create an inclusive environment where everyone can thrive.

We have chosen a top quartile engagement score as our leading indicator of success in our work to secure the competencies we need. The surveys we use to measure engagement go beyond employee satisfaction, and also measure commitment, expectation and belonging. We aim for a top quartile score in these surveys, because organisations with these scores are known to foster environments where employees are committed to and invested in the organisation, know what the organisation expects from them, and where employees feel seen and heard. This is what Maersk needs to fulfil our strategic goals.

When survey results are available, we focus on securing that a solid follow-up is carried out in all teams across the company. We believe that each team will need to find its own way by conducting sessions to reflect and discuss team scores, design an improvement plan and monitor follow-up.



We need highly engaged employees with relationship-building skills to digitise, democratise and decarbonise global supply chains.

Why it matters

The Global Integrator strategy results in a transformation of Maersk where we are dependent on highly engaged employees and significant new capabilities within for example technology, data analysis, leadership, and sales and marketing, all of which are areas where the competition for talent is fierce.

Establishing ourselves as a leader in ESG can be a key enabler to attract talent in the 'hewer' areas, where we are hiring to support our transformation.

Ambition

We aspire to create an engaging environment for all colleagues and to become a company where our employees can develop and have thriving careers.



4.4

Targets

2025

Top quartile score on engagement survey

Diversity, equity and inclusion

In 2021 we have added a focus on equity to our work on diversity and inclusion. With equity now on the agenda, we now look at diversity, understood as who is 'in the room', inclusion, which looks at 'how do we create a sense of belonging for all the people in the room', and equity, exploring who is trying to get into the room but cannot, which obligates us to locate the barriers and processes that might prevent individuals from joining our business.

Ensuring and increasing diversity, equity and inclusion (DEI) in Maersk remains driven by our Values and the need to attract and retain talented employees. For these reasons, we have made the area of DEI a special priority in our ESG strategy. In addition, employees increasingly hold us accountable for our actions and policies to protect and further

the rights of vulnerable groups that experience discrimination in society. More recently, customers, investors and benchmarking agencies have also turned their attention to how we secure DEI.

Listening to employees

In 2021, we conducted our first global inclusion survey. We want to ensure that our understanding of issues such as discrimination, harassment, diversity and inclusion are aligned with employee expectations, and to create a baseline for measuring the effects of our activities going forward.

The survey measured employees' experiences within seven areas: leadership accountability, attraction and recruitment, equitable career progression and development, inclusive

environment, psychological safety, retention and discrimination, harassment and/or bullying.

The overall conclusion of the survey is that employees experience a strong culture of inclusion, where they feel a sense of belonging. Results also indicate that management commitment to DEI positively impacts the employee experience.

Future priorities

The survey results also point to areas of improvement. For example, psychological safety is an area we must improve. Our future work in this area includes the launch of an anti-discrimination, harassment, violence and bullying policy.

We will also work to ensure that we uphold equitable processes and practices, inspired, among



In 2021, our first two rainbow containers, designed to create awareness of LGBT+ rights, toured the world. We are now engaging with more customers and planning a significant expansion of this product, with several dozen containers set to go on the road carrying LGBT+ specific customer cargo and visiting customer sites for their internal engagement and awareness activities.

Why it matters

It is a Core Value in Maersk and a basic responsibility not to discriminate against our employees. Discrimination bars people from living up to their full potential, creates inequality and less stable and prosperous societies. Moreover, we need diversity of thought to continue to improve and develop our business, and facilitating a culture where everyone feels comfortable and is treated fairly, will help us gain access to a larger, more diverse pool of talent.

Ambition

We want to facilitate diversity of thought and create a more diverse, equitable and inclusive workplace at Maersk, where our employees feel able to bring their whole selves to work and contribute to their fullest. A key priority is to foster gender diversity as this is our largest gap and where there is particular spotlight on company performance.



Targets

Target for the Board of Directors: 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

2025

- >40% women in management (Supplemented by specific targets for different leadership levels. See figure on p. 41)
- >30% diverse nationality of executives

other things, by the fact that equitable career progression is scored lower than average by both men and women. We also saw a trend towards women and employees, who identified themselves as ethnic minorities, scoring lower across nearly every dimension compared to other groups.

The survey was a data-driven way to help us identify areas of improvement. One such area is how we build relevant, actionable data while still respecting legal frameworks on registering data on demographics such as ethnicity or gender. We also recognise that we need to continue our work on unconscious bias, to ensure that progress on our strategies and plans is not held back by such biases.

Gender action plan rollout

In 2021, we set new targets to be achieved by 2025 for the representation of gender at all management levels. To build accountability, not only are the plans

and targets broken down by business area with ownership allocated to Executive Leadership Team members, targets are also split on functional areas across the company. The targets are partnered with recommended actions focused on three main areas: attraction, retention and inclusion, and accountability. Other examples of how we want to have a razor-sharp focus on delivering on the new targets are new requirements for documentation of women considered by the executive search providers we use, and new processes for early identification of female talent.

We recognise and communicate that gender is just one of many areas of focus for DEI. In 2021, however, it is where we focused to establish the right processes, actions and leadership commitment to reach our goal.

Our target for representation of women on the Board of Directors (see graphic below) was met in 2021. The Board will continuously assess whether the target, first set in 2019, is still ambitious.

While we know we need to accelerate our progress on gender and nationality representation at senior management, we are encouraged by the progress we have seen so far this year, with the overall percentage of women, women in management and women in leadership all increasing from 2020.

Our global maternity policy includes a target of reaching a 90% retention rate for women returning to work after maternity leave. In 2021, this was the case for 82% of the target group, up from 74% in 2020.

A new look at harassment and bullying

Our annual diversity and inclusion week focused on the concept of respect. Among a broad range of activities and announcements during this week, we also carried out webinars with testimonies from employees who had previously experienced discrimination and how these situations had been dealt with.

During 2021, cases related to harassment and bullying in the maritime industry have been brought to light, including some related to Maersk. While we cannot comment on individual cases, we can state that the conduct and behaviour described in the statements made go against our values and everything Maersk stands for. We are taking all allegations very seriously. These cases only highlight our focus on building our capability in anti-harassment, discrimination, violence and bullying. With the planned launch of a new policy and mandatory training in this area, we aim to fulfill our commitment to zero tolerance and moreover to create a culture where our employees feel they belong.

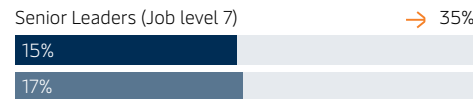
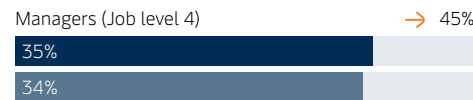
Representation of women on the A.P. Møller - Mærsk A/S Board of Directors (2021)

3 women out of 10

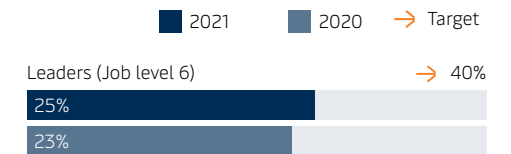
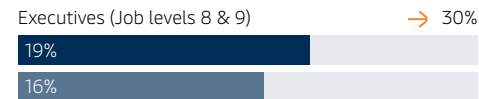
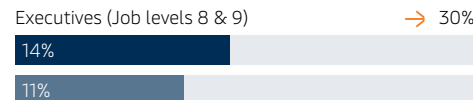


Targets and performance on diversity 2021

Representation of women



Representation of persons not from high-income OECD countries



■ 2021 ■ 2020 → Target

Employee relations and labour rights

A.P. Moller - Maersk (Maersk) is committed to respecting fundamental labour rights and constructive employee relations. Our commitment is based on core ILO conventions and internationally accepted frameworks from the UN and OECD, as well as compliance with applicable local legislation where we operate. Constructive employee relations can only exist by respecting the rights to freedom of association and collective bargaining, which means actively engaging with trade unions, works councils and/or other employee representative bodies. We manage these commitments through a rule in our central governance system, Commit, and policies for specific areas such as automation and negotiation of collective bargaining agreements. We have an Employee Relations Council that sets direction and monitors progress and a network of global, regional and local employee relations specialists. Finally, we provide training for all employees.

Postponed from 2020, due to COVID-19, this year we began roll-out of an employee relations training programme for line managers focusing on collective bargaining agreements. In addition, we developed an updated e-learning module for launch in 2022, supporting the rule on employee relations and labour rights in our governance system. This e-learning will be mandatory for all new employees, and there will be annual refresher training for all other employees.

Crew change under control

In 2021 we were able to reduce the number of colleagues who were on board our vessels longer than their contracts stipulated, compared to 2020. Out of 12,500 seafarers of 40 nationalities on 300 vessels, an average of 180 colleagues stayed on board beyond their contracts. In total, 60 crew members went beyond 11 months on board, which is the limit set in the Maritime Labour Convention. The delays were due to COVID-19-related restrictions

hindering crew change, for example crew relief is not allowed for vessels in dry dock in China. All crew were disembarked at the first opportunity.

Assessing the state of labour rights

Maersk performs a company-wide labour rights self-assessment every two years to identify risk areas and to assess the level of implementation of internal policies and procedures. The self-assessment in 2021 confirmed that our labour rights issues are mainly related to working hours, discrimination and compensation. Additionally, a rise in workplace harassment cases was noted. These findings support the results from our 2021 human rights impact assessment (see p. 43). In 2022 we will continue our efforts to strengthen the labour rights due diligence process to gather actionable insights that will help address these issues in our business.

203 cases related to potential violation of HR-related laws, rules or company values were processed through our whistleblower system in 2021, 22 cases were substantiated, with 20 related to internal policies and procedures.

Investigating contractor conditions

We must ensure that our growing portfolio of warehousing and other land-based logistics services, including trucking, is managed with full respect for employee relations and labour rights. This includes the working conditions of third-party labour on our sites. In 2021, we completed four sample audits in terminals in Nigeria, Colombia and Oman. The audits show indications of issues in conflict with our Supplier Code of Conduct, for example on working hours, overtime, health and safety and workers' accommodation. We also conducted audits at warehouses we use but do not own in Bangladesh. These audits resulted in similar findings. We have taken immediate actions

to address all issues found. In addition, we will be conducting a landscape review of third-party labour agreements and practices across our terminals in 2022, with results being shared across Maersk and expected to lead to adjustments and improvements in our policies and practices.

We are also engaged in collaborative pilot initiatives on responsible trucking. It is clear to us that improvement in labour conditions for trucking need to take place at an industry level (see p. 47).

Growing and modernising responsibly

One element in our journey to integrate global logistics is the modernisation of some of our ways of working, including more extensive use of automated processes.

Since 2018, we have had a set of principles to guide how we engage with and communicate such plans and changes to employees, including a focus on re-skilling for new job types. In 2021, we added to these principles that new automation initiatives in our terminals will go through an employee relations review, before final decision-making and implementation. We began such reviews in two ports with planned automation projects.

Fair and equal wage

Our values and commitments to international labour standards obligate us to pay fair and equal wages to all employees.

We are also aware of the increasing level of attention given to the issue of living wages as part of the debate on corporate touchpoints with the issue of inequality, and also represented in the ideas for an upcoming EU social taxonomy. We follow this area closely and will seek out relevant ways to engage on the issue in the years to come.

Why it matters

The way we treat our employees and their representatives is fundamental to the way we want to do business. This begins with ensuring respect for internationally recognised labour rights in all our workplaces.

Ambition

We offer decent, fair and equal working conditions and make Maersk a good place to work for all our people. We identify risks for third-party labour and implement mitigating and preventive actions and involve employees in our efforts to secure that our growth adequately considers our responsibility towards employees.



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Targets

2021

- Perform four pilot audits on third-party labour to monitor risk and compliance
- Secure commitment and principles for timely involvement of employee representatives as our business grows and more automation is introduced

2023

100% of employees within Maersk trained in employee labour rights

Human rights

A.P. Moller - Maersk (Maersk) is committed to respecting human rights, in line with the UN Guiding Principles on Business and Human Rights (UNGPs). As members of the UN Global Compact since 2009, we have been integrating our commitment since and reporting our progress on our website and in sustainability reporting.

Human rights are managed across many different business areas (see overview below) and governed through the central governance framework, Commit. In addition, human rights as a cross-cutting topic is governed via our ESG governance framework (see p. 12). We engage regularly with stakeholders, including rightsholders, on how we manage our human rights responsibilities.

Preparing for mandatory requirements

In 2021, we formalised our commitment to respect human rights by publishing Maersk's Human Rights Policy statement on the [sustainability website](#) on Maersk.com. The statement complements existing commitments to respect human rights as outlined in our Employee and Supplier Codes of Conduct. We have also firmly anchored the topic of human rights in the new ESG governance framework, ensuring human rights risk assessments are

conducted regularly and issues can be escalated when relevant.

These measures serve to strengthen our human rights programme and prepare Maersk for continued compliance with increasing regulatory measures based on the UN Guiding Principles, and documentation requirements brought about by the implementation of EU regulations on sustainable finance, corporate reporting and mandatory due diligence in value chains.

Re-determining our most salient risks

In 2021, we performed a corporate-level human rights assessment with a third-party provider, reviewing our business operations and relationships to refresh our understanding of our potential and actual human rights risks and impacts across the company's value chain. We consider this an important step at a time when Maersk's evolution to an integrated transport & logistics company is also transforming our human rights risk profile.

The issues identified as most salient across our value chain are health & safety, working conditions (wages, benefits and hours), modern slavery and access to remedy. In addition, there

Integrating human rights in due diligence processes

In 2021, we continued to integrate human rights issues into existing due diligence processes. Some of these efforts included:

- Incorporating questions on community impacts in our environmental screening of M&A opportunities.
- Strengthening or efforts to capture human rights relevant risks in third-party due diligence.

For 2022, we will continue this progress, using the recommendations from the corporate-level human rights assessment as a guide, and communicate developments on our website.

are emerging issues linked to data ethics and just transition. In 2022, we will define and prioritise areas for action. Some of these activities will include continued efforts to improve due diligence on high-risk suppliers and strengthening our grievance mechanisms.

Human rights in this report



Climate change p. 27

The right to life, the right to work and the right to adequate standard of living.



Air emissions p. 31

The right to the highest attainable standard of health.



Responsible ship recycling p. 33

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



Safety and security p. 36

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



Diversity, equity and inclusion p. 40

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



Employee relations p. 42

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.



Data ethics p. 48

The right to privacy, the right to freedom from discrimination and the right to freedom of expression.



Sustainable procurement p. 46

Human rights principles and standards related to labour.

Why it matters

Many aspects of our business touch on human rights, including our employees' working conditions, health and safety, how our vessels are built, how we use digital data and technologies, and our suppliers' business practices. Our conduct within our own business and through our business relationships can therefore have a significant impact on society, both positive and negative. Further, increasing regulation and growing expectations from our stakeholders confirm that human rights is a material topic for Maersk.

Ambition

Continue aligning our business practices with the UN Guiding Principles, and ensure that human rights considerations are integrated into our due diligence processes and ESG governance mechanisms.



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Targets

2022

- Develop action plans addressing the salient human rights risks identified in the human rights assessment
- Formalise Maersk's human rights governance framework

Governance

In this section, we report on A.P. Moller - Maersk's strategic commitments to business ethics, sustainable procurement and data ethics, and the topics of responsible tax and citizenship.



Business ethics

A.P. Moller - Maersk's (Maersk) ESG strategy takes a broad perspective on business ethics, looking at both responsibility, opportunity and risk related to our goal of promoting sustainable trade and a better society.

Expectations to employees are expressed in the Maersk Code of Conduct and in our internal governance framework, Commit, which includes relevant rules and guidelines. All employees must complete annual training in our Code of Conduct, and mandatory training on various compliance topics of key importance including in anti-corruption and sanctions. We also have a Supplier Code of Conduct for our suppliers and partners, which all suppliers must sign.

To mitigate key risks, we focus on all compliance topics including anti-corruption and sanctions as well as data ethics (see p. 48). Our ocean and logistics activities primarily face corruption risks in the form of facilitation payments when we interact with authorities in ports and at border controls. For terminals, the risk is related to negotiations with governments on concessions or other agreements to build and operate terminals as a key part of a given country's infrastructure. These risks are all managed through our compliance programme and collective actions to fight corruption and ultimately eliminate facilitation payments.

There is also a risk of corruption in our supply chain. We manage this through our Third Party Management process, focusing on integrity issues related to third parties interacting with government officials or procuring business on our behalf, and through our Sustainable Procurement programme, which manages corruption as one of a broader portfolio of risks (see p. 46).

We perform integrity due diligence covering a range of compliance topics on our agents, joint

venture partners, key suppliers and M&A targets prior to signing a contract or entering a new market. Also, we screen parties and countries (origins and destination) as well as cargo descriptions to ensure adherence to sanctions and export controls regulations as they apply to our business.

Activities and progress in 2021

In 2021, we performed our second global compliance risk assessment, the results of which help guide our efforts towards defining meaningful risk-based mitigating measures and prioritising resources for training, transaction testing and spot checks towards the most high-risk areas of our business, including our growing logistics and services activities.

Our training activities in 2021 covered Code of Conduct courses for 36,691 employees equal to 91% of the employees in scope¹⁴. We are expanding training activities and reporting by developing dedicated training for seafarers and non-office workers in 2022.

Going forward, we will report our progress on business ethics with a target of 100% of our employees being trained in our Code of Conduct by 2023.

Anti-corruption and facilitation payments

We have since 2015 reported on reductions in facilitation payments on our own vessels, also including our drive to reduce payments on chartered vessels. Given that our reporting has been stable since 2018, around zero incidents with only minor fluctuations, we will no longer continue reporting on reductions and fluctuations but instead focus our reporting on processes, concrete initiatives and actions to fight corruption. The reductions on our chartered vessels are not as stable as on our

own vessels where we have full control. However, our work with the chartered owners continues to produce results, and we maintain our goal to ultimately eliminate facilitation payments also for our chartered vessels.

Maersk's policy prohibits bribes and facilitation payments. If a situation arises where a facilitation payment cannot be avoided (e.g., life-threatening situations), such payments must be accurately recorded in the accounting systems and reported to the Maersk Compliance team. In 2021, we implemented an updated and aligned internal control on facilitation payments across Maersk. This will automatically trigger a process to put mitigation plans in place and implemented to reduce and ultimately eliminate facilitation payments.

On an industry level, we contribute to have an impact on corrupt practices at a more systemic level, as we continue to engage with the Maritime Anti-Corruption Network (MACN), who with 50% of the world's ocean tonnage as members serve as a strong collective voice against corruption. Maersk business entities are active in projects in Bangladesh, Pakistan, India, Ukraine, Egypt and Nigeria under this umbrella, with Nigeria being one of the first places where MACN has expanded its activities to also include cargo clearance.

Speak Up culture

We promote a Speak Up culture encouraging employees to say something if they see something, ensuring no retaliation. Our whistleblower hotline is one of the available ways to raise concerns. In 2021, nine instances were reported on potential public sector corruption cases. Four of the cases were not substantiated and five are still undergoing investigation.

Why it matters

Corruption is one of our key compliance risks. It undermines social and economic development, destabilises the business environment and adds to the cost of doing business and participating in global trade. It is against our values and affects external confidence as well as company morale. Non-compliance with bribery and corruption law may lead to legal and reputational risks, extra costs, inefficiencies in our business, fines, imprisonment and debarment from markets.

Ambition

With the aspiration to contribute to eliminating corruption in the industries where we are active, through both multistakeholder collaboration and actions in our own operations, our ambition is to act as best in industry, above the legal standard, meeting best international practices when operating in jurisdictions with high exposure to corruption, sanctions and export controls.



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16.5

Targets

2023:

100% of employees trained in the Maersk Code of Conduct

Ongoing:

Bi-annual compliance and business ethics risk assessments covering 100% of our operations and continued implementation of the related risk mitigation measures mitigating any uncovered risks

14 All white-collar employees in the integrated brands and their majority-owned joint ventures.

Sustainable procurement

The A.P. Moller - Maersk (Maersk) Supplier Code of Conduct sets out minimum requirements for our direct suppliers and select sub-suppliers to operate in accordance with Maersk's responsible business practices and in full compliance with all applicable laws and regulations.

As we progress on our Global Integrator strategy, we are expanding the scope of our ambitions to ensure responsibility and sustainability in our supply chain. This is driven by a greater exposure to sustainability-related risks, opportunities and responsibilities as we expand our landside activities. Also, there is growing regulatory pressure on the responsible management of supply chains. Finally, and not least, our customers clearly express that they expect us to secure responsible practices across the logistics solutions we provide, and to help them deliver on their commitments to achieve sustainable supply chains, specially in the areas of decarbonisation, labour conditions and anti-corruption.

Until recently, our supplier responsibility programme was driven to ensure compliance with our Supplier Code of Conduct, and this remains a fundamental priority. To strengthen the impact of the programme, during 2021, new paths were laid out to transform our approach to one that manages sustainability in a more integrated fashion with a supplier life cycle perspective and incorporating sustainability criteria at procurement category level. We aim to integrate ESG criteria into all phases of the supplier engagement life cycle (see graphic below) including positive supplier screening and preferring suppliers with above average sustainability credentials.

As a step in this direction, we launched a green procurement programme in 2021 looking at the environmental attributes of different procurement categories and investigating if we can already take steps to choose our suppliers based on their environmental and climate performance. Examples from categories we investigated in 2021 include corporate and seafarer travels, cleaning products for vessels and energy procurement for sites on land.

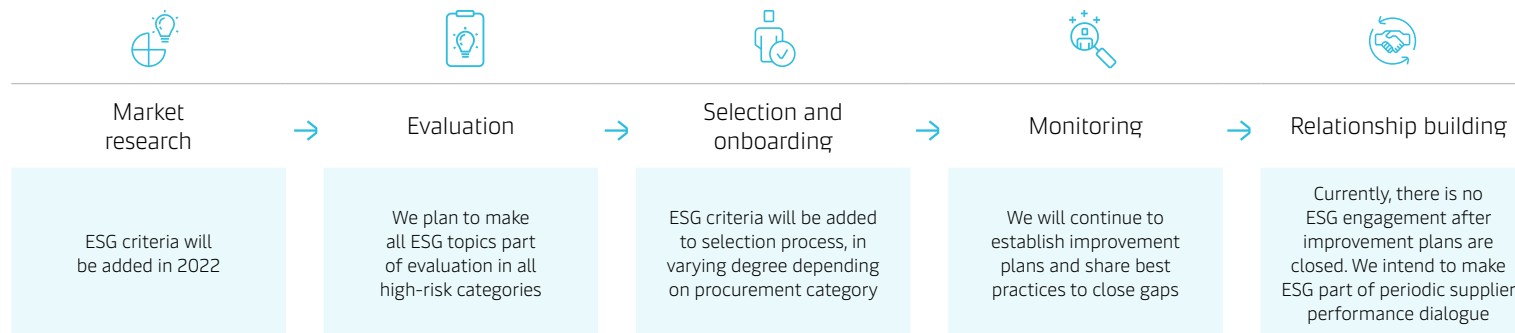
Assessing and monitoring high-risk suppliers

In our own supply chain, we annually assess compliance with the Supplier Code of Conduct with approximately 4,200 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 60,000. We use a risk-based approach working with suppliers in 15 high-risk¹⁵ categories.

Suppliers are asked to address any gaps in the implementation of requirements through a timebound improvement plan in consultation with Maersk. Periodic reviews and follow-up audits are conducted. Our audit and assessment activities in 2021 are shown in the graphic on p. 47.

We increased our number of onsite audits for logistics and services suppliers, primarily related to third-party workers in terminals and warehouses. We also provide training for relevant employees on sustainable procurement.

Expanding supplier engagement on ESG for sustainable procurement



¹⁵ 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).

Why it matters

Through our operations and purchasing decisions, we have an impact on social, environmental and economic conditions in our industry and global supply chains.

It is a clear expectation from our customers that our services are sustainable all the way. Addressing sustainability risks in our supply chain strengthens stakeholders' trust in our brand and prepares us for regulation of due diligence in supply chains.

Ambition

To live up to our commitment to procure sustainably, we will integrate ESG as a strategic topic across supplier lifecycle stages and establish end-to-end visibility on supplier performance through collaboration and engagement with an ultimate goal of co-development and innovation towards sustainable outcomes.



12.6

Targets

2021:

Ensure purchasing aligned with responsible procurement requirements, expand scope and strengthen post-sourcing follow-up, prepare for legislation on supply chain due diligence

2024:

- 100% of suppliers committed to the Supplier Code of Conduct
- >85% of strategic suppliers undergoing ESG assessments
- >80% of high-risk category suppliers with Improvement Plan successfully closed

Continued focus on third-party labour

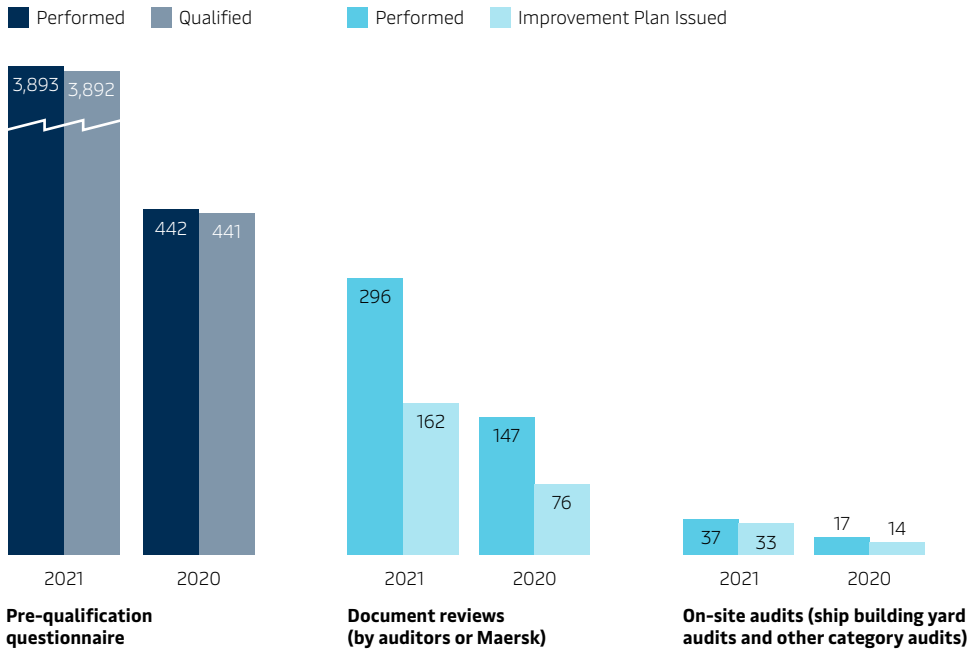
We continue to work on ensuring that people working on our premises and performing tasks for us, but not hired by us directly, are offered working conditions that meet the standards in our Supplier Code of Conduct.

We employ third-party labour in many parts of our business (see more on p. 42). Since 2019, we have worked specifically with working conditions for third-party workers in trucking and warehousing as part of our sustainable procurement efforts. We have established a pre-qualifying self-assessment and in 2021 we applied an audit process for the trucking category in five locations, involving a

collaboration between members of Maersk’s local HSSE and procurement teams.

Also related to trucking, we continued our participation in the Responsible Trucking initiative run by CSR Europe. The first phase of this project was completed and guidelines on responsible procurement practices in this category were published. We are now working with CSR Europe and other partners on how to operationalise these guidelines and build a common approach to procurement due diligence in trucking, and as part of this we reach out to the truckers working for us to get their input and experiences integrated into the proposition.

Audits and assessments in 2021



We continue to work on ensuring that people working on our premises, but not employed by Maersk, are offered working conditions that meet the standards in our Supplier Code of Conduct.

Data ethics

Data and technology open great opportunities to deploy products and services that improve our customers' business and our employees' working life. As our business model is increasingly powered by data and technology, we aim for high ethical standards in their use. Our data ethics programme enables A.P. Moller - Maersk (Maersk) to grow in accordance with our vision and set a high bar for the ethical use of data in our industry.

Our approach to data ethics takes into account the human right to privacy as it relates to data, the ethical use of artificial intelligence and careful use

of confidential data. The strong guiding vision on data ethics is necessary to grow in parallel with our increasing use of technology and corresponding volumes of data. We want to 'do the right thing' when handling our customers' and other stakeholders' data, so we can earn and maintain their trust.

We are prepared to meet the increasing regulation in this field, such as the new provision in Danish law which requires companies to communicate their data ethics policy in the annual report for 2021. We formalised this policy in 2021 and it can be seen below.

Accompanying measures have been established in the form of a Data Ethics Committee, anchored with executive leadership who are accountable for implementing our policy, defining the long-term vision alongside the policy, monitoring outcomes and progress, and providing leadership to the organisation. The goal is to have data ethics integrated in decision-making systems, including processes and technologies across the company. We will track our performance in data ethics with a target on training of our employees. Further targets and metrics will be defined during 2022.

Maersk's data ethics policy

In Maersk, we use and process data based on the principles of Transparency, Respect, Security, and Innovation with the overall purpose of creating value for our customers, employees, society, and investors, while protecting their data.

Through cross-functionally anchored governance, we ensure technologies and data are used to innovate and further optimise our services, sustainability initiatives and operations, while being compliant to regulations and adhering to high ethical standards, in line with our Maersk Core Values.

Transparency: Demonstrating transparency in key aspects of data creation, collection and handling is a core feature. Transparency means our customers, business partners and employees know what data is collected, shared and how it is used by Maersk, but also that we only collect what is necessary for the purpose. Customers, business partners and employees can trust that we monitor and adjust our internal processes to keep transparency.

Respect: As a trusted partner, we continuously monitor and ensure that data is handled in a transparent manner with due respect for the choices and fundamental interests of our customers, business partners, and employees. We integrate internal controls and train our people in high ethical standards to be applied when handling data in Maersk and when using our systems.

Security: We apply the Maersk security policies when handling data to ensure both compliance with applicable laws and practices, and security of data for our customers, business partners and employees. We will ensure that our systems operate securely and make use of modern technology that can be trusted.

Innovation: In Maersk, we are committed to bring innovative solutions to our customers, business partners and employees, and equally to use innovation to positively impact the global sustainability challenges through operational optimisations and fuelling new industry norms to redefine the impact of globally integrated logistics services. Our use of data is foundational and at the very core of further advancing these innovation ambitions for the benefit of global society.

Why it matters

Managing data collected from stakeholders, including customers, is a critical issue in today's societies given that examples of undue influence and abuse of such data are increasing.

Maersk's businesses are increasingly reliant on data as a key enabler in offering our customers integrated logistics services. We manage and control the storage and use of data ethically and proactively, to avoid abuse and privacy infringement issues. We must continually safeguard our position from legal, business and reputational risks.

Ambition

We demonstrate leadership in our ability to ethically manage and use data, with customers trusting that we use their data appropriately, and do not abuse or lose their trust. We prepare Maersk for a future with high ethical standards for data as a differentiator for our customers and support to our employees.



16.6

Targets

2023

100% of employees trained on data ethics

Responsible tax

As a global integrator of container logistics, we generate profits from ocean, air and land-based activities. A.P. Moller - Maersk (Maersk) operates in over 130 countries through more than 900 entities, structuring its business in accordance with commercial and economic needs. We pay tax where value is created, within the boundaries set by legislation and in accordance with relevant authority guidelines. We seek to be tax efficient, including to prevent double taxation, interest charges, tax penalties, and we only pay tax which is due.

Our Terminals as well as Logistics and Services income is subject to standard corporate tax regimes, where income is taxed in the country where activities are carried out and in accordance with the taxation rates of the relevant countries.

Income from our Ocean activities, approx. 70% of our current revenues, is taxed in accordance with a tax regime known as tonnage tax. This is a long-established solution to the difficulties in applying normal country-based taxing on income from services provided by vessels on the high seas, calling at multiple ports across the globe. Allocation of income to these many jurisdictions is highly complex.

Under the tonnage tax regime, tax is collected in the jurisdiction where the ship owning and operating entity resides. For Maersk, this is predominantly in Denmark, but also in Singapore, Hong Kong, Brazil and the USA. In addition to tonnage tax, in many jurisdictions, ocean shipping entities also pay what is referred to as 'freight taxes', which are taxes based on various metrics, for example, a deemed profit margin on turnover linked to export volumes.

Under the tonnage tax regime, taxable income on which corporate income tax is paid is determined using vessel tonnage instead of actual profit or loss. The tonnage tax regime, on the other hand, does not allow tax deductions for depreciation on capital investments or operating expenses.

This explains why our 2021 tax contributions have not grown at the same rate as our growth in profit, which has been exceptional during the years of the global COVID-19 pandemic. Conversely, in the years from 2012-2019, the tonnage tax regime led to Maersk paying more in taxes than we would have paid, had we been subject to standard corporate taxation.

Maersk's total tax charge was USD 697 million in 2021, compared to USD 407 million in 2020, while our profits doubled over five times. For more information, see the 2021 Annual Report and the 2021 Tax Report on www.maersk.com.

Tax principles and increased transparency

Our Tax Strategy is to conduct and manage our tax affairs in accordance with our Tax Principles. These are approved by the Board of Directors annually and are closely aligned with the Group's Core Values, Code of Conduct and business strategy. They are also aligned with the B Team's Responsible Tax Principles (an organisation dedicated to elevating business performance on society issues). The principles can be seen in the Maersk 2021 Tax Report.

As part of the tax report, we have since 2020 publicly disclosed the tax we pay in the largest taxpaying countries per region, in accordance with the OECD Country by Country Reporting (CBCR)

principles. We will update this document annually going forward. We also provide full country-by-country reporting to the Danish tax authorities in accordance with our legal obligations.

The EU list of noncooperative tax authorities for 2021 comprises nine countries, of which Maersk has activities in Panama where we paid USD 1.6 million withholding taxes and incurred a loss of USD 3.7 million. In Trinidad & Tobago we paid USD 8,000 taxes on a profit of USD 41,000.

Implications of global agreement on tax

136 countries and jurisdictions representing more than 90% of global GDP, in 2021 agreed to implement regimes taxing income where it is made and not only in headquarter jurisdictions, and introducing a global corporate minimum tax rate of 15% effective in 2023.

Shipping is not subject to this 15% minimum taxation rule due to the complexity of allocating income to the many jurisdictions touched by ocean shipping activities.

We are in continuous dialogue with the OECD to create rules that are practical and appropriate for shipping activities, also involving stakeholders such as the World Shipping Council, the Danish Shipping Association and the Danish tax authorities.

Why it matters

Well-functioning tax systems, both locally and internationally, help finance education, healthcare, transport, infrastructure and other public services that support sustainable development, local societies, businesses and trade. We recognise the need for companies to support the local economies in which they do business.

Ambition

Maersk acts responsibly and with integrity in all tax matters, ensuring full compliance in every jurisdiction across the world. We work closely with tax authorities to ensure that we fully disclose relevant information and pay the correct amount of taxes whilst balancing our obligations towards our shareholders.



16.6

17.1

Targets

2023

- Full country-by-country tax reporting
- As an ongoing priority, we ensure full compliance with tax regulations in all countries where we operate and continue to engage in dialogue with stakeholders on tax matters

Citizenship

Citizenship efforts at A.P. Moller - Maersk (Maersk) focus on select global partnerships as well as local donations focusing on priority causes:

- Disaster relief and preparedness
- Empowering for trade
- Protect natural environment and oceans
- Education and training
- Health and safety
- COVID-19-related donations (since 2020)

Mitigating COVID-19 disasters

COVID-19-related support remained a key focus area for donations in 2021.

When a new surge in COVID-19 cases hit India in the spring of 2021, we combined local and headquarter expertise to establish a global control tower that would help the Indian government gain visibility over and manage the inbound flow of COVID-19-related treatment equipment. In addition, we carried out airlifts of vaccines and personal protection equipment, particularly into Nepal.

Our partnership with UNICEF was strengthened, as we agreed to give their vaccine-related

shipments special priority. This meant providing space and equipment guarantees free of charge, using a system that would automatically flag COVID-19 shipments to help prioritise them. Having ensured compliance with competition law, we also collaborated with shipping peers to gain oversight and solve shipping issues for UNICEF to avoid delays in the implementation of their vaccination programme.

Support for disaster relief

Since 2011, Maersk has been a member of the UN-led Logistics Emergency Teams partnership (LET) where we, together with logistics peers Agility, UPS and DP World, contribute with logistics support for disaster relief and preparedness in cases of major natural disasters or complex local emergencies.

In 2021, we were not called on to alleviate impacts of new disasters through LET. We completed a project in South Sudan, where we have built a vaccine cold chain consisting of three 40-foot reefer containers, including training in maintenance and operations.

Helping The Ocean Cleanup grow

Since 2018, we have partnered with The Ocean Cleanup to provide offshore and logistics support for their cleanup systems in oceans and major rivers. In July 2021, we returned to the Great Pacific Garbage Patch when The Ocean Cleanup launched their second ocean campaign resulting in proof of the system working, and 37 tonnes of plastic collected.

Expanding campaigns for employee engagement

We continued our campaign to encourage colleagues to engage and take local action as Ocean Ambassadors in support of our partnership with The Ocean Cleanup. In 2021, we combined these efforts with the annual 'GoGreen' week, a concept originating in our terminals business for employee engagement, which has now been expanded across all Maersk sites, encouraging colleagues to support local cleanups, climate action, water stress, biodiversity loss and more.



Maersk employees and other volunteers in Charlotte, NC, participating in a local cleanup event during our annual GoGreen week.



The Ocean Cleanup collected approx. 37 tonnes of plastic at the Great Pacific Garbage Patch, in 2021.



The pandemic remained a key focus for donations, and also continued to affect crew change for our seafarers in 2021 (see pp. 38 and 42).

Why it matters

Taking active responsibility to support the societies where we operate is grounded in our Core Values and an expectation to us from our key stakeholders.

Ambition

We engage in select global partnerships that leverage Maersk assets and skills to make an impact in prioritised areas aligned with Maersk's business and sustainability goals.

We support local communities and partners with donations and social investments guided by corporate guidelines.



Targets

- Continue engagement and partnership with the Logistics Emergency Teams and The Ocean Cleanup
- Leverage partnership platforms to promote employee engagement
- Improve documentation and disclosure of donations activities and impact

Data and assurance
















Summary of targets and progress across all issues

Issues	Climate change (p. 18)	Environment and ecosystems (p. 29)	Responsible ship recycling (p. 33)	Safety and security (p. 36)	Human capital (p. 39)	Diversity, equity and inclusion (p. 40)
<p>UN SDGs</p>	<p>7.3, 13.1, 17.16</p>	<p>3.9, 8.8, 14.1, 14.3, 17.16, 17.17</p>	<p>8.8, 14.1, 17.16</p>	<p>8.8</p>	<p>4.4</p>	<p>5.1, 5.5, 10.2, 10.3</p>
<p>Ambition</p>	<p>We will deliver an emergency response to the climate crisis and take leadership in the transformation of the transport and logistics sector to net zero operations.</p>	<p>We see ourselves as active citizens of the Earth, operating on the oceans as well as increasingly on land.</p> <p>We are committed to doing as little harm as possible while at the same time actively participating in restoring ocean and land health and resilience, as well as protecting animal habitats where we operate.</p> <p>We aspire to be recognised by our stakeholders for our commitment and actions.</p>	<p>Ensure safe and responsible ship recycling globally to the benefit of workers, environment, responsible yards and ship owners.</p>	<p>We ensure everyone gets home safe by preventing fatal and life-altering incidents.</p>	<p>We aspire to create an engaging environment for all colleagues and to become a company where our employees can develop and have thriving careers.</p>	<p>We want to facilitate diversity of thought and create a more diverse, equitable and inclusive workplace at Maersk, where our employees feel able to bring their whole selves to work and contribute to their fullest. A key priority is to foster gender diversity as this is our largest gap and where there is particular spotlight on company performance.</p>
<p>Targets</p>	<p>2040 Net zero across our business and 100% green solutions to customers.</p> <p>2030 Aligned with a Science Based Targets initiative 1.5-degree pathway.</p> <p>Industry-leading green customer offerings across the supply chain.</p> <p>Targets above replace previous targets: 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>We set targets and measure our progress through KPIs and relevant metrics for priority areas:</p> <p>Ecosystem health and biodiversity (incl. ballast water, operations in sensitive areas, ocean health, and transport of illegal wildlife and endangered species).</p> <p>Waste and pollution (incl. spills, air emissions, accidental loss of containers to the sea, and environmental management systems).</p> <p>Efficient resource consumption (incl. resource efficiency and freshwater consumption).</p>	<p>2022 Create opportunities for responsible ship recycling of post-panamax ships globally.</p> <p>Work with industry stakeholders to support yards globally, including non-OECD countries, to achieve EUSR compliance and thereby increase actual capacity on the EU List.</p> <p>Continue development of the wider Alang area.</p> <p>Actively support the Ship Recycling Transparency Initiative scale-up work and raise the profile of transparency.</p> <p>Identify Maersk's role in decarbonising the global steel value chain by leveraging ship recycling volumes in the long term.</p>	<p>2021 Leading indicator targets for building safety capacity set for:</p> <p>Learning Team activity (to be completed within 40 days of every High Potential Incident).</p> <p>Leadership gembas (to be carried out according to plan).</p> <p>Critical risk projects (on-time and on-scope delivery).</p> <p>2023 100% High Potential Incidents trigger frontline Learning Teams.</p> <p>Global Leadership (Top 900) upskilled in Maersk Safety & Security Principles.</p>	<p>2025 Top quartile score on engagement survey.</p>	<p>Target for the Board of Directors: 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.</p> <p>2025 >40% women in management (Supplemented by specific targets for different leadership levels. See figure on p. 41).</p> <p>>30% diverse nationality of executives.</p>
<p>Progress 2021</p>	<p>Accelerated targets to align with a climate emergency mindset. Established decarbonisation plans for all business areas.</p> <p>Relative CO₂ emissions grew by 6.9% due to supply chain congestion disruptions.</p> <p>Continued research and investments in priority future fuels (biodiesel, green methanol and green ammonia).</p> <p>Placed order for 13 methanol-driven vessels in total, with first one delivered in 2023, last ones in 2025.</p> <p>Growth in demand for Maersk ECO Delivery of more than 170% year-on-year since 2019, and launch of emissions dashboard customer offering.</p> <p>Worked with stakeholders to build the market, fuel supply chains and policy frameworks to support decarbonisation of logistics.</p>	<p>Four key material areas of impact have been identified as part of the ESG strategy, with further detailing and quantitative targets to be defined in the coming years.</p> <p>We report on actions taken across the four areas and our performance on ballast water treatment systems, spills, emissions of SOx and NOx, waste, and water.</p>	<p>Two vessels placed for recycling with yards in Alang, and recycling of three vessels from 2020 completed.</p> <p>Continued our support for medical outreach in wider Alang.</p> <p>Continued advocacy and collaboration to advance inclusion of compliant Alang yards on the EU List, and to secure creation of new opportunities for responsible ship recycling for larger vessels.</p> <p>Contributed data and information to the Ship Recycling Transparency Initiative.</p>	<p>Carried out activities for each of the four categories in our safety approach: Lead with care (learning exchanges between leadership and frontline staff, global safety day), learn and adapt (critical risk projects, new requirements for landside operations, review for new business and M&A), culture of learning (learning teams), enhanced foundations (consolidated HSE organisation, updated HSSE rule, and company-wide HSSE policy and management framework).</p> <p>Increased security measures on vessels and in terminals to mitigate risk of privacy in West Africa.</p>	<p>Placed in the 59th percentile in the Gallup organisation's database of global companies.</p> <p>Developed new People Strategy focused on leadership, the development of all employees and a strong employer brand and talent acquisition processes.</p>	<p>Met target for representation of women on the Board of Directors. Targets for gender and nationality representation in senior management were not met.</p> <p>Introduced a focus on equity to our work on DEI. Created gender action plan including new targets, among other things based on the results of our first global inclusion survey.</p> <p>Conducted annual diversity and inclusion week focused on the concept of respect.</p>
<p>Governance</p>	<p>Governed by the Decarbonisation SteerCo with executive membership.</p>	<p>Governed through the Commit* rule, policy and management framework on Health, Safety, Security and Environment (HSSE).</p>	<p>A responsible ship recycling steering committee oversees the Responsible Ship Recycling Standard and programme.</p>	<p>Governed through the Commit rule, policy and management framework on Health, Safety, Security and Environment (HSSE).</p>	<p>Ambitions and targets on human capital are owned by our People function and overseen as an ESG priority by the Executive Leadership Team.</p>	<p>Our Diversity & Inclusion policy and targets are owned by our People function and overseen as an ESG priority by the Executive Leadership Team.</p>

*Commit is Maersk's central governance framework



This table provides an overview of our ambitions in the context of the UN Sustainable Development Goals, summary of forward-looking targets and progress in 2021, and how the issues are governed.

Employee relations and labour rights (p. 42)	Human rights (p. 43)	Business ethics (p. 45)	Sustainable procurement (p. 46)	Data ethics (p. 48)	Responsible tax (p. 49)	Citizenship (p. 50)
  8.5 8.7 8.8 16.3	  8.5 8.7 8.8 16.3	  16.3 17.16 16.5	 12.6	 16.6	  16.6 17.1	   3.8 11.5 14.1
<p>We offer decent, fair and equal working conditions and make Maersk a good place to work for all our people. We identify risks for third-party labour and implement mitigating and preventive actions and involve employees in our efforts to secure that our growth adequately considers our responsibility towards employees.</p>	<p>Continue aligning our business practices with the UN Guiding Principles, and ensure that human rights considerations are integrated into our due diligence processes and ESG governance mechanisms.</p>	<p>With the aspiration to contribute to eliminating corruption in the industries where we are active, through both multistakeholder collaboration and actions in our own operations, our ambition is to act as best in industry, above the legal standard, meeting best international practices when operating in jurisdictions with high exposure to corruption, sanctions and export controls.</p>	<p>To live up to our commitment to procure sustainably, we will integrate ESG as a strategic topic across supplier lifecycle stages and establish end-to-end visibility on supplier performance through collaboration and engagement with an ultimate goal of co-development and innovation towards sustainable outcomes.</p>	<p>We demonstrate leadership in our ability to ethically manage and use data, with customers trusting that we use their data appropriately, and do not abuse or lose their trust. We prepare Maersk for a future with high ethical standards for data as a differentiator for our customers and support to our employees.</p>	<p>Maersk acts responsibly and with integrity in all tax matters, ensuring full compliance in every jurisdiction across the world. We work closely with tax authorities to ensure that we fully disclose relevant information and pay the correct amount of taxes whilst balancing our obligations towards our shareholders.</p>	<p>We engage in select global partnerships that leverage Maersk assets and skills to make an impact in prioritised areas aligned with Maersk's business and sustainability goals.</p> <p>We support local communities and partners with donations and social investments guided by corporate guidelines.</p>
<p>2021 Perform four pilot audits on third-party labour to monitor risk and compliance.</p> <p>Secure commitment and principles for timely involvement of employee representatives as our business grows and more automation is introduced.</p> <p>2023 100% of employees within Maersk trained in employee labour rights.</p>	<p>2022 Develop action plans addressing the salient human rights risks identified in the human rights assessment.</p> <p>Formalise Maersk's human rights governance framework.</p>	<p>2023: 100% of employees trained in the Maersk Code of Conduct.</p> <p>Ongoing: Bi-annual compliance and business ethics risk assessments covering 100% of our operations and continued implementation of the related risk mitigation measures mitigating any uncovered risks.</p>	<p>2021 Ensure purchasing aligned with Responsible Procurement requirements, expand scope and strengthen post-sourcing follow-up, prepare for legislation on supply chain due diligence.</p> <p>2024 100% of suppliers committed to the Supplier Code of Conduct.</p> <p>>85% of strategic suppliers undergoing ESG assessments.</p> <p>>80% of high-risk category suppliers with Improvement Plan successfully closed.</p>	<p>2023 100% of employees trained on data ethics.</p>	<p>2023 Full country-by-country tax reporting.</p> <p>As an ongoing priority, we ensure full compliance with tax regulations in all countries where we operate and continue to engage in dialogue with stakeholders on tax matters.</p>	<p>Continue engagement and partnership with the Logistics Emergency Teams and The Ocean Cleanup.</p> <p>Leverage partnership platforms to promote employee engagement.</p> <p>Improve documentation and disclosure of donations activities and impact.</p>
<p>Carried out bi-annual company-wide labour rights self-assessment.</p> <p>Completed four sample audits in terminals in Nigeria, Columbia and Oman, and audits at warehouses in Bangladesh. Actions taken to address findings. Learnings will contribute to future work on third-party labour working conditions.</p> <p>203 cases related to potential violation of HR-related laws, rules or company values processed through our whistleblower system, of which 22 were substantiated. 20 of these were related to internal policies and procedures.</p>	<p>Published a Human Rights Policy statement for A.P. Moller - Maersk.</p> <p>Performed a corporate-level human rights assessment to re-determine our most salient human rights risks.</p> <p>Continued to integrate human rights issues into existing due diligence processes.</p>	<p>Performed our second global compliance risk assessment and began company-wide roll out of our reviewed internal controls framework.</p> <p>Nine cases related to public sector corruption processed through our whistleblower system of which four cases were not substantiated and five are under investigation.</p> <p>Continued to engage with the Maritime Anti-Corruption Network (MACN) on systemic challenges.</p>	<p>Performed audits and assessments. For results, see p. 47.</p> <p>Began transformation to more integrated management of sustainability in procurement with a supplier life cycle perspective and working at category level. Launched green procurement project.</p> <p>Applied audit process for the trucking category in five locations in collaboration between Maersk's local HSSE and procurement teams. Continued participation in CSR Europe's initiative on responsible trucking.</p>	<p>Established and communicated Maersk's Data Ethics Policy.</p> <p>Created the Data Ethics Committee as cross-functional governance forum.</p>	<p>Total tax charge of USD 697 million.</p> <p>Published 2021 Tax Report, including disclosure of taxes paid, in accordance with the OECD Country by Country Reporting principles.</p> <p>Continued dialogue with the OECD on the implications of the new global tax agreement for shipping.</p>	<p>Continued focus on COVID-19-related support for donations.</p> <p>Continued collaboration with The Ocean Cleanup as part of the extended partnership towards 2023 covering offshore and logistics support.</p> <p>Conducted 'GoGreen' week for employee engagement across all Maersk sites, encouraging colleagues to support local cleanups, climate action, water stress, biodiversity loss and more.</p>
<p>Governed through the Commit rule and policies on Global Employee Relations and the Global Employee Relations Council.</p>	<p>Anchored as a cross-cutting topic in our ESG governance framework, under the oversight of the Executive Leadership Team.</p>	<p>Governed through the Commit rule on Anti-Corruption, and overseen as an ESG strategic priority by the Executive Leadership Team.</p>	<p>Governed through the Commit rule on Responsible Procurement and overseen as an ESG strategic target by the Executive Leadership Team.</p>	<p>Governed through the Data Ethics Committee and overseen as an ESG strategic priority by the Executive Leadership Team.</p>	<p>Governed through the Maersk Tax Principles and overseen by the Executive Leadership Team.</p>	<p>Governed through internal SOPs and guidelines for global engagement and local donations.</p>

Performance data

		A.P. Moller - Maersk			Comments on 2021 Performance data
		2021	2020	2019	
1. Social performance					
Our employees					
1.1	Number of employees (FTEs)	85,375	83,624	86,279	FTE data is taken from Note 2.2 Operating cost in the audited 2021 Annual Report of A.P. Moller - Maersk.
1.2	Gender - female/total (% based on headcount)	31%	28%	28%	
1.3	Women in management (JL 4+ - % based on headcount)	33%	31%	31%	The share of women in Maersk is up 3%, while the share of woman in management and leadership has increased 2% and 1%, respectively. We also saw an increase of 3%, in target nationalities in executive leadership.
1.4	Women in leadership (JL 6+ - % based on headcount)	22%	21%	20%	
1.5	Target nationalities/total (% based on headcount)	72%	72%	71%	The improvements are mainly driven by our continued focus on diversity, equity and inclusion. Read more on pp. 40-41.
1.6	Target nationalities in executive leadership (JL 8 & 9 -% based on headcount)	15%	12%	13%	
1.7	Fatalities (headcount)	4	1	5	Regrettably, four fatal accidents were recorded during 2021, two in our fleet and two in our landside operations. Read more on p. 36. The significant improvement in our lost-time injury frequency rate was driven by an 18% decrease in the number of lost-time injuries and a 9% increase in exposure hours.
1.8	Lost-time injury frequency (based on exposure hours)	0.93	1.22*	1.16	
2. Environmental performance					
Energy consumption					
2.1	Energy consumption (total, TJ)	473,188	432,767	463,815	Total energy consumption increased 9% mainly driven by an increased fuel consumption in our Ocean operations, increased activity in Logistics & Services and from Performance Team, which was included for the first time in 2021.
2.1	Fuel oil (1,000 tonnes)	11,083	10,368	11,173	Consumption of fuel oil increased 7% mainly driven by increased sailing speeds to make up for lost time caused by the global supply chain disruptions.
2.1	Gas fuels (1,000 tonnes)	28	11	10	The increase in gas fuels is driven mainly by LNG consumption in Performance Team, a business which was included in sustainability reporting for the first time in 2021, and a general increase in natural gas consumption.
2.1	Other fuels (1,000 tonnes) - excluding biofuel	307	120	130	The increased consumption of Other fuels were mainly driven by diesel consumption in Performance Team, which was included for the first time in 2021, and due to increased activity in Maersk Sea Container Services.
2.1	Biofuels (1,000 tonnes)	82	32	8	The consumption of Biofuels was up 156% mainly driven by the significant uptake of our ECO Delivery ocean shipping product by customers.
2.2	Renewable technologies (1,000 MWh)	165	66	-	The significant increase in energy consumption from Renewable technologies of 150% was mainly driven by Maersk's investments in solar power, battery technology and green certificates in APM Terminals.
2.2	Electricity (1,000 MWh)	731	664	656	The recorded electricity consumption increase of 10% was mainly driven by increased reefer usage in APM Terminals due to global supply chain disruptions to protect perishables, and the growth in our Logistics & Services business.

JL: Job Level

*Restated based on improved reporting processes and the inclusion of exposure hours from contractors in Terminals and Logistics and Services that was not reported in 2020. The numbers of the performance indicators correspond to the numbered sections in the Performance data accounting policies

Performance data

		A.P. Moller - Maersk			Comments on 2021 Performance data
		2021	2020	2019	
Greenhouse gas (GHG) emissions (1,000 tonnes CO ₂ eq)					Greenhouse gas (GHG) emissions
2.3	Direct GHG emissions (scope 1 GHG Protocol)	36,863	33,902	36,204	Maersk's scope 1 emissions increased 9% compared to 2020. The increase is mainly driven by an increased fuel consumption in our Ocean transport-related fuel that accounts for 93% of our scope 1 emissions.
2.4	Indirect GHG emissions (scope 2 GHG Protocol) – location-based	310	289	287	Maersk's location-based Scope 2 emissions increased 2% mainly driven by the increased electricity consumption.
2.5	Indirect GHG emissions (scope 2 GHG Protocol) - market based	330	337	-	Maersk's market-based Scope 2 emissions decreased 2% mainly driven by the impact of the significant increase in procured green electricity, which was however partly offset by the general increase in electricity consumption across the company.
2.6	Value chain emissions (scope 3 GHG Protocol)	28,952	27,287*	-	Maersk's Scope 3 emissions increased 6% compared to 2020. This was mainly driven by our efforts to meet customer demands, which led to increased emissions from additional container purchases, chartering activities, and upstream emissions from increased fuel consumption. Read more on p. 25.
2.7	Total GHG emissions (scope 1, 2 - location-based - and 3)	66,125	61,478	-	Maersk's total GHG emissions increased with 7,5%. This was mainly driven increased emissions from Maersk's Scope 1 and Scope 3.
2.8	Relative CO ₂ reduction (percentage vs 2008 baseline)	42.6%	46.3%	44.9%	The relative CO ₂ reduction emission intensity (the EEOI) increased by 6.9% affected by supply chain congestions and increased consumption given higher speed to help alleviate delays for customers. Read more on p. 20.
Other air emissions					Other air emissions
2.9	SO _x (1,000 tonnes)	108	102	569	The 6% increase in recorded SO _x emissions are related to the increased fuel consumption from Maersk's fleet.
2.9	NO _x (1,000 tonnes)	889	824	888	Similar to SO _x , the increase in NO _x emissions relates to increased fuel consumption in our fleet.
Other resource consumption					Other resource consumption
2.10	Waste (1,000 tonnes)	339	283	299	Waste increased almost 20% compared to 2020. This was mainly driven by the increased activity in our Ocean business , where we operated an additional 35 vessels than in 2020, and an increase in non-hazardous waste from APM Terminals.
2.11	Water (1,000 m ³)	1,834	1,736	1,696	Water consumption increased with 5.6% driven by the growth of the Logistics & Services business.
Spills (hydrocarbon)					Spills (hydrocarbon)
2.12	>10 m ³ (number of spills)	2	2	0	In 2021, we recorded two uncontained hydrocarbon spills of >10 m ³ . Both spills were to land in the Terminals Maarsvlakte 2, Netherlands (15m ³) and Salalah, Oman (28m ³)
3. Economic performance (USD million)					Economic performance
3.1	Revenue	61,787	39,740	38,890	Financial data is taken from the audited 2021 Annual Report of A.P. Moller - Maersk. The annual accounts and independent auditors' report can be found at investor.maersk.com
3.2	Profit/loss before financial items (EBIT)	19,674	4,186	1,725	
3.3	CAPEX	2,976	1,322	2,035	
3.4	Tax for the year	697	407	458	

*Restated based on the implementation of an improved scope 3 methodology. Read more on p. 25.
Numbers of the performance indicators correspond to the numbered section in the Performance data accounting policies

Performance data accounting policies

Basis of reporting

Reporting period

A.P. Moller - Maersk A/S' (Maersk) sustainability Performance data reporting covers the period from 1 January to 31 December 2021.

Scope and consolidation

Unless otherwise stated, the Performance data is reported on the basis of the same policies as the financial statements. Thus, the Performance data include consolidated data from the parent company, A.P. Moller - Maersk A/S' (Maersk), and subsidiaries controlled by Maersk. Data is collected per legal entity per activity, and the figures are consolidated line-by-line. Data from associates and joint ventures are not included. Consolidation of Performance data using financial scope implies that:

- data relating to owned and leased-in assets are included
- data from owned assets that are leased out are not included.

Technical management of an asset on behalf of third parties follow the same consolidation principles. Thus, data is consolidated by the asset owner/lessee who uses the asset.

The consolidation for Safety (Fatalities and Lost-time injury frequency) and spills data differs from the financial policies described above. Safety data is consolidated using an operational scope approach. This means that all safety and spills is included 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. This approach excludes safety and spills 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.

The consolidation for greenhouse gas emissions data is based on the financial consolidation approach and stated in accordance with the GHG Protocol: direct emissions from owned and leased-in assets (Scope 1), indirect emissions from purchased electricity and district heating (Scope 2), and value chain emissions (Scope 3), which also includes emissions related to leased out assets.

The consolidation for Maersk's 'Relative CO₂ reduction' follows the financial consolidation approach but the scope only covers our vessels.

To ensure completeness in reported data from our offices, office standards have been developed, which can be used for offices with no production or warehousing, etc. The office standards define average consumption values per FTE and are only used if other more accurate information is not available.

Data from divestments are included until the day of transaction while data from acquisitions are included from the reporting year following the transaction. This is not the case for 'Number of employees (FTEs)' and 'Economic performance' indicators, which is reported on the basis of the same policies as the financial statements. In 2021, we have included data from Performance Teams and KGH Customs Services for the first time.

Emission conversions and calculations

GHG emissions are calculated using conversion factors for energy consumption and other GHG gases. Primary schemes used for AR5 (updated 2014), EMEP/EEA air pollutant emission inventory guidebook (2019 database), IEA (updated 2020),

DEFRA (updated 2020) and CEDA (updated in 2014). The principles for choosing among the schemes for default conversion factors are:

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

Application of reporting frameworks

Maersk does not apply a specific overall reporting framework but uses the Reporting Principles set out in the GRI 101: Foundation Standard as guidance to determine the report content and quality in terms of materiality, stakeholder inclusiveness, sustainability context, completeness, balance, comparability, accuracy, timeliness, clarity and reliability.

Changes affecting the Performance data in 2021

Reflecting the significant progress made in Maersk's Global Integrator Strategy over the past years, for 2021 we present total Group figures and not the additional figures for the continuing and discontinued operations, which we have reported historically.

Diversity KPIs

To ensure a more focused and aligned approach we have reviewed our diversity KPIs and included one new KPI and two revised KPIs in 2021:

- Women in management (Job Level (JL) 4 and above) – new KPI
- Women in leadership - revised KPI. Women in

leadership is now JL6 and above (from JL5+ in previous years)

- Target nationality in executive management – revised KPI. Our target for target nationalities exists to ensure that our leaders reflect our global footprint and employee base. As we grow as a company it has been challenging to set meaningful and relevant targets by job level. We have therefore streamlined the target to only focus on the very top level of our organisation as this is the end goal to drive more nationality diversity at our executive level.

Improved scope 3 methodology

We implemented significant improvements to our methodology and data collection for scope 3 emissions calculation and now include scope 3 emissions from all relevant categories. The 2020 scope 3 figures have been restated using the improved methodology. We have also included a KPI on the Total GHG emissions, including Maersk's Scope 1, 2 - location-based, and 3.

Updated safety definitions

In aligning our external reporting with the way we drive our safety and security efforts, the following changes in definitions have been made:

- The scope for the 'Fatalities' and 'Lost-time injuries' KPIs has been expanded to include incidents relating to criminal and terrorist activity.
- Where Maersk has no operational control, e.g. the contractor leads and directs the work, 'Fatalities' and 'Lost-time injuries' relating to contractors are no longer included in the reporting

Numbers for Fatalities and Lost-time injuries' have been restated accordingly for 2020.

Accounting Policies

1. Social performance

1.1 Number of employees

Number of employees is the average number of full-time equivalents (FTEs) employed by Maersk during the year. 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. Temporary employees on salary are included. Excluded are employees on unpaid leave and contractors.

1.2 Gender – female/total

Gender – female over total is the percentage of women employed based on headcount. Headcounts are defined as all employees with an employment contract with Maersk who are on payroll regardless of the type of contract at year end. Excluded are employees on unpaid leave (except parental leave), contractors and third-party workers.

1.3 Women in management

Women in management is the percentage of women in level 4, 5, 6, 7, 8 and 9, corresponding to Managers, Senior Managers, Leaders, Senior Leaders and Executives, compared to total headcount of the same levels. Headcounts are defined as all employees with an employment contract with Maersk who are on payroll regardless of the type of contract at year end. Excluded are employees on unpaid leave (except parental leave), contractors, and third-party workers.

1.4 Women in leadership

Women in leadership is the percentage of women in level 6, 7, 8 and 9, corresponding to Leaders, Senior Leaders and Executives, compared to total headcount of the same levels. Headcounts are defined as all employees with an employment

contract with Maersk who are on payroll regardless of the type of contract at year end. Excluded are employees on unpaid leave (except parental leave), contractors and third-party workers.

1.5 Target nationalities/total

Target nationalities over total is the percentage of target nationalities with non-high-income OECD nationalities employed based on headcount. Headcounts are defined as all employees with an employment contract with Maersk who are on payroll regardless of the type of contract at year end. Excluded are employees on unpaid leave (except parental leave), contractors and third-party workers.

1.6 Target nationalities in executive leadership

Target nationalities in executive leadership is the percentage of leaders with non-high-income OECD nationalities in level 8 and 9, corresponding to Executives, compared to total headcount of the same levels. Headcounts are defined as all employees with an employment contract with Maersk who are on payroll regardless of the type of contract at year end. Excluded are employees on unpaid leave (except parental leave), contractors, and third-party workers.

1.7 Fatalities

Fatalities is the headcount number of work-related accidents leading to the death of the employee.

1.8 Lost-time injury frequency

Lost-time injury frequency is the number of lost-time injuries per million exposure hours. Lost-time injuries (LTI) is the sum of accidents, which results in a person being unfit for work on any day or shift after the day of occurrence. Excluded from LTIs are suicide or attempted suicide, 'natural causes', incidents during the commute to and from the regular place of work and incidents which occur off the ship but where the consequences appear

onboard at some later time. Exposure hours are the total number of work hours in which an employee is exposed to work related hazards and risks. Leave and non-work-related sickness are excluded from exposure hours.

2. Environmental performance

2.1 Energy consumption

Energy consumption encompasses all 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 that is consumed/combusted at Maersk-controlled entities/vessels.

2.2 Renewable technologies

Renewable technologies is the amount of energy from solar panels, wind turbines, biomass and batteries that is consumed at Maersk-controlled entities/vessels and used for electricity or heating.

2.3 Direct GHG emissions (scope 1)

Direct GHG (scope 1) is the sum of all six Kyoto gases converted to CO₂ equivalents. Kyoto gases comprise: CO₂, CH₄ and N₂O, which are calculated based on amount of direct energy (i.e. the fuels stated under 'Energy consumption') that are consumed/combusted and HFCs, SF₆ and NF₃, which are based on direct consumption at Maersk-controlled entities/vessels.

2.4 Indirect GHG (scope 2) – location based

Indirect GHG (scope 2) is the CO₂ equivalents' converted sum of CO₂, CH₄ and N₂O, calculated based on consumed electricity and district heating bought from a third party and using location-based IEA emission factors.

2.5 Indirect GHG (scope 2) – market based

Indirect GHG (scope 2) is the CO₂ equivalents' converted sum of CO₂, CH₄ and N₂O, calculated

based on consumed electricity and district heating bought from a third party and using country-specific market-based factors for EU countries and the US and IEA factors for other countries.

2.6 Value chain GHG emissions (scope 3 GHG protocol)

Value chain GHG emissions (scope 3 GHG protocol) is the CO₂ equivalents' converted sum of CO₂, CH₄ and N₂O from value chain activities. Of the 15 scope 3 categories in the GHG Protocol, only eleven categories are determined as applicable to Maersk's business model and activities. The excluded categories are: Cat. 9 downstream transportation and distribution, Cat. 10 processing of sold products, Cat. 14 franchises and Cat 15 investment. Thus, Value chain GHG emissions comprises emissions relating to: 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 in 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. Cat. 5 - waste generated in operations, which is reported based on amounts and types of waste. Cat 6. – business travel, which is reported based on activity-data for our direct air travel and procurement data for other business travel related activities. Cat 7. – employee commuting, which is reported based on employee headcounts per location, estimated commuting distance and transportation modes. Cat 8. – upstream leased assets, which is reported

based on operations of assets that are leased and not reported in scope 1&2. Cat. 11 - use of sold products, is based on activity-data for marine fuels traded by Maersk to third parties. Cat. 12 - end-of-life treatment of sold products, which is reported based on activity data for retreatment of sold new and second-hand reefers. Cat. 13 - downstream leased assets, which is reported based on fuel consumption from vessels, tugs and planes leased to third parties.

2.7 Total GHG emissions

Total GHG emissions is the sum of reported scope 1, scope 2 - location-based and scope 3 emissions.

2.8 Relative CO₂ reduction (percentage vs 2008 baseline)

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 $gCO_2 / (Ton\ cargo \times Nm)$. In practice, we calculate EEOI on voyage level and aggregate it in the following way:

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

The data sources are:

1. 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).
2. Ton cargo - Calculated via draft and displacement tables, subtracting vessel weight and ballast water and fuel stock.
3. Nm - GPS distance from departure voyage 1 to departure voyage 2.

2.9 Other air emissions

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.

2.10 Waste

Waste is reported as the sum of all waste types generated.

2.11 Water

Water is reported as the sum of all water consumed, excluding ballast water and water for re-injection.

2.12 Spills

Spills is reported as the number of uncontained hydrocarbon liquids spills greater than 10 m³, resulting from any irreversible release associated with current operations.

3. Economic performance

3.1 Revenue

Revenue stated as in Note 2.1 of the Annual Report 2021.

3.2 EBIT

EBIT stated as in Note 2.1 of the Annual Report 2021.

3.3 CAPEX

CAPEX (Cash payments for intangible assets and property, plant and equipment, excluding acquisitions and divestments) as stated in the Consolidated cash flow statement in the Annual Report 2021.

3.4 Tax for the year

Tax for the year stated as in Note 5.1 of the Annual Report 2021.

EU taxonomy - how Maersk has prepared the revenue, CAPEX and OPEX KPIs

For 2021, Maersk's taxonomy reporting includes the objectives of climate change mitigation and adaptation which are the only two for which the technical screening criteria has been adopted. As the remaining four environmental objectives become mandatory from 2022, the reporting approach will be reviewed and expanded accordingly, which may also impact the taxonomy KPIs reported for 2021.

The taxonomy KPIs have been calculated as:

- taxonomy revenue KPI = Eligible revenue/Total revenue
- taxonomy CAPEX KPI (additions) = Eligible CAPEX/Total CAPEX
- taxonomy OPEX KPI = Eligible OPEX/Total OPEX

Maersk's process for determining taxonomy-eligible activities (the nominator of the taxonomy KPIs) has followed a three-step approach:

1. Defining the economic activities that Maersk is engaged in across the Group
 2. Assessing whether said activities are covered by the economic activity descriptions included in the EU taxonomy Climate Delegated Act
- Applying a 'linkage principle' to allocate revenue, CAPEX and OPEX according to the company's overall assessment of whether an economic activity is eligible or not.

Firstly, determination of the share of economic activities in Maersk that are taxonomy eligible is based on the segment structure and supporting activity codes in the financial consolidation system, which also forms the basis for Maersk's external financial reporting.

As such, revenue generating activity codes have been defined as an economic activity.

Secondly, based on the descriptions of what is registered on Maersk's revenue generating activity codes an assessment has been made of whether these activities are covered by the activity descriptions that are included in the EU Taxonomy Climate Delegated Act. If there is a match, the revenue registered on this activity code is considered as eligible. If not, the revenue is assessed to be non-eligible.

Thirdly, Maersk has applied a 'linkage principle', which implies that all CAPEX and OPEX related to a revenue generating activity code is considered either eligible or non-eligible based on the assessment of whether the activity code is covered by an activity description in the EU taxonomy or not.

The denominator for the KPIs has been defined as:

- Total revenue is aligned with the revenue reported in Note 2.1 Segment information of the Annual Report.
- Total CAPEX is aligned with additions reported in Note 3.1 Intangible assets, Note 3.2 Property, plant and equipment and Note 3.3 Right-of-use assets of the Annual Report. An on-top adjustment of 621 million USD has been made to exclude goodwill that is not in scope for the EU Taxonomy.
- Total OPEX is aligned with Note 2.2 Operating costs of the Annual Report. An on-top adjustment of USD 285 million has been made to exclude Group costs, including staff and consulting costs etc., that are not related to servicing and maintaining the assets.

Statement of the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the Sustainability Report of A.P. Møller - Mærsk A/S for 2021.

The Performance data in the Sustainability Report for 2021 has been prepared in accordance with the stated Performance data accounting policies.

In our opinion, the Sustainability Report for 2021 gives a fair presentation of A.P. Møller - Mærsk A/S sustainability activities and results of the company's sustainability efforts in the reporting period as well as a balanced presentation of A.P. Møller - Mærsk A/S environmental, social and governance performance in accordance with the stated Performance data accounting policies.

Copenhagen, 9 February 2022

Executive Board

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CEO

Patrick Jany
CFO

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Independent limited assurance report on the Performance data

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 pp. 54-55 in the 2021 Sustainability Report of A.P. Møller - Mærsk A/S for the period January 1 – 31 December 2021 (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 2021 Sustainability Report of A.P. Møller - Mærsk A/S are free of material misstatements and prepared, in all material respects, in accordance with the Performance data accounting policies as stated on pp. 56-58.

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 in the 2021 Sustainability Report of A.P. Møller - Mærsk A/S.

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'. The quantification of greenhouse gas emissions is subject to inherent uncertainty because of incomplete scientific knowledge used to determine the emissions factors and the values needed to combine emissions of different gasses. 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 independence requirements and other ethical requirements in the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour and ethical requirements applicable in Denmark.

PricewaterhouseCoopers 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 Performance

data accounting policies on pp. 56-58, which Management is 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:

- Performed an assessment of materiality and the selection of topics for the 2021 Sustainability Report of A.P. Møller - Maersk A/S and comparison to the results of a media search;
- Read and evaluated reporting guidelines and selected internal control procedures regarding the Performance data in the 2021 Sustainability Report of A.P. Møller - Mærsk A/S;
- Conducted interviews with Management responsible for the sustainability Management, use of company-wide systems, reporting and controls;
- Checked sustainability data on a sample basis to underlying documentation;
- Conducted analytical review of the data and trend explanations; and
- Evaluated the obtained 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 2021 Sustainability Report of A.P. Møller - Mærsk A/S. The other sustainability information on pp. 4-53 of the Sustainability Report comprises the sections 'Introduction' and 'Progress on ESG' split into sections 'Environment', 'Social' and 'Governance', regarding A.P. Møller - Mærsk A/S' 2021 sustainability approach, activities and results.

Our conclusion on the Performance data on pp. 54-55 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 2021 Sustainability Report of A.P. Møller - Mærsk A/S 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 in the Sustainability Report that are free from material misstatement, whether due to fraud or error;
- Establishing objective Performance data accounting policies for preparing the Performance data; and
- Measuring and reporting the Performance data in the Sustainability Report based on the Performance data accounting policies; and
- The content of the Sustainability Report.

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 2021 are free from material misstatements and are prepared, in all material respects, in accordance with the Performance data accounting policies;
- 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, 9 February 2022

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

www.maersk.com/about/sustainability

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Editors

Lene Bjørn Serpa
Shruti Deshpande

ESG data and reporting

Frederik Rementorp
Geetanjali Chadha
Alina Koriakina

Writer

Eva Harpøth Skjoldborg

Creative editor

Brian Borup

Design and layout

SPRING Production

Photographs

p. 9: Keith Svendsen
p. 6, 10, 35, 39: Ture Andersen
p. 17, 44: Tengku Zull Affandi Bin Tengku Yusoff & Hazmi Mohd Ali
p. 26: The World Economic Forum
p. 28: Jayesh Padaliya
p. 30, 50: The Ocean Cleanup
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p. 40: Drone Rune
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Additional content about Maersk's sustainability and ESG efforts can be found on our website: Maersk.com/sustainability



COMMUNICATION ON
PROGRESS

This is our Communication on Progress in implementing the principles of the United Nations Global Compact and supporting broader UN goals.

We welcome feedback on its contents.



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Overview of major brands that are part of A.P. Moller - Maersk



News and Reporting

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A.P. Møller - Mærsk A/S

Esplanaden 50, DK-1098 Copenhagen K

+45 33 63 33 63

Company reg. no. 22756214

www.maersk.com





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The Sustainability chapter from Faerch's Annual Report for 2021 is enclosed on the next pages.



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BUILDING A CIRCULAR FUTURE FOR RIGID FOOD PACKAGING



As a global frontrunner in circular solutions for rigid PET food packaging, we are conscious of our impact on the world around us. We believe that our success and circularity offerings go hand in hand, and we are determined to grow our business in a way that supports a long-term, sustainable future. Making food packing truly circular is at the heart of our vision and strategy, and we are constantly leveraging our scale and reach across markets to achieve our ambition of driving the industry towards circularity. 2021 was no exception.

Industry first, closed loop recycling programme

In 2021, we launched an industry first, closed loop recycling programme - Back of Store by Faerch - in collaboration with UK supermarket chain Tesco. The programme sees back of store rigid trays collected, recycled and turned back into primary food contact trays or pots. Through the programme, Tesco will be diverting 2,000 tonnes of retail ready packaging tray waste back into food packaging applications. We are excited to be working with Tesco in bringing this concept to market.

As an integrated tray recycler, we have the capability, capacity and expertise to roll out the programme with other European supermarket chains – supporting progress towards a circular economy for primary food packaging.

Preparing for future scaling of our recycling capacity

Our strategic focus is to make food packaging circular, and our recycling capacity is key to achieving our ambition. We have succeeded in closing the loop on food trays and have

upscaled our recycling capacity significantly to expand our reach. Entering 2021, the monthly volumes recycled by Faerch reached 25 million food trays. By the end of 2021, the monthly volumes had quadrupled to almost 100 million trays or 1.2 billion per year, equalling the entire Dutch market of sorted PET household food packaging.

But we need to go even further to lead the transition to a circular food packaging future. Being able to leverage the scale of our recycling division is key, and we are therefore currently testing input (waste) from several European countries to validate material properties and compositions.

Closing the circularity gap

Each year, we are making significant progress on our journey to make food packaging circular. In this respect, design is fundamental. Our packaging solutions are designed to not only keep food safe and protected, but they are also designed for circularity. Evolve by Faerch, which was introduced in 2019, is the perfect example of a packaging concept designed to achieve a closed loop. The concept offers packaging solutions made from post-consumer recycled material and can be fully recycled into new food packaging after use without compromising on performance.

Over the course of 2021, the Evolve by Faerch concept has been further strengthened to include even more product categories, ranging from dairy pots to ready meals packaging. In partnership with Wiltshire Farm Foods, we launched the world's first large scale closed loop initiative for ready meal packaging. Going forward, collaborations and partnerships like these will form a vital part of our strategy, and we will continue to launch new products in the concept.

Looking forward

As a business Faerch seeks out ways to improve its metrics concerning all ESG factors (environmental, social, and governance), but to set long term goals and truly reach a tangible impact level, Faerch now needs to adopt and implement an ESG integration framework based on a robust data driven baseline. As Faerch is expanding in size, impact and reach, we need to have a clear, strategic and well-documented approach to our impact on the environment and climate. Building a position as a leader within our field and a



true progressor in both the packaging and circular economy space, we need to prioritise reporting and communication as an essential part of our business.

The landscape of sustainability reporting is changing at pace. To further enhance our sustainability, and corporate responsibility and to ensure that our sustainability reporting is transparent and in line with EU taxonomy regulations, we are embedding ESG management into the core of our business by forming a dedicated ESG team responsible for handling internal data collection, strategy alignment and project management. This will enable us to report on ESG performance and prepare us for the EU Corporate Sustainability Reporting Directive, due to be implemented in 2023.

At the start of 2022, Faerch has initiated the deployment of an ESG framework that will act as a tool in our continued work on creating a more resilient business and strengthen a general sector push towards new frontiers within sustainability.

The process of integrating ESG into the business

Phase 1: Materiality Assessment (importance and impact of ESG) and establish the current state of affairs – CO2e baseline for all Faerch sites (scope 1-3 baseline).

Phase 2: Strategy implementation and target setting (KPIs).

Phase 3: Executing impact programmes and tracking KPIs.

At Faerch, we are determined to reduce our carbon footprint and as an ESG focused company, Faerch will continue to reevaluate its strategic priorities to ensure its sustainability and relevance. Our initiatives will follow a clearly-defined path

to reduce emissions at a pace and scale necessary to join the Science Based Targets initiative (SBTi) – and set targets in line with the reductions required to keep warming to 1.5C, in alignment with the ambitious goal of the Paris Agreement. We see great potential in the synergies between Faerch’s overall business strategy and the EU Taxonomy as we will continue to drive growth through sustainable investments.

We are determined to drive change at scale and to play our part in helping and influencing others. I am thankful to our colleagues, partners and suppliers for supporting us on our journey.

Learn more about our progress and work on sustainability on the following pages.

Thomas Bak Thellesen
Senior Director Group Sustainability & External Affairs



SUSTAINABILITY GOVERNANCE STRUCTURE

Sustainability is core to Faerch's values both in terms of our business thinking and practices. Doing business with integrity has always been part of the way we operate. It defines how we behave, and it guides how we do business. We work with responsibility, fundamental respect for labour rights, environmental and climate consideration, principles of anti-corruption and fair competition.

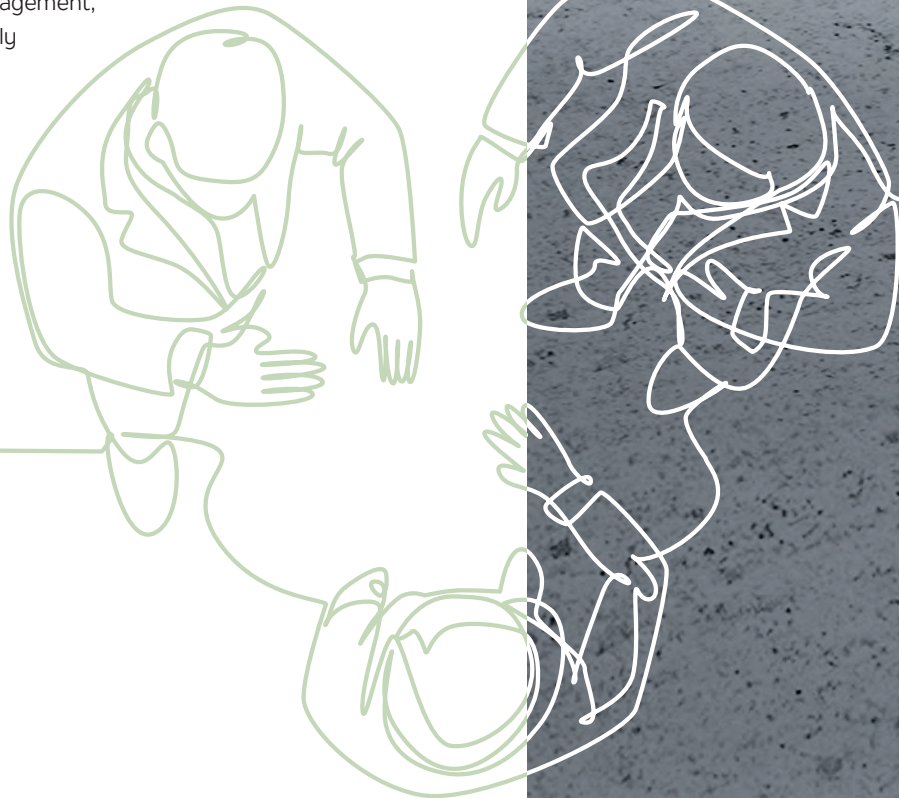
We support the OECD's Principles of Corporate Governance, the UN Sustainability Development Goals and comply with recognised best practice.

Managing performance

Our sustainability governance structure provides the platform for keeping our goals and ambitions on track, and it sets a clear framework for our priorities, roles and responsibilities. The structure makes sure that our sustainability strategy and targets are continuously developed and anchored across the Group. It enables us to embed sustainability into our businessagenda - from our long-term, corporate strategy to our daily operations and priorities.

The governance structure is divided into four levels: The executive management level, business unit level, regional level and local level.

Through policies, standards, management systems, procedures and risk management, we ensure that sustainability is truly embedded across the Faerch Group.





Executive management level

- Setting direction for the comprehensive long-term work related to Faerch's sustainability development.



Business unit level

- Resource allocation to enhance continuous sustainability development in the individual business units
- Reporting on non-financial data.



Regional level

- Specific focus areas supporting Faerch's ambition levels and priorities
- Stakeholder engagement and collaboration.



Local level

- Implementation of concrete initiatives and improvements in line with the Group's overall long-term plans and vision.

ASSESSING OUR AREAS OF PRIORITY

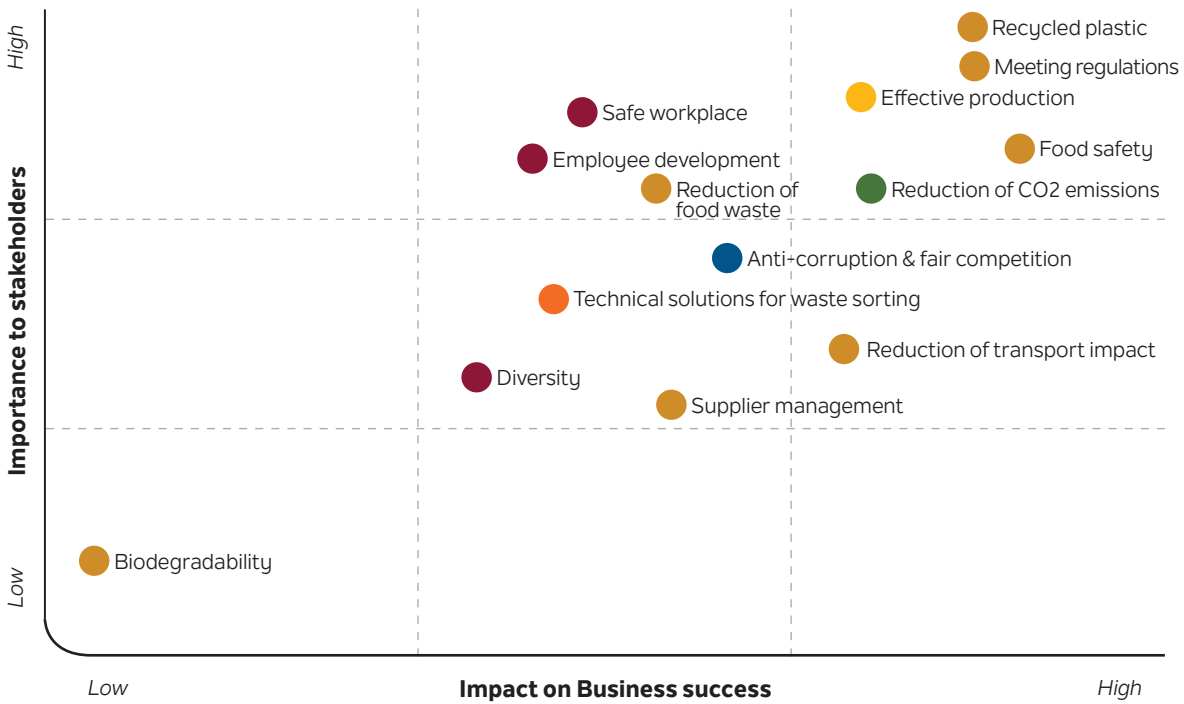
Faerch operates in a constantly changing world, and we need to be aware of and react to the external changes that can impact our business. Assessing materiality helps us identify and prioritise the sustainability issues that matter the most to our business and stakeholders. And it helps us channel our resources and activities to the areas where we can have the strongest impact.

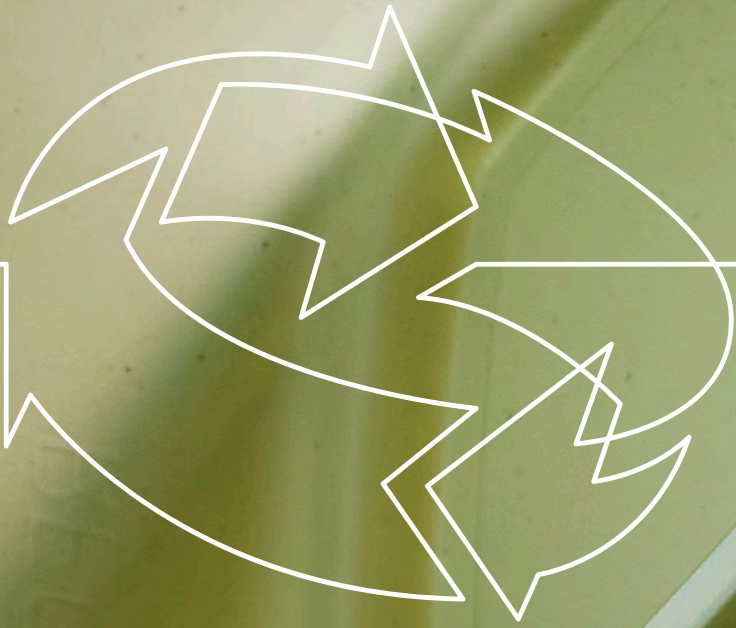
As part of our materiality assessment identifying our main economic, environmental, ethical and social impacts, a set of key areas were identified. The assessment engaged both external and internal stakeholder groups. The materiality matrix below shows the 14 most important areas that were identified, their relevance to our stakeholders, their influence on our business, as well as their link to the UN Sustainable Development Goals. We still believe that these 14 issues are relevant and important to Faerch today as an overall guidance, and they therefore continue to form the basis of our defined five focus areas.



Our key stakeholders

- Our customers (food producers, distributors and retailers)
- NGOs
- End-users
- Employees
- Local communities
- Academia





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OUR FOCUS AREAS & AMBITION LEVELS

At Faerch, we recognise the severe economic, social and environmental challenges our planet is facing. As a leading company within rigid plastic packaging and recycling for the food industry, we are committed to acting as a responsible company and define priorities and actions for our business, now and in the future.

We have chosen to dedicate our focus to five specific areas that are directly linked to our core business. These focus areas are

directly linked to six UN Sustainable Development Goals where we believe we can create the biggest impact.

Each focus area has a long-term level of ambition supported by actions. Our ambition is to be the leader in sustainable packaging and food safety. Each focus area has defined KPIs supporting our long-term ambition and sustainable development.



Sustainable packaging

Lead the way in creating true circularity in food packaging



LEVEL OF AMBITION

LEAD

We will create competitive advantages and market differentiation through innovative and sustainable products.



Food safety

Be the leader in methods and products, which protect food, extend shelf life and reduce food waste



Responsible operations

To minimise CO2 emissions from own activities



LEVEL OF AMBITION

DEVELOP

We will strengthen and ensure our position and good practice by being a responsible producer and company.



People and organisation

To secure workplace with focus on employee development



LEVEL OF AMBITION

COMPLY

We will adhere to legislation and applicable standards within responsible and ethical business practice.



Business ethics¹

To ensure orderly and responsible business practice

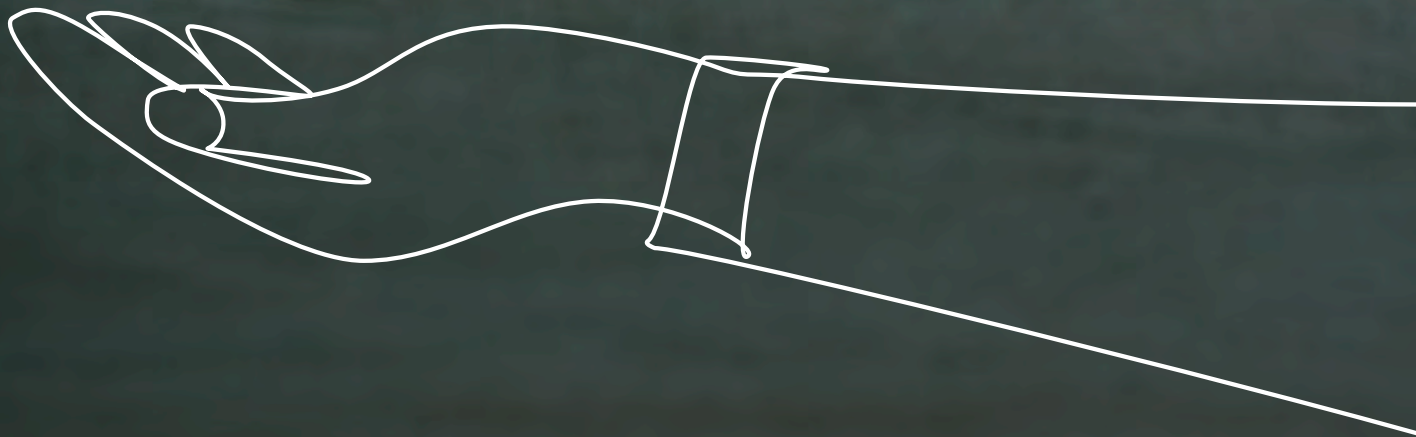


¹ The focus area "Business Ethics" is covered in section "Governance".



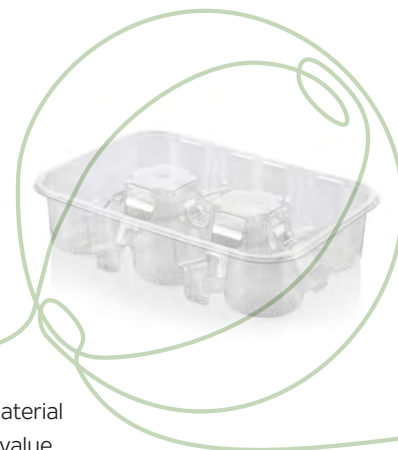
In 2015, the United Nations drew up a roadmap for peace and prosperity for people and the planet, now and in the future. This resulted in 17 Sustainable Development Goals (SDGs) that represent an unprecedented opportunity to take sustainability to a new level.

While we support all the SDGs, we focus our efforts on the goals and targets that are the most important to our business and where we believe we can make the most meaningful contribution. As we move forwards, we will continue to add actions and initiatives to support the SDGs.



INTRODUCING AN INDUSTRY FIRST

CLOSED LOOP RECYCLING PROGRAMME



Faerch is a global pioneer in PET food packaging. Our packaging solutions are designed to keep food safe and reduce food waste while driving the industry towards circularity. Our aim is a world where rigid food packaging pots, tubs and trays are collected, recycled and turned into new food grade packaging – without becoming waste.

As part of our ongoing efforts to drive circularity in food packaging, in 2021 we launched Back of Store by Faerch with UK supermarket chain Tesco. In an industry first, the programme provides a closed loop recycling solution that sees back of store rigid trays collected, recycled and turned back into primary food grade trays after use. The programme is a first, not just in the UK, but across Europe.

Until recently secondary and tertiary clear PET shelf ready packaging – widely used in the UK to transport products – was used once and downcycled. Now, thanks to the new tray to tray initiative, PET packaging will be collected by Faerch and through an advanced recycling process, the packaging material will be used to make new food contact PET pots, tubs and trays.

Our approach

Circularity and recycling form an important part of Faerch's sustainability strategy. To make sure that PET is treated as a valuable resource and kept in the recycling loop, we need to strengthen collection and sorting. This is at the heart of the Back of Store by Faerch programme. Using Faerch's recycling facility in the Netherlands, Tesco's back of store rigid trays are used for making new food trays across Faerch's production sites.

Why it matters

The Back of Store programme ensures that each year 2,000 tonnes of Tesco's packaging tray waste are recycled to make new food grade packaging, preventing valuable material from being lost from the packaging supply chain.

Seen from a recycling perspective, used PET packaging is a valued material, as it can be fully recycled into new food grade material without any loss of quality. However, the

quality of the incoming material determines the yield and value that can be generated. Through a closed loop system, the Back of Store Programme ensures a high and homogeneous input quality, allowing for efficient recycling.

Transforming the rPET supply chain

In today's production of PET trays, there is a heavy reliance on the use of raw material from recycled PET bottles. With the Back of Store by Faerch programme we are able to create an additional material recovery stream of post-consumer recycled material, assisting to decouple the tray production from the surging demand for PET bottle flakes across producers.

We see an increasing demand for recycled PET, not just in Europe but globally. This makes it difficult for the entire packaging industry to source enough supply to meet the need. A tray-to-tray initiative such as the Back of Store by Faerch programme not only provides a solution for the shortfall in recycled PET availability, but it also contributes to reducing the dependency on bottle flakes in general.

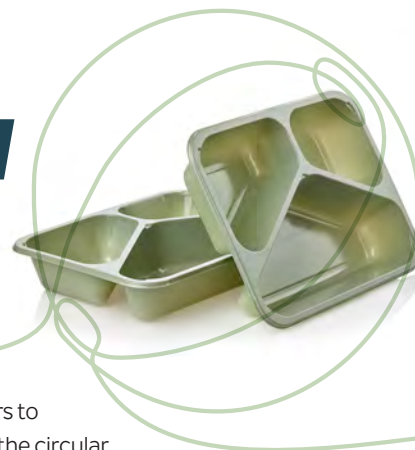
The project demonstrates that secondary and tertiary PET packaging can be recovered and recycled at an industrial scale. We will continue to explore innovative opportunities to secure that PET packaging which is produced in alignment with the Food Contact Plastics Regulation 'EU 10/2011', is protected, and ensure that this material, initially produced as a food contact material, is recovered and introduced to the circular economy again, says Thomas Bak Thellesen, Senior Director Group Sustainability & External Affairs.

As an integrated tray recycler, Faerch has the capability, capacity and expertise to roll out the Back of Store by Faerch programme with other European supermarket chains – supporting progress towards a circular economy for primary food packaging.



EVOLVE BY FAERCH

CLOSING THE CIRCULARITY GAP ON FOOD PACKAGING



Designing for circularity is a fundamental part of our strategy and we are committed to minimising our impact and ensuring a sustainable future for food packaging. Our packaging solutions are designed to keep food safe and protected, but they are also designed for circularity.

Evolve by Faerch was launched in 2019 and it is the perfect example of a packaging concept designed for true circularity. The concept offers food packaging made from collected and recycled mixed coloured bottles and PET pots, tubs and trays. The Evolve by Faerch trays are fully recyclable into new food grade packaging after use.

Rethinking rigid food packaging

Plastic is a valuable resource, but we need to use better and more sustainable materials. At Faerch, we promote PET as the material of choice when it comes to food packaging, as it is the only material allowing for true circularity while meeting the strictest food safety requirements. Faerch is committed to enabling a waste-free future, and the Evolve by Faerch concept is a great example of how to design for circularity.

Now more than ever, we need to rethink food packaging. To prevent plastic waste, we need to advance the transition to a circular economy in which plastic products are kept at their highest value throughout their lifecycle, rather than being wasted and downgraded after use. When it comes to making food packaging circular, material choice is key. Without the right materials, we are not able to achieve true circularity. Evolve by Faerch applications provide our customers with long-awaited guidance to easily choose food packaging made from recycled content. At the same time, the concept is designed to overcome the limitation of the existing infrastructure.

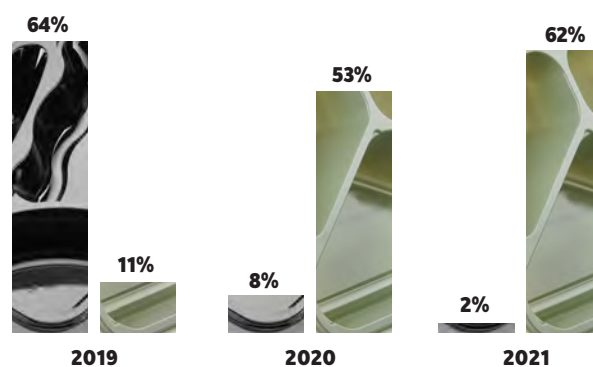
A unique look

Evolve by Faerch pots, tubs and trays are made from recycled content. No colour is added during the production process, and the pots will therefore have fluctuating colours, reflecting the specific blend of recycled content the trays are made from.

This will allow consumers to immediately recognise the circular nature of the packaging which can help them make conscious decisions when making their packaging decision.

The majority of most thermoformed rPET trays on the market consists of clear bottle flake as the primary recycled materials. However, the market is currently seeing a surge in demand for flakes made from recycled PET bottles. The Evolve by Faerch concepts enable circularity with mixed and jazz flakes from coloured bottles and trays, ensuring an additional circular outlet for a valuable material like PET.

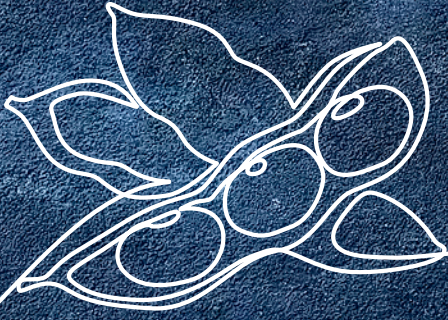
Carbon black share vs. Evolve by Faerch share of total Faerch UK market CPET



Achievements

Since the release on the UK market in 2019, Evolve by Faerch has achieved a significant increase in sales volumes, and many retailers have successfully moved to this new material platform. In 2021, Evolve by Faerch accounted for a total of 62% of Faerch's total CPET volume in UK and Ireland.

In 2021, the concept was further strengthened to cover even more food packaging categories, ranging from dairy pots to ready meals trays. Going forward, we will continue to launch new products in the Evolve by Faerch concept to support our customers towards fully circular packaging.



STRENGTHENING OUR BUSINESS THROUGH QUALITY ACQUISITIONS AND AN OVERALL INDUSTRY PUSH



Adding quality companies to our portfolio is an essential part our strategy to strengthen our business and create value. Besides expanding our geographical footprint, it accelerates our ability to offer cutting-edge, innovative food packaging solutions to leading food manufacturers and retailers around the world. However, as we welcome new companies into the Faerch Group, we need to ensure that they become fully aligned with Faerch's requirements and quality standards while we get inspired by their innovations and practices to lead the Group on the path towards a circular economy for food packaging.

What we do

Being a global frontrunner in sustainable rigid food packaging, we invest in and transform businesses that share our ambition of accelerating action on circularity within food packaging. When new entities become part of the Faerch Group, we are working actively to reduce their carbon footprint by transforming them into more resource and energy efficient entities. We also drive the businesses towards more recyclable materials through a group-wide push for mono-materials.

Accelerating material conversion

In 2020, Faerch acquired Sirap food packaging business activities in Italy, Poland and Spain. In 2021, at our new site in Olvan in Spain, we successfully converted 50% of the site's Oriented Polystyrene (OPS) material into PET .

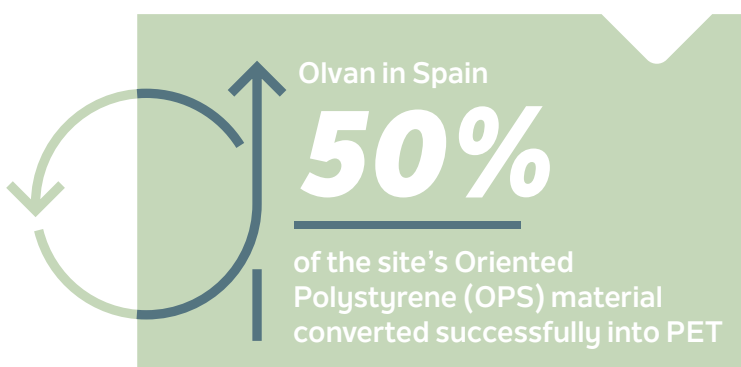
The remaining OPS material volume will be converted in 2022.

We do this to push the local industry towards a more circular future, as the material is a fundamental part of ensuring an economy around our European recycling streams. As an industry, we need to push for less complex material compositions, and we support joint and bold commitments from the packaging industry, complemented by ambitious company-specific targets.

Within the industry, there might be discussions about details like definitions, specific targets and timelines. However, as plastic converters, we need to enable a circular choice for the rest of the value chain and for society. We need to:

- Ensure that all packaging placed in the market is fully recyclable, i.e. tax or ban those materials that cannot realistically be recycled.
- Foster the use of recycled content in packaging across all applications, by introducing mandatory minimum shares of post-consumer content.
- Strengthen collection and sorting to make sure plastics are made fully available for recycling, i.e. kept in the economy and out of the environment.
- Protect and increase the quality of waste streams, not polluting them with multi-materials.

As a direct response to these principles, the focus in the coming years will be to reduce the use of problematic packaging materials and further accelerate the transformation toward a circular economy through the use of recyclable materials – across the Faerch Group.





SUSTAINABILITY IN OUR VALUE CHAIN

Faerch is a leading manufacturer of plastic packaging and we are aware that the scale of our business and our activities have far-reaching environmental, social and economic impacts.

A circular economy

Creating circularity in food packaging has topped our agenda for many years and in 2018, we took a significant step in closing the loop on food trays with the acquisition of 4PET Group. The acquisition enables 100% recycling of the same material, for the same use, turning used food trays into a valuable

resource rather than waste. When a tray has been used by the consumer, it is disposed, collected and processed into a new tray – and the circle repeats itself.

To reduce negative impacts and to make sure that we continue to add value and deliver competitive advantages to our customers, we have defined a set of actions to each stage in our value chain.



Suppliers & Sourcing

- Supplier Code of Conduct
- Supplier audits
- Responsible packaging activities



Product Development

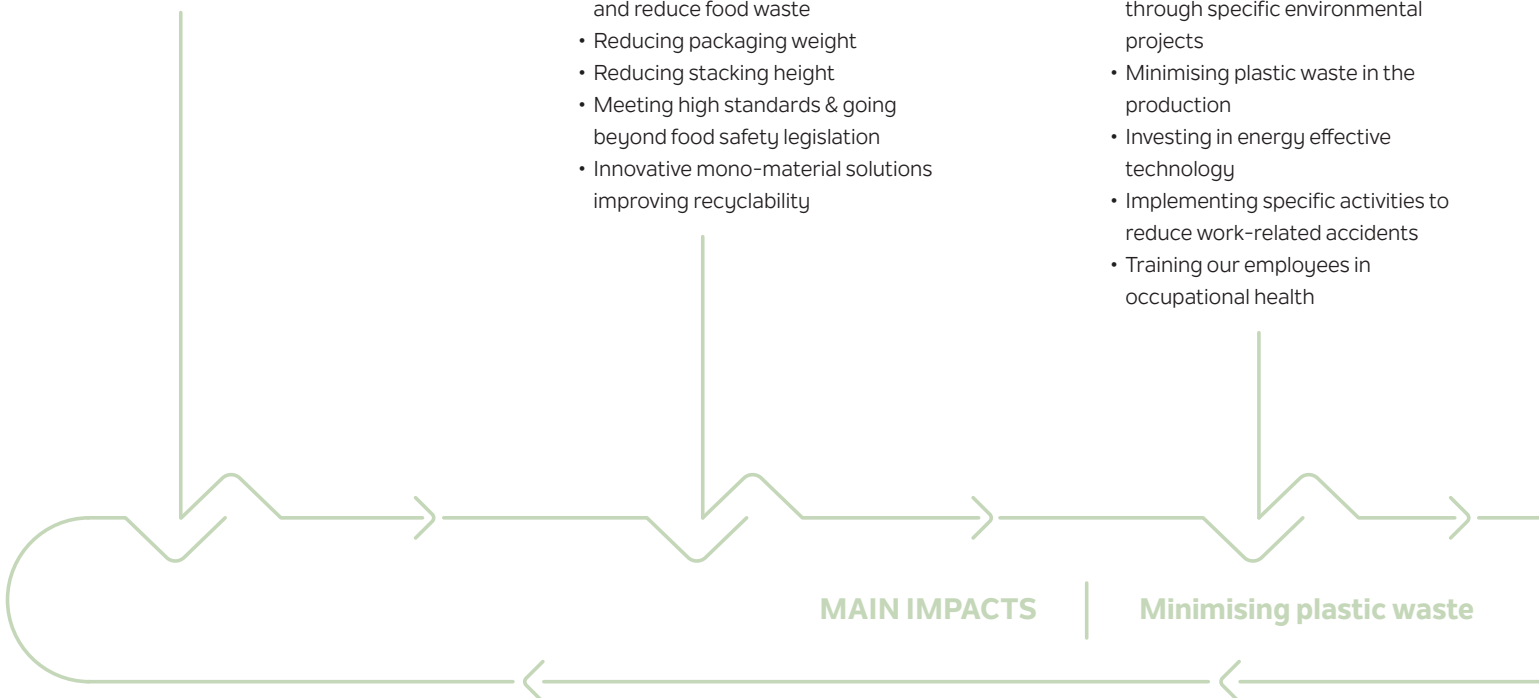
- Delivering technical solutions for circularity
- Packaging to extend food shelf life and reduce food waste
- Reducing packaging weight
- Reducing stacking height
- Meeting high standards & going beyond food safety legislation
- Innovative mono-material solutions improving recyclability



Production:

Extrusion/Thermoforming

- Raw material: Recycled plastic
- Reducing energy consumption through specific environmental projects
- Minimising plastic waste in the production
- Investing in energy effective technology
- Implementing specific activities to reduce work-related accidents
- Training our employees in occupational health





Logistics

- Reducing shipment by producing trays closer to customer locations
- Compiling transportation by delivering more trays in one truckload due to reduced stacking height
- Optimising motor vehicles
- Reducing outer packaging



At the customer

- Helping customers to extend food shelf life and optimise their packaging solutions
- Working with retailers on improving recycling rates of plastic trays
- Bringing new knowledge on sustainable packaging to our customers
- Testing packaging used in a closed loop system
- Helping customers reduce their CO2 footprint by offering alternatives to aluminium foil and cans
- Training our employees in anti-corruption and fair competition

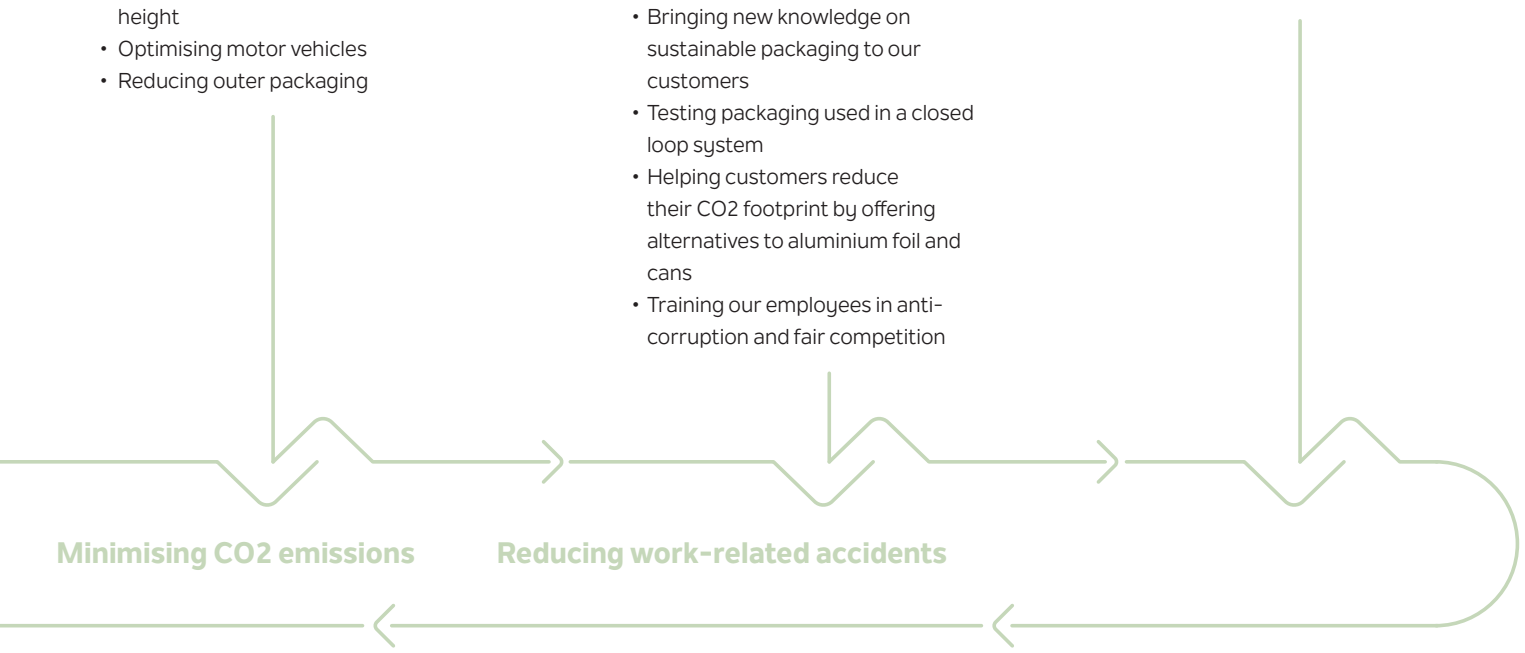


At the end-user

- Convenient packaging for single household, helping reduce food waste
- Long shelf life reducing food waste
- Positive food experience

Minimising CO2 emissions

Reducing work-related accidents



SUSTAINABLE DEVELOPMENT GOALS

The UN's 2030 Sustainable Development Goals have created a framework for addressing sustainability issues and creating a plan of actions in the areas of critical importance to the global society.

We are committed to making the SDGs operational and to identifying future business opportunities. By reviewing

the areas of importance determined by the materiality assessment, we explore how we can support the SDGs linking them to our value chain and our business.

Currently, the Faerch business will focus on how we can make the biggest impact on the five UN SDG's highlighted in the table below.

Materiality Area	SDG		Sustainable Development Target
Reduction of CO2 emissions		Take urgent action to combat climate change and its impacts	13.2. Integrate climate change measures into policies, strategies and planning
Recycled plastic		Ensure sustainable consumption and production patterns	12.4. Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, and significantly reduce their release to air, water and soil in order to minimise their adverse impacts on human health and the environment
Technical solutions for waste sorting		Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation	9.4. Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes
Reduction of food waste		Ensure sustainable consumption and production patterns	12.3. Reduce food waste at the retail and consumer levels and reduce food losses along production and supply chains
Recycled plastic		Ensure sustainable consumption and production patterns	12.5. Substantially reduce waste generation through prevention, reduction, recycling and reuse
Efficient production		Ensure access to affordable, reliable, sustainable and modern energy for all	7.2. Increase substantially the share of renewable energy
Safe workplace		Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	8.8. Protect labour rights and promote safe and secure working environments for all workers
Business ethics		Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable, and inclusive institutions at all levels	16.5. Substantially reduce corruption and bribery



Faerch's Focus Area	Faerch's KPI	Value chain involvement
 Sustainable Packaging	CO2 emissions with increased use of recycled plastic	Suppliers & Sourcing Product Development Production
 Sustainable Packaging	Quantity of recycled plastic used in production	Production Product Development
 Sustainable Packaging	Develop solutions such as the Evolve by Faerch concept and further innovate the technology in Faerch's recycling devision	Customers End-users
 Food Safety	Number of reported cases of migration tests Improvement sealing properties of trays to prolong food shelf life and reduce food waste	Suppliers & Sourcing Product Development Customers End-users
 Responsible Operations	Plastic waste as percentage of raw materials	Product Development Production
 Responsible Operations	Energy consumption '100% powered by electricity from renewable energy sources'	Production Logistics
 People & Organisation	Accident frequency	Production
 Business ethics	Number of reported compliance cases	Complete value chain

SUPPORTING INTERNATIONAL STANDARDS

Our progress and reporting are based on the principles of the UN Declaration of Human Rights, the ILO conventions and the UN Global Compact.

Even though Faerch has not joined the UN Global Compact, we see it as an important framework for our sustainability efforts. To meet fundamental responsibilities in areas of

human rights, labour, environment and anti-corruption, we therefore align our strategies, policies and procedures to its principles and guidelines.

The table below illustrates how we approach and implement the ten principles of the UN Global Compact.

Our Policies	How the Policy Supports the UN Global Compact	Example of Policy Implementation
<ul style="list-style-type: none"> • Sustainability Policy • Human Rights Policy • Statement on the Prevention of Slavery and Human Trafficking • Trade Sanctions in the Product Supply Agreements for raw materials and packaging 	Ensuring continuous growth and development supporting and respecting the protection of internationally proclaimed human rights and good business ethics.	<p>Anchoring sustainability by ensuring that roles and responsibilities related to sustainable development in Faerch are defined and communicated through Group Forum on Sustainability Governance.</p> <p>Monitoring and measuring progress towards sustainability through Group Procedure on non-financial data on sustainable development.</p> <p>Ensuring that our economic and financial transactions are in line with the applicable economic sanction laws and international trade restrictions, including providing information to our distributors about product final destination.</p>
Supplier Code of Conduct	Ensuring responsible supplier management, defining and communicating expectations to our suppliers in terms of developing responsible business practices.	Carrying out supplier audits of top suppliers of raw materials, additives, colours, packaging and supplementary range.
Environment, Health & Safety Policy	Reducing own footprint, meeting high health & safety standards and creating a workplace culture based on commitment and responsibility.	<ul style="list-style-type: none"> • ISO 14001 Management System • Risk assessment of production equipment • Prevention of work-related injuries through analysis tools.
People Policies <ul style="list-style-type: none"> • Health Promotion Policy • Employee Development Policy 	Ensuring equal opportunities at the workplace, eliminating discrimination in respect of employment and occupation and recognising the right to collective bargaining.	Initiating health promoting initiatives; performing external training; defining individual development plans (as a part of Employee Performance and Development Review); supporting employee intercultural & professional development through international secondments.
Legal Compliance Policy <ul style="list-style-type: none"> • Gifts Policy • Anti-corruption Policy • Fair Competition Policy • Procurement Policy 	Working against corruption in all its forms, increasing employees' understanding of the rules and minimising the risk of breaking the rules.	Training in fair competition and anti-corruption, including e-learning programme.





SUSTAINABLE PACKAGING

The focus area “Sustainable Packaging” involves everything we do to minimise the environmental impact of our products. In terms of manufacturing, it is important that we look at the composition of our products and continuously aim to increase the share of recycled PET derived from trays in our product recipes and production processes, and aim to

integrate a truly closed loop where used trays are collected and processed into new trays.

This will help us reduce plastic waste and CO2 emissions. Our aim is to take a leading position in the use of recycled plastic.

Scope	Guidelines	Impact	Risk & challenges
Manufacturing and recycling of plastic trays creating a closed loop within food packaging.	<p>European Strategy for Plastics in a Circular Economy.</p> <p>Reuse and recyclability of own materials in own operational setup and the market, reaching a true “closed loop”.</p>	<p>Impact waste Impact mitigation by optimising design proposals to minimise material consumption, by developing partitioned packaging, and by designing trays with smaller portion sizes to avoid dispose of surplus food.</p> <p>CO2 emissions Impact mitigation by increasing the share of recycled plastic in our product formulas and manufacturing processes; by rethinking product composition in existing and new products, material and processes.</p>	Plastic waste management, mainly outside Europe, remains an immense challenge. We need to build a new mentality and customer behaviour moving away from the throwaway culture.

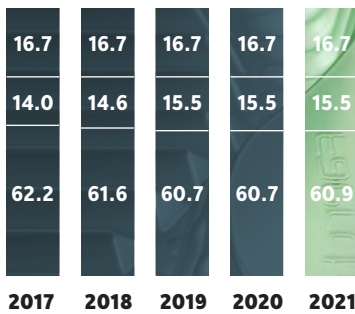


Performance progress

CO2 emissions with increased use of recycled plastic (21g CPET tray)¹

Kg/CO2 equivalents per 1,000 trays

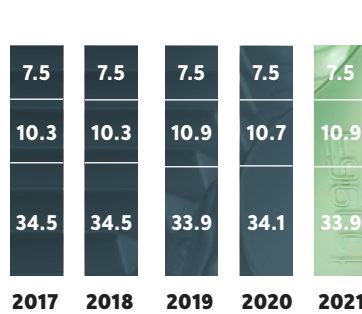
Bottom bars = Emissions with initiatives
Middle bars = Saved via rPET
Top bars = Saved via renewable energy



CO2 emissions with increased use of recycled plastic (12g APET tray)¹

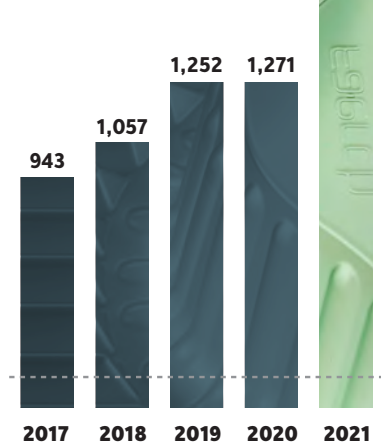
Kg/CO2 equivalents per 1,000 trays

Bottom bars = Emissions with initiatives
Middle bars = Saved via rPET
Top bars = Saved via renewable energy



Quantity of recycled plastic used in production

2010 = index 100



¹ Changed calculation principle. The historical figures were recalculated accordingly.



FOOD SAFETY

Food safety is essential to our business, and even more so than ever, consumers should always be confident that the food that they buy is packaged and designed for food contact.

Our aim is to maintain a leading position within rigid food packaging while complying with the strictest food safety

requirements. Guaranteeing food safety is our key priority. Without that, our efforts to achieve circularity and reduced environmental impacts will have little value. At Faerch, we therefore continuously develop methods and processes to ensure and validate food safety for our products.

Scope	Guidelines	Impact	Risk & challenges
Continuously monitor methods and approaches to improve or uphold food safety requirements.	FCM shall comply with Article 3 of 1935/2004; this applies to all food contact material. Regulation (EU) 10/2011, explains in great detail "what plastic converters have to do in order to comply" with 1935/2004.	Impact mitigation by developing food safe mono-PET packaging solutions with a high content of recycled material that additionally enables long shelf life, consequently reducing the carbon footprint from food waste and enabling circularity.	It may be difficult for end-users to distinguish between different types of plastic packaging and their purpose. Hence, we will continue to promote and produce food safe mono-material PET solutions and work with academia on topics such as food safety and circularity.



Performance progress



Number of reported cases of migration

0 out of 25

tests in 2021

2020: 0 of 24 tests	2018: 0 of 32 tests
2019: 1 of 26 tests	2017: 0 of 21 tests





RESPONSIBLE OPERATIONS

We have a responsibility to minimise negative environmental impacts from our operations, in compliance with regulations, and to live up to the requirements and expectations of our customers and other key stakeholders.

The focus area “Responsible Operations” involves everything we do to ensure that our production is efficient. We are aware that the reach and scale of our activities can impact the environment, society, and people. It is therefore important to keep our factory environmental footprints as low as possible.

To ensure that we significantly reduce the environmental impact of producing, using, and disposing our packaging solutions, we continuously pursue new ways and methods to reduce emissions and to improve resource consumption and waste management. Environmental risks include spillage of raw materials, chemicals, and untreated waste water. Numerous mitigating activities and procedures are in places to reduce these risks.

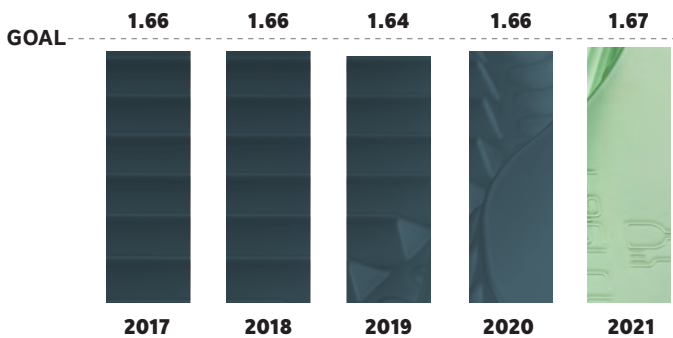
Scope	Guidelines	Impact	Risk & challenges
Ensure that our production is efficient in the way we utilise resources and by this, minimising our environmental footprint.	<ul style="list-style-type: none"> Group Quality Policy Group Environment, Health & Safety Policy ISO 14001 Management System 	<p>Plastic waste Impact mitigation by establishing a common solution for transparent and comparable reporting on waste management.</p> <p>CO2 emissions Impact mitigation by defining and implementing specific projects; investing in sustainable technology, optimising transportation and minimising imperfections resulted in repeated work.</p>	It is important that we strive to strike a balance between sustaining a high level of product quality while also ensuring high production efficiency and responsible manufacturing processes.



Performance progress

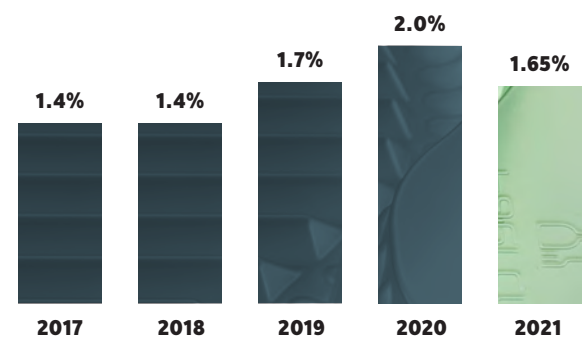
Energy Consumption¹

Mwh / tonne produced finished goods



Plastic Waste

Plastic waste as a percentage of raw materials



¹ Changed calculation principle. The historical figures were recalculated accordingly.



PEOPLE & ORGANISATION

Health & safety

We strongly believe that it is our people and organisation that bring our values to life and generate our business results. Their commitment to our business and our customers is vital to the success and long-term growth of our business. People & Organisation is therefore an important focus area.

Many aspects of our business touch on human rights, including our employees' working conditions, and health and safety. Our conduct within our own business and through our business relationships can therefore have an impact on society, both positive and negative. Further, increasing regulation and growing expectations from our stakeholders

confirm that human rights is a material topic for Faerch. A key area is health and safety, and we are committed to maintaining high standards of health and safety across the Group's business units and we continue to implement new initiatives to help us ensure that our workplace is attractive. We believe this is key to achieving our long-term objectives.

Several initiatives have been started to reduce the number of work-related accidents. These initiatives include awareness campaigns throughout the organisation, sharing of best practice procedures and standards, all to support the development of a safety culture and mindset.

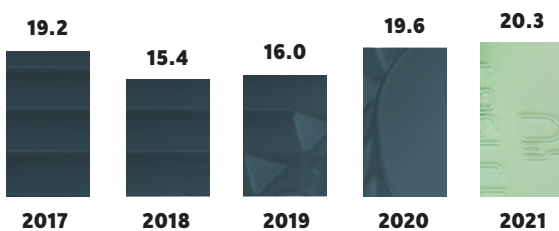
Scope	Guidelines	Impact	Risk & challenges
Maintaining high standards of health & safety at our workplace.	Environment, Health & Safety Policy Health Promotion Policy	Work-related accidents/heavy lifting Impact mitigation by automating work processes in the operation areas and investing in equipment to remedy risk of manual movements and muscular strain.	It is important to continue addressing safety performance as a key element of our operations and to prevent workplace hazards and occupational risk in a busy working environment.



Performance progress

Accident frequency

Total work accidents per one million working hours





PEOPLE & ORGANISATION

People

The way we treat our employees is fundamental to the way we want to do business, and not to discriminate against our employees is a core value for Faerch and basic responsibility

for any organisation. Discrimination bars people from living up to their full potential, creates inequality and less stable and prosperous societies.

Scope	Guidelines	Tools	Impact	Risk & challenges
Ensuring our position as an ambitious and responsible company by focusing on employee development and succession management.	Human Rights Policy including our focus on development, training and diversity. People Policies including the Employee Development Policy.	Employee Development Review Individual Development Plan Career Development Paths On-boarding Programme	We wish to develop and scale our organisation to support our strong growth and realise our targets.	To scale up the organisation and thereby continue to support our strong growth, it is important that we develop our people and structures further. We will strengthen our core skills and competences in and across specific functions and expand our succession management. We will optimise new employee integration through enhanced on-boarding.



Performance progress

Our Culture and Heritage

As a rapidly growing company, we want to ensure that our strong culture is integrated into our acquired companies. We are true to our heritage, while evolving with the needs of our business.

With the acquisition of PACCOR, with 18 sites across Europe, USA and Asia, we have completed our largest acquisition to date. This calls for an even further strengthening of our culture and people development agenda to make sure it reflects our accelerating growth.

Building on a deep technical, material and operational knowledge, we know that our efficient production set-up provides a competitive advantage. As a leader in sustainable packaging for the food industry, and to meet the needs of the future to further drive a closed loop on an industrial scale, we are aware that our unique culture of simplicity, agility, execution and dignity will be essential to scale up our business even further and to go globally.

Our Leadership Values reflect our company's heritage and DNA, providing clear guidance when recruiting and developing the organisation further. Our accelerating growth calls for a reinforced effort to establish a common, in-depth understanding of the Faerch Leadership Values in all senior positions and within our acquired companies.

People Factor

We are a people business, and another central pillar in our efforts to strengthen our values and culture is our new People Factor Platform. The aim of the platform approach is to ensure that our leadership values are translated into concrete actions across all of our sites. We want all of our employees to feel welcome when they enter a Faerch site.

Our People Factor Platform ensures the right framework is in place across of our sites, and that we treat our employees with dignity and respect and that we show them we care. The purpose of this is to ensure employee engagement and retention, and to increase attractiveness for new employees. The platform describes the way we treat our employees

from their first day of work and within areas such as physical work environment, on-boarding, working conditions, compensation, training and being part of the team. The platform will be rolled out from 2022.

Employee and Career Development

The limiting factor for our growth is neither our market opportunities, nor our innovation potential. We are lean, agile and fast, which is part of our value proposition. As in 2021, our focus going forward is to scale up the organisation and processes to our increased size and complexity at the speed needed. Developing the organisation therefore represents one of the most important enablers of our strategy.

We have installed a systematic talent development and internal feeding system for succession, where we identify and prepare potential successors and back-up candidates for all critical roles, developing a pool of high potentials and constant flow of talents into the organisation.

- Identify critical roles and map current and future requirements
- Establish successor pipeline and identify development and retention needs
- Establish Future Faerch Generation (FFG) to ensure a continuous flow of new young talent into the organisation, complementing feeding programme with graduates, trainees and apprentices
- Quickly identify and integrate key resources from acquired companies into the feeding process

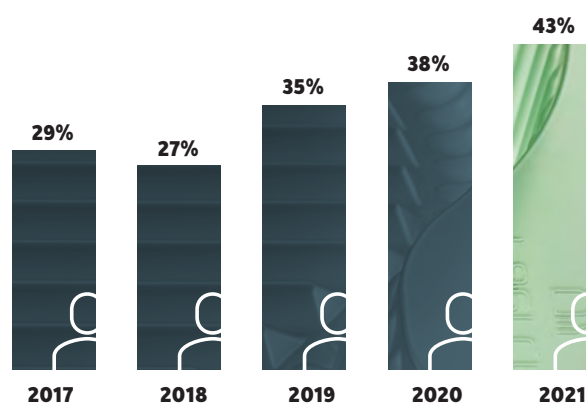
Furthermore, our Employee Development Review process supports the individual development of our employees.

The purpose of the Individual Development Plan is to ensure a structured approach in agreeing on, working with and following up on long-term career development objectives. It provides an overview of learnings and reflections from both employee, manager and other possible stakeholders, and it helps to measure progress and success and ultimately reaching the long-term objectives.

We practice career development through training and internal recruitment.

Career development

Internal recruitments for salaried employees



Gender Proportion among the Members of the Board of Directors and Executive Management

It is our goal that the Board of Directors and executive management is composed in such a way that it is effectively able to perform its tasks. In 2021 a new Board of Directors was established with the new ownership from A.P. Møller Holding. With our new Chairman and Deputy Chairman plus two new externally elected Board members, the gender proportion has changed. The Board of Directors consists of 2 women and 4 men. Our goal for future gender proportion is to maintain at least 33% of the under-represented gender in the Board of Directors.

The executive management was expanded from 6 to 8 members with the appointment of Chief Integration Officer Patricia Requena (1 March 2021) and Chief People Officer Karina Kviesgård Hounisen (1 January 2022). The executive management consists of 2 women and 6 men. Our goal for future gender proportion is to reach at least 33% of the under-represented gender in the Executive Management, up from the present level of 25%.

The goals for Gender Proportion will be reviewed further in 2022 as part of our ESG strategy.



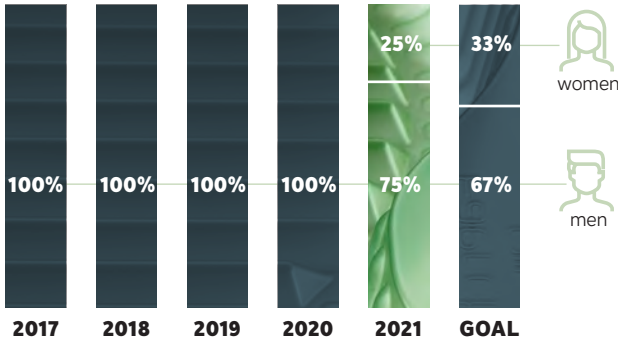


PEOPLE & ORGANISATION

People (continued)

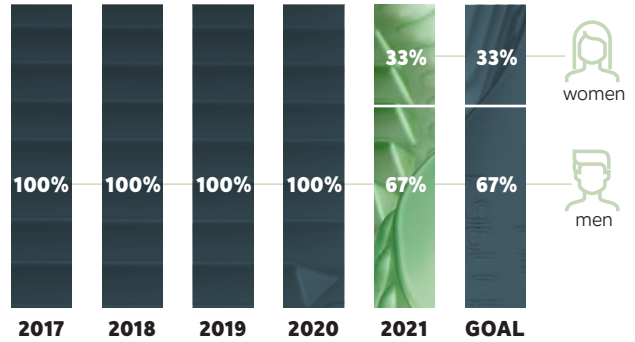
Members of the Executive management

Goal to be reviewed in 2022



Members of the Board elected at the annual general meeting

Goal to be reviewed in 2022

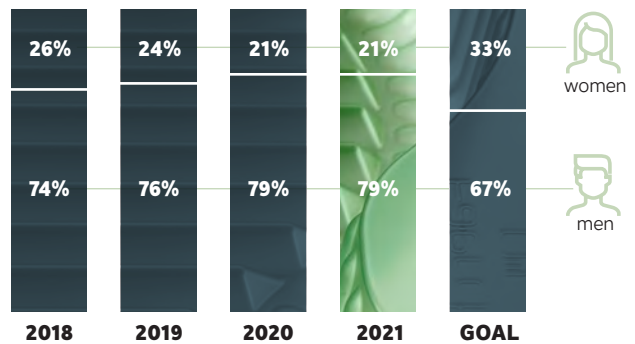


Gender Proportion on Manager Level

By the end of 2021, the gender distribution among managers* was 79% men and 21% women, which means no changes compared to 2020. This calls for an evaluation of our ability to attract women to leadership positions and not least to retain women in leadership positions.

We report on the total gender proportion for all managers in the Faerch Group.

Manager level



Diversity

We will drive development towards becoming a significantly more diverse organisation, starting with basics to ensure success, e.g. language training for better inclusion and strengthening inter-cultural understanding.

We are an international growth organisation, and we want to maintain our reputation as a workplace committed to ensuring fair and equal treatment and opportunities for all employees regardless of age, gender, nationality, religion, sexuality etc. A company where differences are respected and valued.

Our policy on gender proportion aims to increase the number of women at management level and to improve the representation of women in management at Faerch in general.

With a clear objective to enhance diversity in our workforce, we promote and encourage equal opportunities ensuring that all aspects of our personnel practices promote women's and men's equal career opportunities, including hiring procedures and conditions, recruitment and parental leave conditions. Additionally, we strive, as much as possible, to have both female and male candidates in both internal and external recruitment.

* Includes Team Leaders, Managers, Directors and Senior Directors.





GOVERNANCE

We take on responsibility

Faerch is an international organisation committed to acting as a proper and responsible company at all times, and we have imposed strict requirements on ourselves and our business partners through internal and external policies and guidelines.

Training in fair competition, anti-corruption and GDPR

Corruption is one of our compliance risks. It undermines social and economic development, destabilises the business environment and adds to the cost of doing business and participating in trade. It is against our core values and affects external confidence as well as company morale. Non-compliance with bribery and corruption law may lead to legal and reputational risks, extra costs, inefficiencies in our business, fines, imprisonment, and debarment from markets.

At Faerch, we actively support international anti-corruption and fair competition efforts, and we are dedicated to upholding the highest standards of integrity and business ethics among our employees and business partners.

Faerch has a zero tolerance for corruption and anti-competitive activities.

By implementing guidelines, policies, e-learning and conducting on-site training for Executives, Managers, Sales and Procurement departments etc., Faerch actively works to combat inappropriate business conduct.

In 2021, 34 employees were trained on-site in anti-corruption and fair competition. A total of 265 employees have received on-site training, including most Directors, Managers, Sales and Purchasing personnel. The on-site training of employees is often done in smaller groups of 5-10 employees in order to obtain a good face-to-face dialogue. In addition, a total of 179 employees have completed and passed the e-learning training course in anti-corruption law and 215 employees have completed and passed the e-learning training programme in competition law. The training enables our employees to execute business negotiations, attend meetings and social events with knowledge and understanding of basic competition law and anti-corruption law, in order to protect themselves and the reputation of Faerch.

At Faerch, we are processing personal data in many areas. To support our employees' understanding of personal data and how to deal with it, Group Legal is also providing a GDPR e-learning programme. In 2021, 360 employees have completed the GDPR e-learning course.



2021: 0 cases

2020: 0 cases
2019: 0 cases
2018: 0 cases
2017: 0 cases

2021: 0 cases

2020: 0 cases
2019: 0 cases
2018: 0 cases
2017: 0 cases

2021: 1 case

2020: 3 cases
2019: 0 case
2018: 0 cases
2017: 4 cases

2021: 1 case

2020: 3 cases
2019: 0 cases
2018: 0 cases
The program was launched in 2018

Furthermore, Group Legal has prepared procedures to ensure basic data subject rights, e.g., right to access personal data about themselves, right to rectify personal data about themselves, right to erase personal data about themselves etc. Any such requests from data subjects will be handled and answered by Group Legal.

Faerch Group has also established technical and organisational measures to ensure i) that our personal data is not accidentally or illegally destroyed, lost or changed, and ii) to ensure that personal data does not fall into the hands of unauthorised persons or in other manner processed in breach of the GDPR.

Generally, personal data is deleted when storage no longer has a factual purpose, which is in line with our Privacy policies published on our website.

In 2022, Group Legal will have continued focus on providing Faerch Italy, Faerch Barcelona and Inline Poland on-site training in Faerch Group policies and internal guidelines on fair competition, anti-corruption and GDPR.

When MCP and PACCOR Packaging are acquired – expectedly during 2022 – Group Legal will have a similar focus on providing on-site training for MCP and PACCOR Packaging employees in connection with the integration process.

Whistleblower hotline

Faerch Group's governance programme is designed to identify and prevent serious offences and criminal acts. However, even the most effective compliance procedures cannot fully protect against every conceivable situation.

Consequently, Faerch Group has developed a whistleblower hotline in co-operation with the Danish law firm Plesner that can be used by our business partners and employees to report suspicions or knowledge of unethical conduct and criminal acts.

The whistleblower hotline was launched in December 2018 and can be found on our website. An updated version of Faerch Group's Whistleblower solution has been launched pursuant to new EU whistleblower legislation that came into force on 17 December 2021.

In 2018 and 2019, no issues were reported through the whistleblower hotline. However, in 2020 three cases were reported. All three incidents were investigated by Group Legal

without finding any actual violations by the Faerch Group or its employees, and these cases have all been formally closed.

During 2021, one case has been reported. This case was filed on 29 November 2021 and is now under investigation.

To further strengthen the awareness of the whistleblower solution, and in the light of the new EU Whistleblower legislation, we will launch an awareness campaign during 2022.

A good relationship with our suppliers

Faerch Group values long-term supplier relationships based on mutually trustful collaboration. As part of this collaboration and to ensure that our suppliers adhere to the same guidelines as we do, Faerch Group has developed a 'Supplier Code of Conduct'.

The 'Supplier Code of Conduct' reflects the ten principles of the UN Global Compact, which covers human rights, labour rights, the environment and anti-corruption. As of 2021, the conduct has been accepted and signed by more than 500 suppliers, primarily suppliers with annual sales to Faerch Group of at least EUR 5,000. Going forward we expect the number of suppliers to sign the Supplier Code of Conduct to increase as the business expands.

Each site director is responsible for ensuring that new suppliers sign Faerch's 'Supplier Code of Conduct' and to make sure that all signed Code of Conducts are stored in a local folder.

Data ethics

The responsible use of data is an enabler for Faerch's business model. In line with Faerch's core values we strive to ethically manage and use data, with customers trusting that the company uses their data appropriately. To avoid abuse and privacy infringement issues, and to safeguard the company from legal, business and reputational risks, it is vital to manage and control the storage and use of customers' and employees' data ethically and proactively. No formal data ethics policy was adopted in 2021 due to the strong existing data governance, but in context of the Paccor and MCP acquisitions Faerch will establish a data ethics policy in 2022, with accompanying governance measures, including a target of all relevant employees trained on data ethics by 2023.



MAERSK DRILLING

The Sustainability Report for 2021 is enclosed on the next pages.

A high-angle photograph of two workers in orange safety suits and green hard hats on an industrial site. The suits have 'MAERSK DRILLING' printed on the back. The floor is concrete with some stains and a yellow railing is visible on the left.

Sustainability Report 2021



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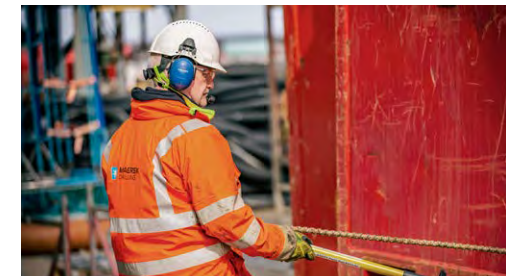
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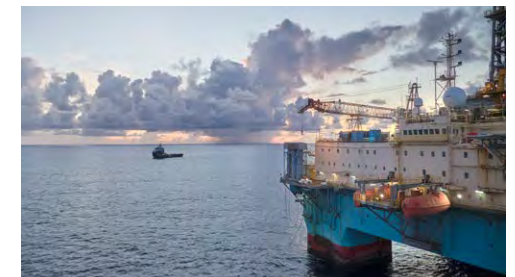
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A leading sustainability position

The drilling industry is at a crossroads and the world of energy is transforming. Maersk Drilling plays a critical role in ensuring that affordable and reliable energy is accessible to all, while doing so in the most sustainable and efficient way. I am proud of Maersk Drilling's position as an industry leader within sustainability. In 2020, we launched what is viewed as the most ambitious sustainability commitments in the industry. An

all-encompassing strategy built on the three pillars of Sustainable Energy Future, Caring for People, and Responsible Business.

The biggest sustainability challenge of all is combatting climate change. Industries, governments, investors and citizens across the world are demanding accountability and action, and the ability to contribute to emissions

reductions will rightfully become part of the licence to operate in many parts of the world.

Maersk Drilling's core belief is that the energy transition will be deep, fundamental and change many aspects of modern life. But the transition will take time, and there will be a significant need for hydrocarbons for decades to come, and they must be available as a reliable baseload while the more fluctuating sources of wind, solar and other sources of energy are gradually ramped up.

While continuing to deliver responsible drilling services to provide access to energy, we will work hard to reduce the emissions from our operations. We have launched an ambitious target of a 50% reduction in carbon intensity by 2030 and we are working hard to achieve it. It will demand the collaboration and ambitions of the entire value chain and especially our customers, the energy companies.

We have established a dedicated Emissions Task Force to drive progress and leverage some of the pioneering initiatives that Maersk Drilling has already launched such as the world's first electrified offshore rig but will also build on technologies that are still under development, for example low-emission fuel types like methanol and ammonia.

In parallel with our plan to reduce our own emissions, we have ramped up our activities within carbon storage. In Project Greensand, the most progressive storage project in Denmark, the aim is to reach 4-8 million tonnes of CO₂ stored by 2030, thereby potentially accounting for all of the carbon storage included in the Danish Climate Program. In 2021, we signed an agreement to be the preferred supplier for drilling services to the project. We expect to be able to offer similar services to carbon storage projects in other geographies.

To remain at the forefront, we need to be a company which can drive change, come up with the best ideas, and make sure that these ideas are safely and efficiently turned into customer solutions and solid work practices. To do this we need a diverse and inclusive culture where all people are valued for their contributions. In 2021, we saw good progress on several of the diversity targets with two of them being reached ahead of time.

Similarly, within the all-important safety area, we were pleased to register the third year in a row with zero serious incidents causing permanent personal injury. This is our number one priority, and we will keep a strong focus on keeping our people out of harm's way. We need to progress even further as we experienced several high potential incidents which had the possibility of ending worse than they did.

All in all, we have seen good progress in 2021, despite the many challenges imposed by the global pandemic. In 2022, we will continue to strive higher and it might be on an even bigger scale. In November 2021, Maersk Drilling announced plans to merge with Noble Corporation, creating a bigger player with one of the youngest fleets in the drilling industry. Once the merger is completed, the new company will have twice as many rigs as we do now, with the option to grow the sustainability ambitions on a bigger scale leveraging much of the groundwork that Maersk Drilling has accomplished during many years of strong focus on sustainability.



Jørn Madsen
CEO, Maersk Drilling

Our approach to sustainability

In 2020, Maersk Drilling launched one of the industry's most ambitious sustainability strategies based on three pillars: Sustainable Energy Future, Caring for People, and Responsible Business. During 2021, progress has been made with a special focus on the two main components of the strategy: Climate Action and Diversity & Inclusion.



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

TOPIC AREAS:

- Climate Action
- Preparedness for the Energy Transition
- Responsible Consumption

TARGET:

- Emissions Intensity Target (-50%) by 2030



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

TOPIC AREAS:

- Safety
- Diversity & Inclusion
- Bringing Value to Local Communities

TARGET:

- Onshore Female Leadership Target (30%) by 2023



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

TOPIC AREAS:

- Marine & Air Environment
- Business Ethics & Compliance
- End-of-Life – Oil & Gas Assets



Read more about our ambition and progress in the overview on [page 30](#).

ESG REPORTING AND DISCLOSURE AMBITION AND INITIATIVES

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

2021 Highlights

Maersk Drilling reached several major milestones within sustainability in 2021, by enhancing and solidifying the approach within several different areas. Key achievements from the year are highlighted below, with reference to more detailed information inside the report.



Digital Energy Efficiency Insights

In 2021 an Energy Efficiency Insights (EEI) platform was rolled out on 11 rigs, allowing for real-time digital monitoring of our fleet's energy consumption and emissions. The EEI systems will be a catalyst for optimised operations of the company's rigs with emission savings starting to materialise in the first half of 2022 – read more on [page 11](#).

Project Greensand matured

After the successful completion of Phase 1, carbon storage Project Greensand's Phase 2 was announced, now involving an expanded consortium. The project has an increased target to permanently store up to 8 million tonnes CO₂ per year, with Maersk Drilling appointed as the preferred contractor for drilling rig work until the end of 2027. The substantial emissions reductions expected from Project Greensand is not part of the 50% carbon intensity reduction target of Maersk Drilling's climate plan – read more on [page 12](#).



Diversity target achieved

The 20% onshore female leadership target for the Executive Leadership Team was achieved two years before target. Good progress was also registered on a number of other diversity parameters – read more on [page 16](#).

Cross-organisational Ambassador Group

A dedicated Ambassador Group chaired by the Chief Diversity Officer was created to further ingrain diversity, equity, and inclusion initiatives across the organisation. The group consists of 38 employees both offshore and onshore – read more on [page 18](#).



Rig recycling policy applied

Maersk Drilling's newly established rig recycling policy, with requirements aligning as a minimum with the Hong Kong Convention was applied on the sale of three rigs during the year – read more on [page 27](#).

Low-emission rigs

Newly upgraded low-emission rigs Maersk Intrepid and Maersk Integrator were both in full operation from the first quarter of 2021 with hybrid-battery solutions, contributing positively to the emissions of the fleet. A similar upgrade investment has been approved for Maersk Invincible with operational effect from late 2022. 2021 also included a finalised upgrade of the Maersk Resolute with a Selective Catalytic Reduction (SCR) scrubber system to convert NO_x emissions into harmless water and nitrogen – read more on [page 26](#).



ESG-related supplier assessments

Sustainability as a parameter has been integrated into tender evaluations, where suppliers are assessed on a variety of ESG factors. A sustainability contractual clause has furthermore been added to Supplier Frame Agreements – read more on [page 25](#).

Strengthened ESG reporting

Maersk Drilling expanded the ESG-reporting in 2021. Among the new initiatives was an expansion of the Interim Half-Year Report with a sustainability section, so that Maersk Drilling now reports bi-annually on the most central sustainability metrics covering GHG emissions, Diversity, and Safety – read more on [page 31](#).

The importance of oil and gas

The oil and gas industry plays a key role in providing affordable, reliable and accessible energy to people all around the world.

Throughout the global pandemic, the oil and gas industry has faced significant challenges. To ensure secure supplies of energy during these unprecedented times, offshore workers across the industry have worked tirelessly to guarantee that energy remains reliable, affordable, and accessible for all.

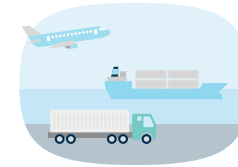
The future of the energy landscape will continue to evolve and oil and gas will be heavily relied upon along the way. Oil and gas will continue to support economic growth and development in local and global communities. The global demand for products derived from oil and gas is vast and will continue to rise in the future.

For the future

The oil and gas industry contributes to the green transition by ensuring dependable and accessible

energy to a growing global population. Considering that coal is still heavily relied on as a global energy source, oil and gas is a safer, cleaner and more reliable replacement. Leaving coal behind will require an expansion into oil and gas and renewables, which will, in turn, improve energy efficiency and accessibility.

Within the coming decades, pressures on the energy system will remain constant to match the growing population and the rise of demand for energy. Countries around the world will continue to depend on oil and gas as a dependable source of energy to support functional infrastructure, as well as economic growth. The energy transition is dependent on oil and gas to supply what renewable energy currently cannot on a global scale: availability, reliability, and affordability.



Transportation

Oil and gas help fuel transportation across the world. Diesel and gasoline are used for trucks and cars that enable transport and logistics. Jet fuel is relied upon for global air travel, and support and movement of cargo. Supporting global trade, oil and gas is used as fuel for cargo vessels to enable sea transport. Even as e-vehicles are becoming increasingly accessible, oil and gas play a role in the production of the e-vehicles. Oil and gas contribute to the green transition in the transportation sector via the materials that are used to make e-vehicles safer, more reliable, and energy-efficient such as batteries and lightweight components.



Petrochemicals

Derived from oil and gas, petrochemicals are used in a variety of ways that benefit our lives. Industrial products made with petrochemicals include dyes, paints, plastics, lubricants and fertilisers. Petrochemicals also play a key role in the agricultural and pharmaceutical industries, which are both linked to improving life quality and overall health.



Oil and gas



Quality of life

Improved living standards are directly related to the safety, affordability and accessibility of energy sources and consumption. Oil and gas enable people around the world to benefit from modern energy consumption in order to increase the overall quality of life. The livelihoods and aspirations of the world's rising population are inherently linked to access and usage of modern, safe, and affordable energy. Until 2050, the global population is expected to grow by approximately 2 billion people and this increase will impact rising incomes that drive the demand for energy services. Oil and gas will continue to be relied upon, to eradicate energy poverty.



Health

Throughout the various branches of the healthcare industry, oil and gas provide materials, transportation and pharmaceuticals that are used for healthcare and sanitation. Specific healthcare tools are made directly from oil and gas feedstocks and impact every aspect of patient care. Throughout the COVID-19 pandemic, the demand for hydrocarbons has increased to support Personal Protective Equipment (PPE) and other medical and hygiene-related supplies to save lives.

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



Climate and Energy

Climate change represents one of the biggest challenges of modern society. Maersk Drilling is committed to doing its part by leading the drilling industry's climate action initiatives.

After more than a hundred years of societal progress based on hydrocarbons, the transformation to a low-carbon economy requires monumental changes. A multitude of new technologies must be developed and scaled to replace today's carbon-intensive products and services. The transition must take place in a way that does not compromise the livelihoods and development aspirations of less affluent parts of the world.

The oil and gas industry has a vital role to play in the transition towards a sustainable future:

- The industry must continue to provide a substantial part of global energy and to provide stability in the global energy system supporting the fluctuating supplies from renewable sources like wind and solar.

- The industry must produce hydrocarbons in the most responsible way possible. Upstream operations account for around 2%¹ of the world's human-made greenhouse gas (GHG) emissions and investments are required to reduce emissions from processes and equipment. Often, close collaboration and partnerships amongst the players in the offshore ecosystem are required.
- The industry has a golden opportunity to develop carbon capture and storage solutions based on its unique insights into geology, reservoir management, CO₂ injection for enhanced production and well control.

These transition effects offer both opportunities and risks to Maersk Drilling and set the scene for the company's long-term strategy.

¹ Rystad, October 2021, 'Breaking down upstream's 1 GT CO₂'

The offshore ecosystem

Partnerships and cooperation in the offshore ecosystem is key to creating a supportive framework for low-emission solutions



International organisations, governments and local authorities
Regulation and public infrastructure can steer and accelerate the transition. Establishing the right incentives and infrastructure to support low-emission solutions – such as electrification of ports and fields – are necessary to trigger the adoption of new technologies.



Operators
Several of the leading oil and gas companies are increasingly conscious about their carbon footprint and focus on reducing scope 1, 2, and 3 emissions. The pace of oil and gas sector decarbonisation will increase if more operators pay a premium for low-emission services.



Fuel suppliers
Accessibility and availability of alternative fuels will be largely dependent on scaling of known, but not yet commercially attractive, technologies.



Drillers and other suppliers
There is significant potential to increase global adoption of energy efficiency and low-emission technologies and best practices. Many of the technologies are available but their adoption is hampered by low investment capabilities by the rig owners and increasingly short contract periods.



Finance institutions
Emissions-linked financing is already used by other industries and is successfully adopted by the drilling industry in Norway. The right public or private finance sector initiatives can accelerate the transformation by lowering costs to finance asset and infrastructure development.

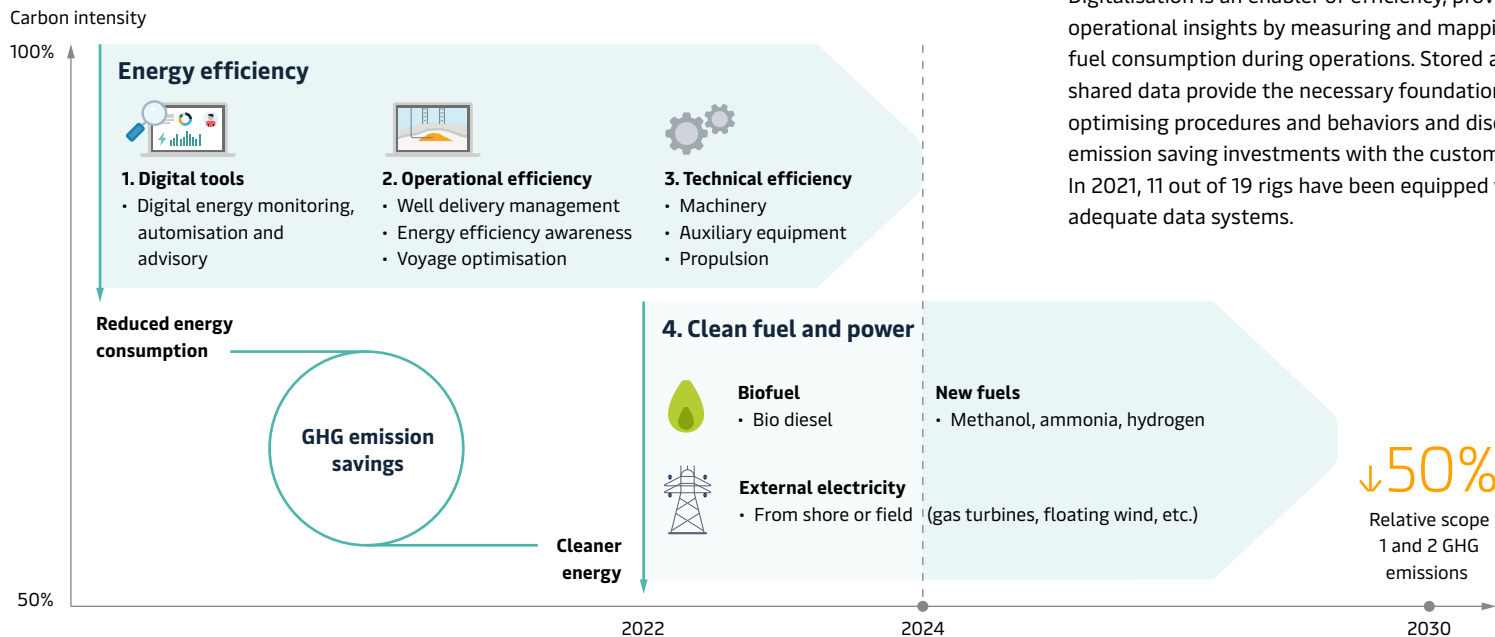


For further information on decarbonisation in the maritime sector, see 'Industry Transition Strategy', 2021 from Mærsk McKinney-Møller Center for Zero-carbon Shipping and DNV Global's Maritime forecast to 2050; 'Energy Transition Outlook 2021'.

Our climate plan – a leader within low emission drilling

Maersk Drilling has outlined four key steps to reach 2030 climate targets – employing both existing and new technologies.

Maersk Drilling is following two main tracks to achieve savings: Increased energy efficiency and new, low-emission energy sources



In 2020, Maersk Drilling established the drilling industry's most ambitious climate target with the ambition of reducing the carbon intensity of drilling operations by 50% compared to 2019 levels.

During 2021, the focus has been on exploring and mapping the available solutions as well as initiating the first concrete actions to implement saving solutions. In view of the fact that many technologies are in rapid development, a phased approach has been adopted based on the following steps.

Implementation of low-emissions technologies is still challenged by a lack of supporting regulatory frameworks. Furthermore, several of the targeted solutions are in the early stages of development.

1 Establish digital tools to monitor and map emissions

Digitalisation is an enabler of efficiency, providing operational insights by measuring and mapping fuel consumption during operations. Stored and shared data provide the necessary foundation for optimising procedures and behaviors and discuss emission saving investments with the customers. In 2021, 11 out of 19 rigs have been equipped with adequate data systems.

2 Increase operational efficiency

With the right monitoring tools in place, it is possible to identify improvement opportunities and adjust behaviors to operate rigs in a more energy-efficient way. For instance, generators and other equipment can be turned off systematically when not needed for safe operations. In 2021, dedicated energy forums were established and behavioural change programs are planned to be rolled out in 2022.

3 Invest in technical efficiency upgrades

In recent years, a lot of equipment development has taken place with much more energy efficient equipment coming to market. Maersk Drilling is mapping the most cost-efficient solutions to upgrade the existing rigs, ranging from relatively small items such as lighting to major investments in new technologies like battery power to optimise the power needs of the drilling equipment. In 2021, the largest investment of this nature was the launch of the battery power solution on Maersk Integrator.

4 Explore clean fuel and power solutions

Maersk Drilling expects that new fuels will deliver a significant part of the GHG savings needed to reach our 2030 goal, and follows closely the developments of low-emission fuels such as methanol, ammonia, and hydrogen for the offshore sector. Maersk Drilling participates actively in several research projects addressing the application of new solutions such as fuel cells as witnessed by Maersk Drilling's cooperation with Aalborg University and several other major players in the Danish maritime sector.

2021 climate performance

The significant rebound in drilling markets impacted Maersk Drilling's emissions in 2021. Rig utilisation increased and caused total scope 1 and scope 2 emissions to grow by 11.1% to 455.9 tonnes. Of these emissions, 68% related to floaters on contract, 28% to jack-ups on contract and 4% to off-contract activities and onshore operations.

Total revenue grew by 16%, mainly driven by increased activity in the floater market. Revenue growth exceeded emissions growth, leading to an improved overall carbon intensity per revenue dollar, going from 374.4 to 359.8 tonnes CO₂e per revenue dollar.

Our two operational KPIs showed less progress. In the **floater** segment, utilisation increased from 66% to 83%. This generated a high number of mobilisations with several transcontinental long-distance transfers, negatively impacting the emissions profile. Furthermore, operational effects such as operations in strong ocean currents have resulted in elevated fuel consumption for station-keeping, and therefore the average floater emissions per contracted day went up from 102.2 tonnes CO₂e to 123.1 tonnes CO₂e.

The **jack-up** market also improved with utilisation increasing from 62% to 68%, and fewer stacked rigs on contract. In Norway, the newly upgraded

low-emission rigs Maersk Intrepid and Maersk Integrator were both in full operation from the first quarter. Upgrades include hybrid-battery solutions that secure higher energy efficiency of drilling operations. On the other hand, shore power access enabling electrified rig operations was limited meaning Maersk Invincible could only run on clean shore power during the first three months of 2021. Due to these factors, average emissions per contracted day for our jack-ups increased from 35.4 tonnes to 38.1 tonnes.

The higher floater activity increased the fleet's operational carbon intensity because floaters are significantly more emissions-intensive than jack-ups. Emissions per contracted day increased from 62.9 to 76.1 tonnes CO₂e and emissions per drilled meter went up from 1.61 tonnes CO₂e to 2.06 tonnes CO₂e.

In 2022, we will launch our third low-emission rig in Norway and we will see the first effects from the emissions reduction plan that was developed during 2021.

Scope 3 emissions

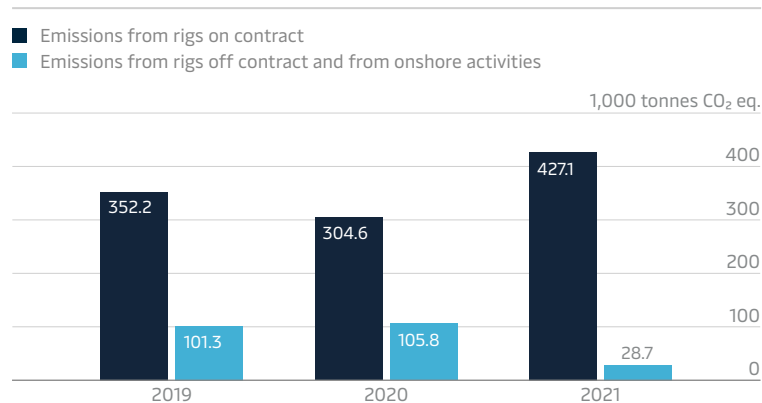
In addition to reporting on scope 1 and scope 2 emissions, Maersk Drilling has started to prepare for consolidation and reporting of its scope 3 emissions. This will be based on a thorough analysis of its main supplier categories in order to enhance the quality of its ESG reporting and disclosure. Key elements are expected to include items such as air transport of personnel, long-distance transport of jack-up rigs, supply services, and equipment manufacture.

Digital insights to improve performance

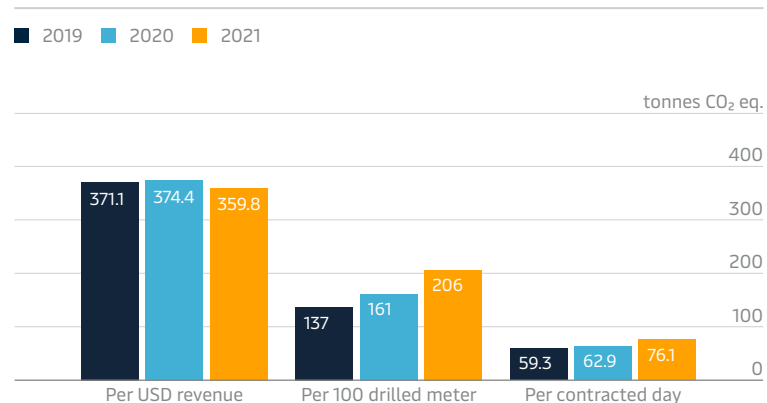
In 2021 Maersk Drilling rolled out an ambitious plan to establish real-time digital monitoring of fleet energy consumption and emissions. By end of 2021, 11 out of 19 rigs in the fleet have been equipped with the Energy Efficiency Insight (EEI) system that provides insights for both offshore operators as well as the onshore-based support functions. EEI enables the end-user to monitor the energy consumption of the rig with detailed data insights into fuel and power consumption versus the rig's operational activity. This allows for benchmarking energy performance against unit type and operating conditions.



GHG emissions 2019–2021



GHG intensity 2019–2021



Carbon management – expanding beyond drilling

Maersk Drilling sees carbon storage as a promising opportunity to build a new activity area with positive climate impact and significant growth potential. In 2020, Maersk Drilling invested in California Energy Systems, which is developing carbon-negative energy based on biomass, and entered the Project Greensand consortium led by INEOS Oil & Gas Denmark and Wintershall Dea. The Greensand project was granted EUDP funding of USD 30 million in 2021.

Project Greensand targets the development of capacity to permanently store up to 8 million tonnes CO₂ per year from 2030, thereby potentially accounting for all the CO₂ storage proposed in the Danish Climate Program as presented by the Danish government in 2020.

The CO₂ will be captured onshore and transported to sea. Storage in offshore reservoirs brings significant advantages since the geological structures are well understood, existing infrastructure can be reused, and the injection sites are situated far away from populated areas.

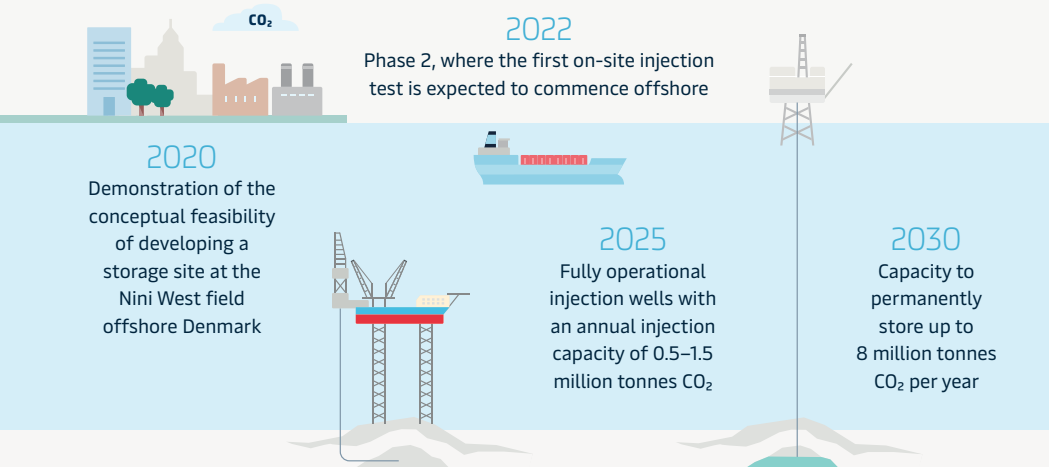
In Phase 1 of Project Greensand, the four initial consortium partners including Maersk Drilling demonstrated the conceptual feasibility of developing a storage site at the Nini West field offshore Denmark. This assessment was independently certified by the DNV classification society.

During Phase 2, the project will enter the pilot phase where the first on-site injection test is expected to commence offshore in the end of 2022. The goal is to have the first fully operational injection wells with an annual injection capacity of 0.5–1.5 million tonnes CO₂ ready in 2025.

Maersk Drilling has entered a framework agreement with the consortium leaders that confirms Maersk Drilling as the preferred contractor with a right to all drilling rig work involved in Project Greensand until the end of 2027.



Read more about Project Greensand [here](#).



Managing climate risks

Maersk Drilling’s strategic work encompasses the short-, mid-, and long-term opportunities and risks relating to current and potential new markets. ESG factors such as climate-related effects are an inherent part of this work, as they increasingly influence the dynamics of drilling activities. Examples include new customer sustainability requirements, carbon pricing, as well as a risk of a decrease in demand for drilling services in the longer term.

Climate risks – an integral part of our risk management system

Climate-related risks are identified and managed as part of the Enterprise Risk management

system, in the same way as other risks affecting Maersk Drilling.

The climate-related risks include both physical risks – in the case of Maersk Drilling, the increased risk of severe weather impacting the future operations of Maersk Drilling’s rigs – but more importantly, transition risks e.g. in the form of emerging market developments, changing political framework conditions and reputational stigmatisation due to the climate issue. In the table below, the main risk categories have been outlined, specifying the most significant risk factors for Maersk Drilling.

Climate related risk factors

Acute physical	Market	Emerging regulation	Technology	Financial	Reputational
<ul style="list-style-type: none"> Increasing frequency and severity of storms 	<ul style="list-style-type: none"> Oil and gas demand Future size of offshore drilling market 	<ul style="list-style-type: none"> Carbon pricing Stringent regulation of offshore activities and related emissions 	<ul style="list-style-type: none"> Electrification Alternative fuels Carbon storage solutions Digitalisation and efficiency progress 	<ul style="list-style-type: none"> Access to capital, e.g. debt financing or insurance 	<ul style="list-style-type: none"> Access to human capital via retention of key personnel and attraction of new talent



Caring for People

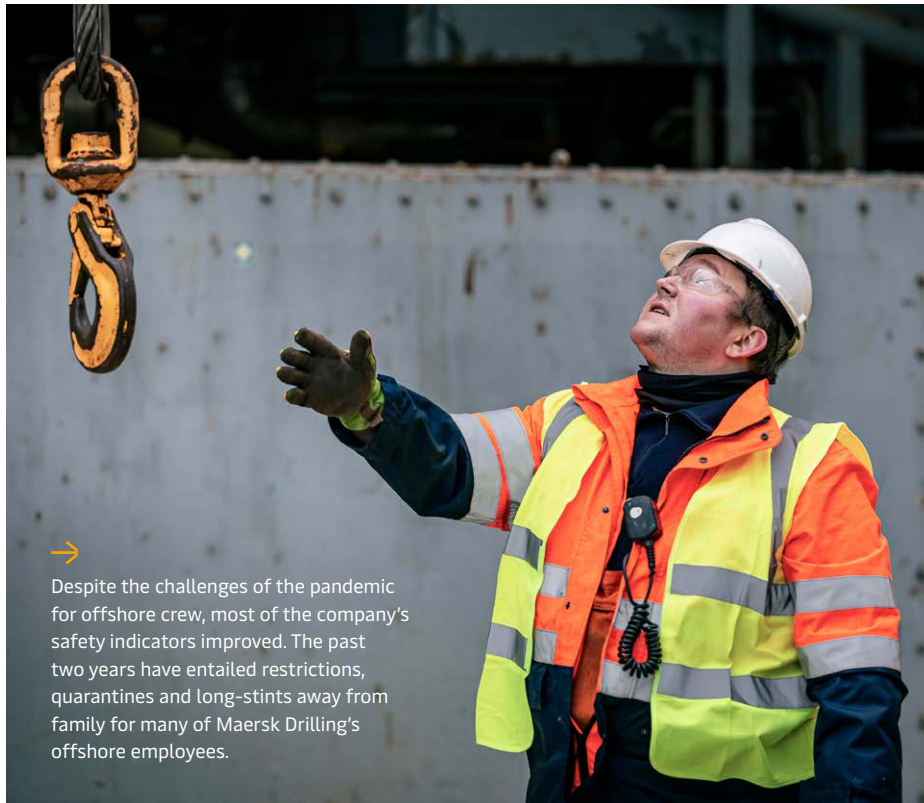


We want to be a safe, diverse, inclusive, and people-centric company



Safety

For Maersk Drilling, safety is the number one priority. It is a fundamental commitment, rooted in Maersk Drilling's values.



→ Despite the challenges of the pandemic for offshore crew, most of the company's safety indicators improved. The past two years have entailed restrictions, quarantines and long-stints away from family for many of Maersk Drilling's offshore employees.

Safety permeates everything Maersk Drilling does and stands for, onshore and offshore, and it is the condition for delivering reliable and efficient operations to customers. The ambition is to constantly reduce the potential severity of all incidents and, most importantly, achieve zero serious incidents causing permanent personal injury.

Managing safety in drilling markets undergoing change

In recent years, the global drilling markets have changed substantially with shorter drilling contracts and frequent crew changes as drillship and jack-ups move to new countries. This results in additional challenges to the safety work. With new crews boarding the rigs, it is imperative to make sure that they possess the skills and competencies necessary to operate with the highest safety standards.

The shorter contract periods challenge all drilling operators, and the industry is rallying to find a joint solution. Across the industry more and more drillers are using the *Life Saving Rules* developed by the *International Oil & Gas Producers Association*. This makes it easier to integrate new personnel from a safety standpoint. Throughout 2021, Maersk Drilling has actively supported this development and strengthened efforts on communicating how the company's safety strategy and the *Life Saving Rules* are aligned.

Safety as Capacity

With the core safety strategy *Safety as Capacity*, Maersk Drilling explores new ways of avoiding serious incidents. The goal is to strengthen employees' capacity to manage the safeguards and controls and avoid incidents from happening or escalating. *Safety as Capacity* is being recognised by customers and Maersk Drilling is discussing collaborative ways of working.

Safety as Capacity was launched in 2018, following a tragic accident in connection with a lifting operation onboard Maersk Interceptor. In 2021, the Norwegian authorities closed the case, issuing an administrative fine that was accepted by Maersk Drilling.

At the heart of the approach is the core belief that the traditional way of establishing safety barriers and relying on procedures, systems and controls is not enough. It must be supplemented with a bottom-up approach focusing on individual employees and the specifics that surround the work situation. The insights and experience of the frontline must be shared and discussed in a culture that fosters learning. In 2021, Maersk Drilling continued to award proposals from the frontline with ideas to streamline operations, lower environmental impact and reduced risk exposure. A total of 50 ideas were received during the four quarterly award rounds.

In 2021, a focus was placed on the analysis of the particular workspaces and tasks with above-average incidence frequency including follow-ups on improvement measures based on best practice across the rig fleet. An example of this is the frontline implementation of the Safe zones, minimising exposure on the rig floor by strictly enforcing that no entry must take place in red zones, unless accepted by the designated gate-keeper and only when absolutely unavoidable.

Furthermore, we continued the work to embed the *Control of Work* system which has recently been rolled out to the entire fleet. The system simplifies work executions and secures a robust process with greater efficiency. Another project during the year was the full implementation of the *Competency Assessment System* which ensures that our people have the adequate training and skills to support safe and efficient operations.

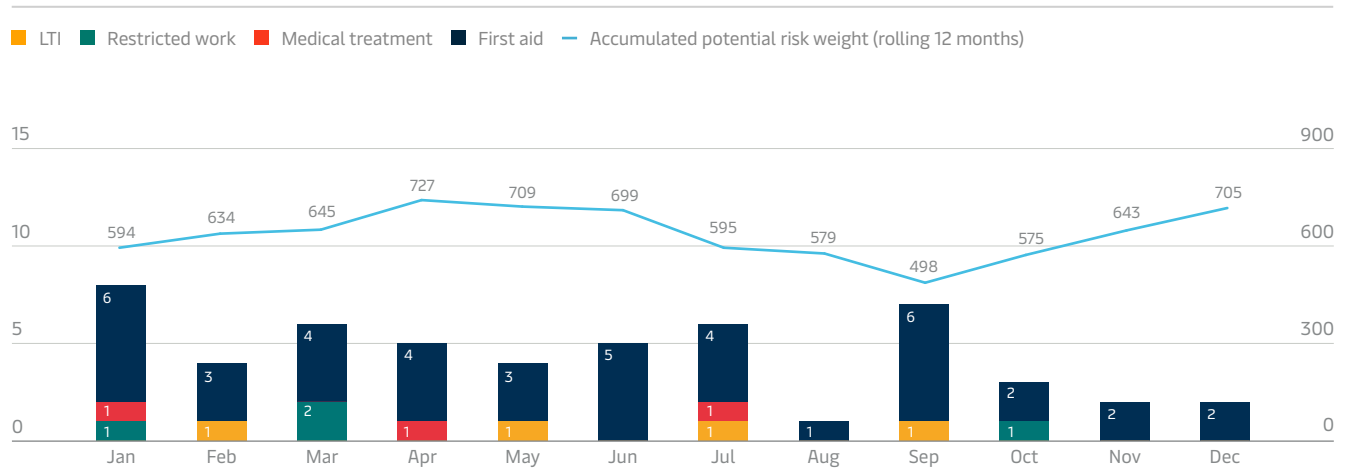
2021 performance

There were no serious incidents and it has now been almost three years since Maersk Drilling has had an incident causing permanent personal injury.

On the other key metrics, the developments were more mixed with good progress on the frequency of all incidents (TRC) which reached the lowest level in more than ten years. Maersk Drilling saw a slight increase in the frequency of lost time incidents (LTI) after a very low level was reached in 2020.

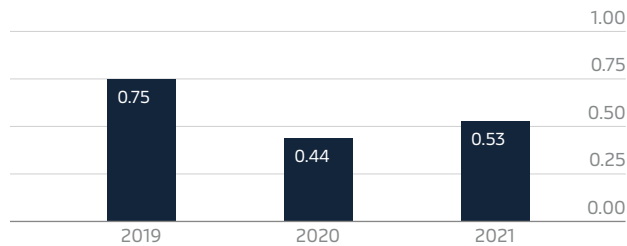
In regards to the newly introduced KPI – potential severity of incidents – which includes also the near-misses, the development was not improving as intended. Maersk Drilling is working to reduce the number of near misses with high potential.

Personal injuries and potential risk weight



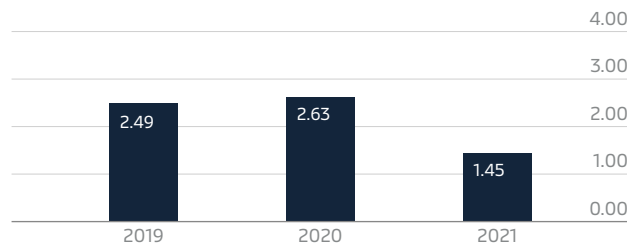
Our safety performance 2019–2021

LTI frequency



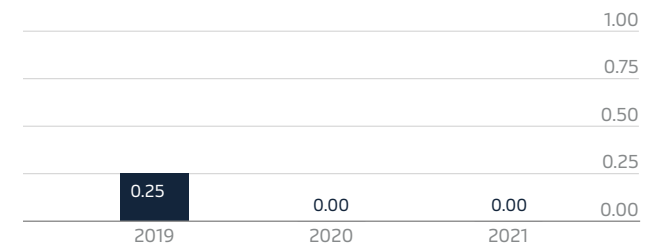
LTI_f measures the frequency of LTIs and fatality incidents per million man-hours divided by total hours worked. Lost Time Incident (LTI) is a work-related injury or illness to an employee which a physician or licensed health care professional recommends days away from work due to the incident.

TRC frequency



TRC_f 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.

Diversity and Inclusion

Maersk Drilling is committed to fostering a culture where all employees can contribute meaningfully and feel included.

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



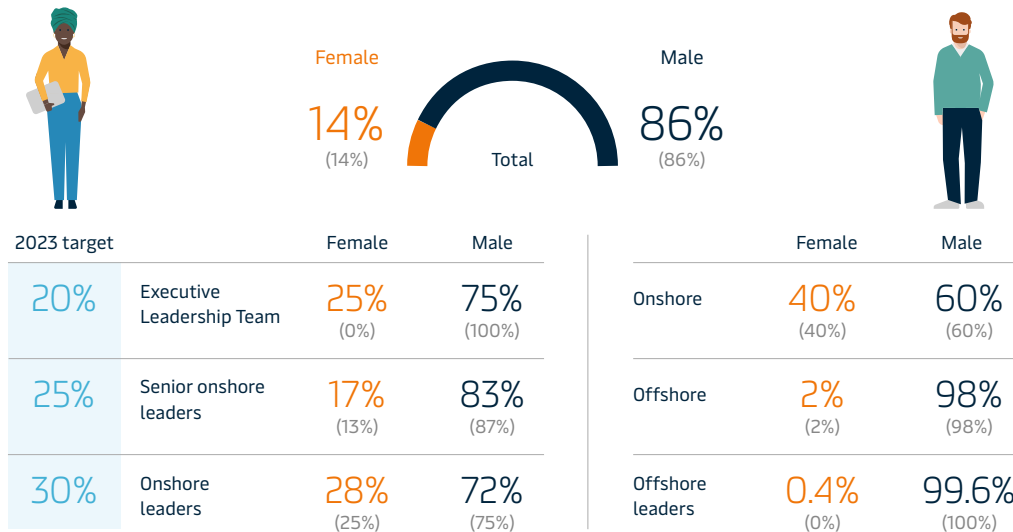
Maersk Drilling aims to ensure that employees can thrive and meaningfully contribute to the company regardless of gender, nationality, religion, sexual orientation, socioeconomic background or disability. Not only is treating employees with respect deeply aligned with Maersk Drilling's values and the way business is conducted, but our people comprise the core of Maersk Drilling's business.

Mobilising diverse skillsets and perspectives is and continues to be a competitive advantage and a critical driver of the company's ongoing transformation. Building an inclusive environment is a crucial enabler of this, and therefore, Diversity and Inclusion formed one of two key focus areas of Maersk Drilling's sustainability strategy, alongside Climate Action, in 2020.

Progress on the D&I plan

A dedicated D&I plan, comprising an ambitious onshore female leadership target as well as four intervention areas was designed to be achieved over a three-year period. These intervention areas address structural barriers surrounding HR processes and policies for attracting, recruiting, developing, retaining, and appointing diverse talent.

Gender distribution in 2021 (2020)



Maersk Drilling is addressing the industry-specific challenge of female underrepresentation through a dedicated onshore female leadership target by 2023, which is broken down across leadership levels. Additionally, to emphasise the focus on this area and drive visible progress towards 30% representation across all onshore leadership levels by 2023, a specific minimum target of 27% female representation has been integrated into Maersk Drilling's annual scorecard.

Maersk Drilling is currently seeing good progress on our targets. In 2021, the share of female employees stayed the same from 14% in 2020 to 14% in 2021. Onshore, women represent 40% of the workforce. Female leaders made up 28% of onshore leadership in 2021 compared to 25% in 2020. Offshore, women only make up 2% of the workforce.

Lastly, Maersk Drilling successfully exceeded the Executive Leadership Target of 20% two years ahead of deadline, reaching 25% female representation from 0% in 2020.

Board diversity

Maersk Drilling is focused on ensuring end-to-end diversity, all the way up to its Board of Directors. This includes ensuring a diverse representation of gender, nationality, international experience and qualifications among its members. 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, excluding employee-elected members, is two females and four males, as well as four non-Danish citizens represented.

Investing in a gender-balanced operational division

A key challenge when working towards ensuring gender equality in the operational side of business lies in the historical nature of the oil and gas industry being traditionally male-dominated. For this reason, it has been difficult to hire females who know the ins and outs of the industry and possess the seniority upon appointment to immediately take on leadership roles.

To mitigate this issue for the future, Maersk Drilling has integrated ESG considerations by setting targets for 30% female and non-Scandinavian representation in talent programmes for 2021, and is dedicated to building a diverse talent pipeline with employees who know the business and can be honed into leadership positions through succession planning. There is good progress on this target, in particular with 55.6% female representation on our rig manager track, exceeding the target by far.

Maersk Drilling has furthermore invested in its female leadership pipeline by providing

opportunities to develop through Above & Beyond's *Female Fast Track Programme* – a programme designed for emerging female managers who showcase future leadership potential or have recently landed a leadership position.

"I think we all consider the type of working life that suits our preferences and our personal lives. It doesn't matter if you are a man or a woman – some enjoy the pace and challenges that operations entail, whereas it is not the type of working environment or tasks that appeal to others. I spoke openly about what I wanted for my career and what position I wanted to move to. On top of that, I had two wonderful Rig Managers who supported my candidature internally in Maersk Drilling and who helped me lay the groundwork for becoming an assistant Rig Manager."



Kirsti Russell Vastveit, Assistant Rig Manager, Maersk Integrator

Diversity of shareholder-elected board members 2021



Intervention areas

Maersk Drilling's intervention areas address structural barriers surrounding HR processes and policies for attracting, recruiting, developing, and appointing diverse talent. In 2021 the company has focused on the following:

- Restructuring and implementation of a new recruitment process to remove legacy bias
- Posting all open leadership vacancies externally and requiring diverse top slates – of the top three candidates, one has to be female, and one non-Scandinavian
- Addressing structural barriers by setting and achieving a 30% female and non-Scandinavian target in talent programmes
- Conducting a dedicated D&I awareness month for SDG 5: Gender Equality, to further facilitate the conversation surrounding an inclusive working environment
- Inclusive leadership integrated into the curriculum of the Leading in Maersk Drilling programme for leaders
- Participation in the public conversation surrounding diversity, equity, and inclusion through inter alia Maersk Drilling's membership with the Diversity Council

Ingraining D&I through a dedicated Ambassador Group

In Autumn of 2021, a dedicated Ambassador Group chaired by Chief Diversity Officer Nikolaj Svane, was created, to further ingrain diversity, equity and inclusion initiatives across the whole organisation. 38 employees spanning 14 nationalities and 11 different departments both offshore and onshore have come together to facilitate local implementation, as the ambassadors individually focus efforts on the specific needs and challenges in their respective functions.



"The Ambassador Group is an important enabler for consistent two-way conversation and awareness-building between management and role models across functions, to ensure end-to-end inclusion across Maersk Drilling. Inclusion is not merely a top-down exercise, but a state of mind that all employees must adopt, and our ambassadors are taking on the challenge to make space for all to thrive."

Nikolaj Svane
Chief Strategy and People Officer



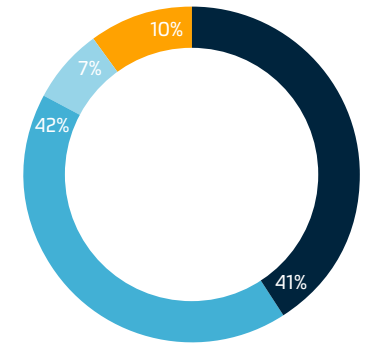
Nationality distribution 2021 – total population

■ Europe (outside Scandinavia) ■ Scandinavia
■ Southeast Asia ■ Other

Maersk Drilling has a highly international workforce with

62

different nationalities represented. Less than half are Scandinavians, a share which has been relatively stable in recent years.



Role modelling for women in STEM

A key element to breaking barriers for underrepresented individuals is by promoting the visibility of those minority groups. Through the observation of successful role models, minority groups increase confidence in their ability to succeed and get past barriers that may stand in their way. The underrepresentation of women in science, technology, engineering and mathematics (STEM) fields and education is a widespread issue around the globe, and therefore Maersk Drilling has participated in the *Lead the Future* campaign in collaboration with Diversity Council, the Danish Technical University, and the IT University of Copenhagen in 2021. This campaign aims at supporting STEM education for women, and several female Maersk Drilling talents participated as role models for STEM-related careers, to increase said visibility.





HR Development

Maersk Drilling places a key importance on ensuring that employees throughout the entire organisation have opportunities to express their level of engagement, are continuously training to deliver safe and efficient operations, and are in a work environment that fosters high-quality business performance.

People, performance and engagement

Investing in people development and engagement through continuous conversations is a way for Maersk Drilling leaders to create sustainable people performance. The overall goal is to enable employees to make the biggest impact through clear priorities and build capacity to have even bigger impact in their role, now and in the future.

Maersk Drilling's Compass Survey allows the company 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.

In Q3 of 2021, it was decided to change the frequency of the survey from quarterly to twice a year, to allow

enough time for teams to have conversations and work on engagement actions deriving from the survey. For this reason, a comparative basis between Q3 2020 and Q3 2021 will be reported on, of which the latest results were incurred.

The Compass surveys in 2021 illustrate a positive improvement on the eNPS scores. The score improved from -12 in Q3 2020 to 5 in Q3 2021, with the onshore population moving from -5 to 2 and offshore moving from -16 to 7. This exhibits a positive turnaround on the eNPS scores, with Q3 2021 being the highest eNPS score recorded so far. The development can be attributed to factors such as flexible working location for onshore employees and high engagement on team levels across the organisation.

A continued focus on operational excellence

Maersk Drilling offers an array of training for employees including industry standards to secure safe and efficient training. The training covers a range of capabilities – inter alia for operational excellence.

Employee turnover

Overall, there was a minor increase in attrition for offshore during 2021 compared to 2020, but still at a healthy level of 6% throughout the year compared to 4.5% in 2020. This year's onshore voluntary attrition rate has risen significantly to 15.8% compared to 6.6% in 2020. These results are in line with global external trends for this time period. Furthermore, the onshore turnover rate has also been impacted by an increase in resignations in November and December, following Maersk Drilling's recent announcement regarding a planned merger with Noble Corporation.



In 2021, a total of **10,741** training days were carried out across Maersk Drilling compared to 6,481 in 2020. The increase in the number of training days is reflective of Maersk Drilling's effort to revamp training efforts following a period of training efforts being restricted due to the COVID-19 pandemic, as well as increased activity levels for company units. This is a true testament to the continued emphasis that the company places on ensuring that employees deliver drilling services of high quality to customers.

Smarter Ways of Working

To deliver better business performance and having absorbed learnings from working patterns during the global pandemic, Maersk Drilling has embraced hybrid working onshore, to innovate and collaborate better across teams. This is a central element of the broader "Smarter Ways of Working" initiative rolled out during 2021. It is important to work together and create conditions for sustainable work performance, which encompasses flexibility to work from home,

improvements to work-life balance and inclusivity through the enhanced integration of personal life.

Employee turnover

Maersk Drilling is carefully working to recalibrate as pandemic regulations have begun to change and lessen. Throughout previous and ongoing challenges, Maersk Drilling has continued to work on improving retention rates by engaging with employees and taking action based on the feedback received. A challenge that the onshore organisation has faced in 2021, is tackling high turnover rates as the pandemic eased down. This challenge mirrors that of companies and industries across the world, and is founded in the widespread global trend of a moving workforce, which has been characteristic of the year. Furthermore, the onshore turnover rate has also been impacted by Maersk Drilling's recent announcement regarding a planned merger with Noble Corporation.

Comprehensive toolbox for transformational leadership

The ever-important task to facilitate employee development, engagement, organisational effectiveness, diversity and inclusion, and capability development lies with company leaders.

Maersk Drilling takes a proactive approach to equip leaders with the necessary tools to succeed in their roles and facilitates the "Leading in MD" programme, bringing together offshore and onshore leaders to develop transformational leadership skills. Leading in MD was reactivated in 2021 as COVID-19 restrictions were lifted. A key element of the programme is to promote corporate values as well as Maersk Drilling's 4Cs leadership framework: Curiosity, Courage, Collaboration and Conversation. So far, there have been 243 leaders through the programme and another 191 are pending to participate.

In addition to Leading in MD, Maersk Drilling has developed and conducted virtual leadership sessions for all leaders on how to lead and engage teams both virtually and with distance throughout 2021. Seven "Stress Awareness Prevention" sessions have also been conducted for leaders and employees to help train and provide tools for general health and wellbeing throughout unprecedented times.



"I truly hope the skills and aspirations from the program will help me transform into a better leader. One who is strong, caring, honest. Someone who is not afraid to take hard and fast decisions, as well as show the team any shortfalls, enabling them to learn and give their best to Maersk Drilling. With this new knowledge, all leaders and the organisation will have a chance to solidify and excel in a new culture, which will welcome a seamless transformation and adaptation in these everchanging times."

Yury Pleshov Deputy OIM, Maersk Developer who attended one of the most recent programmes

Bringing value to local communities

Facilitating a positive impact on the local communities in which Maersk Drilling operates is a vital aspect of the sustainability approach. In addition to aligning with the Maersk Drilling sustainability strategy, bringing value to local communities aligns with company values.

The well-established commitment to bring value to local communities remains a key focus and area of impact. Maersk Drilling achieves this by using a variety of different methods which include, investing in and building local competencies and local procurement practices. Examples of local content targets and requirements include the percentage of the local workforce and sourcing from local suppliers. Although local content requirements are specified, Maersk Drilling consistently works to exceed targets when possible. By doing so, Maersk Drilling aims to build on long-term collaborations with both customers and suppliers who also place value on local contributions.

Building local skills

Maersk Drilling places a great importance on involving and developing local offshore competencies in order to ensure safe, efficient and reliable operations in existing and emerging oil and gas markets. These regions include parts of Latin America, Africa, and South East Asia. In terms of achieving safety and efficiency, delivering services up to the highest standard possible

requires the presence of local colleagues who have the required skillset. Maersk Drilling understands the importance of local content as a vital element of operating at the highest standard for customers. This commitment includes contributing to building skills and competencies by investing in engagement and training of the local workforce.










In 2021, Maersk Drilling met or exceeded local staff requirements in 86% of the countries.

Procuring local products and services

To support domestic economies, decrease the company's environmental footprint, and secure local supply for the offshore sector, Maersk Drilling strives to procure locally when possible. Working closely with local suppliers means that Maersk Drilling contributes to training and skill development in order to meet the requirements set out by international oil and gas customers and local authorities.

In 2021, Maersk Drilling reached or exceeded local procurement requirements in 83% of the countries.

Exceeding local requirements in 2021

	Local staff			Local procurement		
	Requirement 2021	2020	2021	Requirement 2021	2020	2021
 Angola	70%	65%	63%	n/a	30%	34%
 Australia	40%	87%	92%	40%	67%	73%
 Azerbaijan	n/a	84%	n/a	37%	36%	71%
 Brunei	67%	64%	68%	42%	43%	30%
 Gabon	49%	57%	n/a	30%	n/a	5%
 Ghana	53%	62%	60%	40%	55%	58%
 Guyana	20%	34%	n/a	20%	n/a	30%
 Suriname	n/a	n/a	14%	n/a	n/a	29%
 Trinidad/Tobago	52%	48%	53%	n/a	25%	30%

Investing in Suriname

Several efforts have been pursued in Suriname in 2021. To leave a positive contribution on its society, a Starter's Day was held at Maersk Drilling office in Paramaribo for over 20 Surinamese catering crew that joined the Maersk Valiant in June 2021. The event has been an important element of Maersk Drilling's local contribution efforts by giving new catering crew the opportunity to gain an in-depth understanding about Maersk Drilling. Local catering crew were invited to take part in the day's itinerary to learn about Maersk Drilling's safety culture and company values, responsible

procurement policy and the standards required to work as a supplier in the oil and gas industry. By contributing to the training of local crew, Maersk Drilling plays a part in developing emerging economies while benefiting from the skillsets and talent that is brought by local crew and staff. Looking forward, Maersk Drilling has planned a promotion of four Stewards to Roustabout positions, which provides further job exposure and training opportunities within the community. To further contribute to the local community, a charitable contribution to an orphanage in Paramaribo has also been made.

"Maersk Valiant and Maersk Developer operating in Suriname have made a good effort to bring value to local communities. From the very start, we were committed to employing local catering crews and in order to give them a good introduction to Maersk Drilling values and safety culture a Starter's Day was organised in Paramaribo. The crew was very engaged in all activities of the day and gave us great feedback about the experience. The development of the oil and gas sector in Suriname is an exciting opportunity for the country. We always seek to power future success hand in hand with local communities and will be looking at further opportunities to contribute."

Natalia Krygier Assistant Rig Manager



Responsible Business

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



Ethical business practices

Staying aligned with our core values, Maersk Drilling remains committed to doing business the right way.

Maersk Drilling has a dedicated commitment to complying 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.

Maersk Drilling's high standards for business ethics are upheld at a worldwide level when interacting with customers, suppliers, regulators, governments and other parties. Regardless of the fact that the approach to business ethics is robust, Maersk Drilling is devoted to reassessing processes to ensure that they are representative of the compliance objectives and the organisation's structure.

Upholding human and labour rights

Maersk Drilling strives to protect everyone who interacts with the company to minimise any adverse effects that operations could have on society. Maersk Drilling continuously respects and adheres to human and labour rights and consistently aims to raise the bar even higher and build on the heritage of responsible business practices.

Human and labour rights assessment parameters are an integrated part of the strategic pre-market-entry risk picture. Furthermore, in 2021, Maersk Drilling has increased screening efforts regarding human and labour rights due diligence for suppliers.

Maersk Drilling strictly adheres to:



Fundamental labour conventions of the International Labour Organisation (ILO)



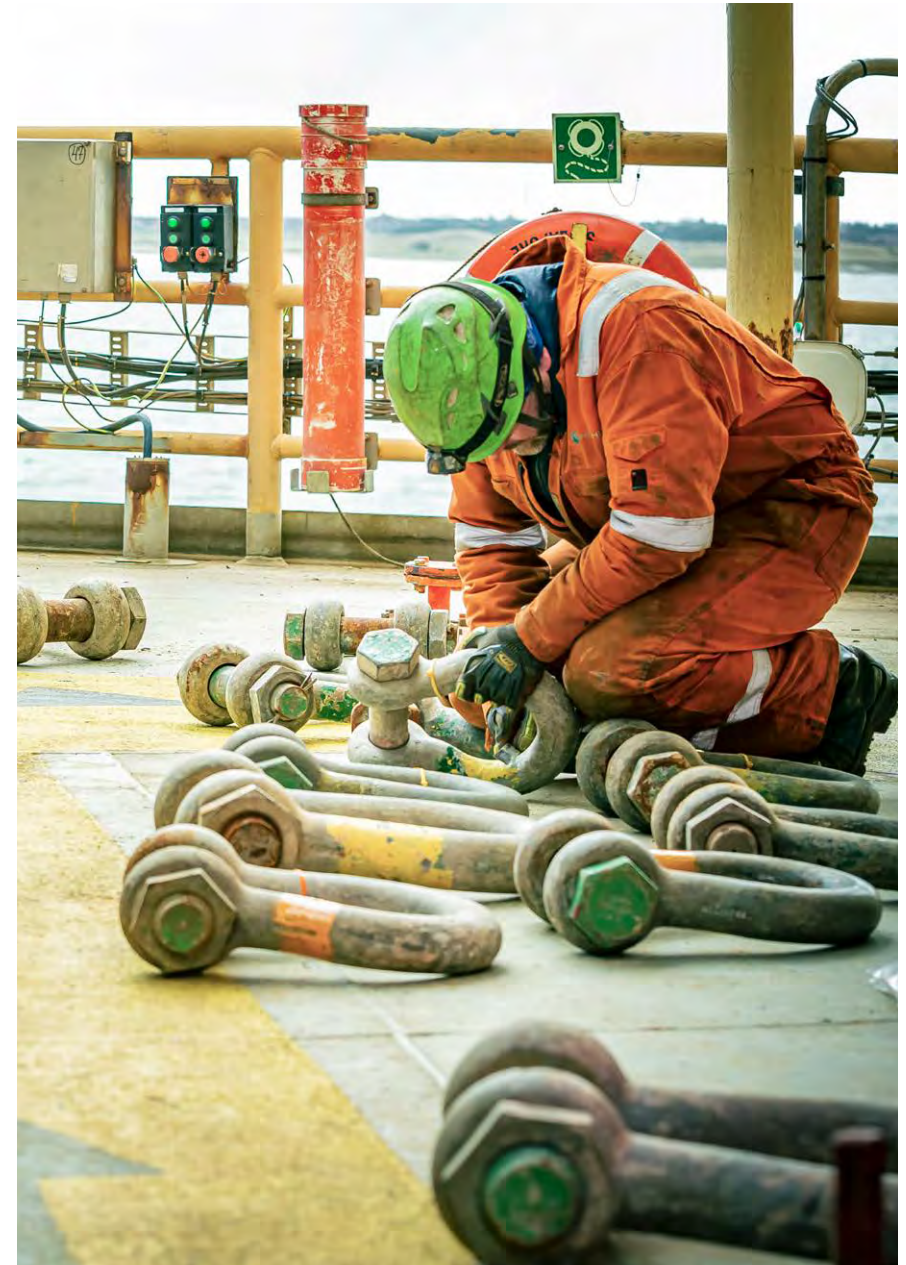
UN Declaration of Human Rights



Dedicated principles of the UN Global Compact

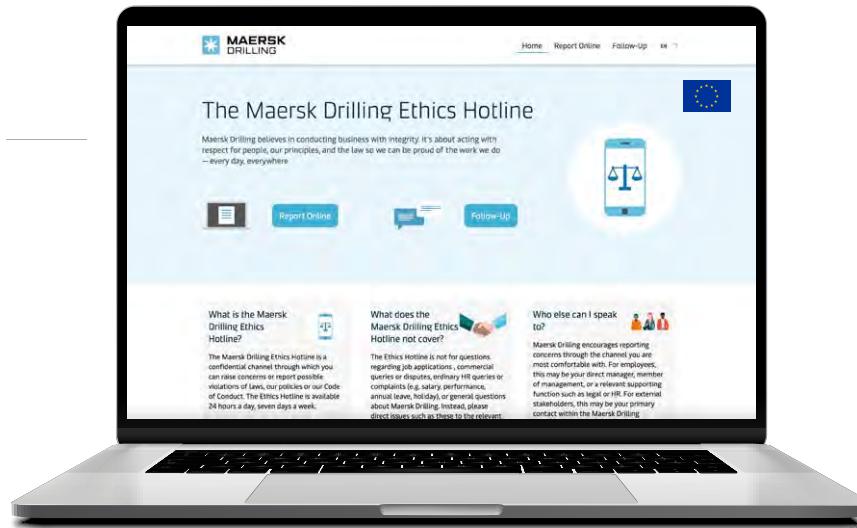


Maersk Drilling reports in accordance with the United Kingdom Modern Slavery Act and is guided by the dedicated Modern Slavery Policy. Find it on our website [here](#).



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reports in 2021 were processed and follow-up action were conducted as appropriate.



An upgraded Ethics Hotline

Maersk Drilling fosters a company culture of collective responsibility to ensure that operations are in alignment with company values and are in accordance with the law.

If a breach of law, operational procedure or Maersk Drilling's ethical principles is witnessed, and a reporter is hesitant or unable to report through channels such as line management, the legal department, HR representatives, or the executive leadership team, or if anonymity is desired, the Ethics Hotline is available.

Maersk Drilling utilises a secure and confidential reporting tool administered by an independent third-party. In 2021 we processed 25 reports received via the Ethics Hotline or via other means such as e-mail to internal functions, and conducted follow-up actions as appropriate.

Since December 2021, a new EU whistleblower directive has come into force. Maersk Drilling has actively taken steps to comply with the directive as implemented in applicable national laws.

Among other important protections and rights, the EU directive establishes obligations to private companies and public organisations to ensure that whistleblowers who report breaches in good faith are protected against all forms of retaliation.

Furthermore, in 2021 the Ethics Hotline has been updated to allow individuals to submit reports in Spanish and Portuguese, in addition to English and Norwegian. This update includes a back-end translation service allowing for two-way communication with the reporter in their preferred language.



In 2021, the Ethics Hotline has been updated to submit reports in Spanish and Portuguese, in addition to English and Norwegian.

A solid tried and tested toolbox for business ethics

- Updated versions of Maersk Drilling's Code of Conduct for employees, suppliers and consultants, as well as Third-Party Code of Conduct for suppliers – Spanish and Portuguese versions were made available in 2021, in addition to English
- Anti-corruption due diligence
- Shorebase awareness training on anti-corruption risk in new jurisdictions (eight conducted in 2021 for commencements in Brunei, Gabon, Ghana, Guyana, Malaysia, Suriname, Trinidad & Tobago, and South Korea)
- Internal live training sessions on anti-corruption, export controls, competition law and data protection for functions most sensitive to these compliance risks
- Daily trade sanctions, 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

Responsible supply chains



18

Responsible Procurement Supplier Assessments were completed in 2021.

Not only is Maersk Drilling dedicated to ensuring high standards for sustainability across its own operations, but the company's environmental and social impact extends across its entire value chain, including the multitude of suppliers that are procured and engaged with every year.

By focusing vigilantly on responsible supply chains, Maersk Drilling plays a key role in influencing positive outcomes on human rights, labour rights,

environment, and anti-corruption with suppliers. The company's approach to responsible supply chains has been designed to promote continuous improvement by partners in the company's supply chain, through a tried and tested toolbox including qualification questionnaires, desktop supplier assessments, supplier audits, and corrective action plans. Throughout 2021, Maersk Drilling audited 11 of its key suppliers. Based on these audits, six major-, 15 minor non-conformances,

and 18 observations were made – all of which have been closed or are actively being followed up on through corrective action plans.

In 2021 Maersk Drilling took off an internal review of its existing Responsible Supply Chain approach, with the aim of developing and enhancing its existing supplier qualification tools. As a direct result, a sustainability-related contractual clause is included in all newly negotiated Supplier Frame Agreements, and is being negotiated into all existing Frame Agreements. Additionally, sustainability as a parameter has been integrated into tender evaluations, where suppliers are assessed on a variety of factors for example whether they have an established sustainability strategy and their approach to measuring GHG emissions.

In the beginning of 2022, Maersk Drilling will assess an extension of its responsible supply chain plan, including a revised sustainability approach towards warehousing, logistics, equipment and travel. Additionally, to gain a comprehensive overview of the company's climate footprint, Maersk Drilling is also preparing a tender process to identify a third-party provider who has the potential to assist the company and its suppliers in tracking scope 3 indirect emissions. The overall aim is to work closely with key suppliers to capture and reduce indirect emissions across the supply chain through a digital tool.

Partnering for an ESG-related supplier qualification process

In 2021, Maersk Drilling automated its screening efforts regarding due diligence for 150 suppliers through its partner ISNetwork (ISN). ISN assists in ensuring that subcontractors comply with industry, regulatory, international and Maersk Drilling's standards for suppliers. ISN furthermore provides data-driven assurance and verification services towards supplier-published ESG performance statistics, enabling Maersk Drilling to better assess the environmental and social impact of potential suppliers.

"Through our partnership with Maersk Drilling, we can combine Maersk Drilling's already established, robust and market-leading supplier due diligence process with our own which brings together a number of advantages. From the outset it was evident that Maersk Drilling has a strong background in ensuring a diligent supplier assessment and qualification process. We are collaboratively taking that one step further, through the integration of ESG-related parameters for supplier assessments."

David Bibby Senior Manager EMEA Operations, ISN



High-risk categories

Due to the nature of Maersk Drilling's business, the risks provided by each supplier naturally differ dependent upon the scope of their supply. Maersk Drilling categorises suppliers differently with regards to potential adverse impact on human rights, labour rights, and the environment, and the below types of suppliers pose higher risks than others. Suppliers within these categories are managed by the company with greater focus on qualification and heightened due diligence processes.



Yards

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



Services

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



Security

Security services provided by sub-contractors potentially expose personnel to physical hazards.



In 2021, Maersk Drilling finalised the installation of a Selective Catalytic Reduction (SCR) scrubber system onboard the Maersk Resolute. The system injects urea into the exhaust gas to convert NO_x into harmless water and nitrogen.

Protecting sea and air

Maersk Drilling's ambition is to provide responsible offshore drilling services, while minimising the environmental impact of operations on sea and air.

Environmental management systems

The main areas targeted relate to spills, recycling and end-of-life, air emissions, and the use of chemicals onboard our rigs.

Maersk Drilling's activities are governed by the Health, Safety, Security, Environment (HSSE) Policy as well as the Corporate Major Accident Prevention Policy. The HSSE function, together with other relevant staff groups, work in close cooperation with the rig teams which are all equipped with a dedicated HSSE advisor.

As a core element, every new drilling operation is preceded by a thorough Environmental Impact Assessment which assesses and quantifies the impact of Maersk Drilling's activities and describes mitigation and control measures.

To apply best industry standards in the environmental management approach, Maersk Drilling applies the international standard ISO 14001:2015.

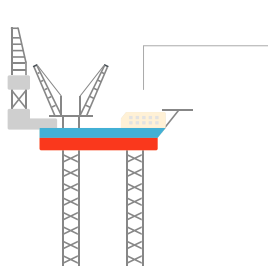
Air emissions

Apart from greenhouse gases, the main substances in focus for air emission management are SO_x and NO_x which are both present in the exhaust from the main engines.

Both SO_x and NO_x emissions have adverse effects on air quality and contribute to eutrophication, a particular issue in some shallow water coastal areas like the North Sea that have important biodiversity. Maersk Drilling is using low-sulphur fuels as specified in the MARPOL convention as well as cleaning equipment to alleviate these impacts.

In 2021, Maersk Drilling finalised the installation of a Selective Catalytic Reduction (SCR) scrubber system onboard the Maersk Resolute in connection to a drilling campaign in the Dutch North Sea. The system injects urea into the exhaust gas to convert NO_x into harmless water and nitrogen. This made the rig able to comply with the 95% reduction in NO_x emissions demanded by the Dutch authorities.

2
spills above 1 barrel recorded in 2021.



In 2021, Maersk Drilling launched a new policy for responsible rig recycling. Find it on Maersk Drilling's website [here](#)

349
risk assessments of chemicals created in 2021, compared to 210 in 2020.

With the new equipment on Maersk Resolute, Maersk Drilling now has four North Sea jack-ups equipped with SCR units, reducing NO_x content in their exhaust systems.

Spills

Major spills may have long-lasting adverse negative effects on ecosystems and their related economic and recreational activities. Maersk Drilling's goal is to have zero spills of hazardous materials into the environment.

The risk of major spills is small but can never be completely eliminated. The main risk factors are:

- Loss of well control
- Loss of drilling fluid
- Bunkering of fuel or materials from supply ship to rig

Maersk Drilling has set up rigorous procedures and systems to eliminate these risks to the largest extent. A loss of well control with hydrocarbons spill – by far the incident which would cause the most severe impact – has never been experienced by Maersk Drilling. Maersk Drilling works relentlessly to minimise the other risk areas.

Maersk Drilling evaluates closely – through incident and investigation processes – any incident or near-miss that can help improve the performance.

In 2021, Maersk Drilling experienced two spills to environment with volumes exceeding the threshold of one barrel. Both involve spills of drilling mud. Investigations were carried out to identify the root cause of the accidents and both cases were linked to equipment failures. Maintenance and inspection systems were upgraded accordingly to prevent such incidents in the future.

Recycling and end-of-life

The oil and gas sector is a major consumer of materials and equipment, leaving an important task in securing that recycling as well as end-of-life of installations, equipment, and materials are handled in a responsible way. Maersk Drilling is active on several levels, from the secure decommissioning of depleted oil and gas fields installations to the optimal handling of house waste from rigs.

Rig recycling

In 2021, Maersk Drilling launched a new policy for responsible rig recycling. The policy complies with the requirements of the Hong Kong Convention which is the leading international agreement within the field of ship recycling. The policy defines clear principles for Maersk Drilling's own handling of the recycling process, and includes criteria for selecting a responsible recycling facility as well as ensuring transparent communication with concerned stakeholders. The policy also defines recycling requirements in relation to the selling of a rig to third-parties, stipulating a two-year period where the buyer commits to recycle according to the Hong Kong convention.

In 2021, three jack-ups left the Maersk Drilling fleet and, in line with the new policy, all divestment contracts contained relevant recycling clauses. All rigs are expected to continue their active service life under the new owners.

Reducing waste

Minimising waste is important in order to protect the marine environment, save resources and reduce landfill. Maersk Drilling has developed thorough processes for sorting and handling of the waste generated by the drilling rigs. It is an important task to secure optimal handling

when the waste is onboard the rigs. Furthermore, Maersk Drilling regularly engages in dialogue with customers on reduction and segregation of waste before it goes to the customer who is responsible for taking it to land-based facilities.

The waste onboard 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. In 2021, the waste amounts were relatively stable compared to 2020.

Chemical Management

The safe use of chemicals on the rigs is an important part of the environmental management system. Chemicals can potentially pose a risk both to the environment and to Maersk Drilling's people's health and safety.

When working with chemicals, Maersk Drilling applies a three-step approach to minimise risks. Firstly, Maersk Drilling seeks ways to avoid the use of chemicals when at all possible. Secondly, Maersk Drilling aims at using the least harmful substances available for the required functionality. And lastly, where needed, Maersk Drilling provides the necessary protection equipment and training to handle the chemicals.

The chemical management team conducts risk assessments of all chemicals used by Maersk Drilling as well as third parties, and chemicals with a high risk factor are replaced with less hazardous chemicals wherever available. In 2021, the number of risk assessments was 349 compared to 210 in 2020.

A solid governance framework for sustainability progress

At Maersk Drilling, sustainability is an integral part of daily business operations and management systems.



Governance structure

The Board of Directors holds the overall responsibility for Maersk Drilling's sustainability progress and impact. Sustainability issues, including risk and opportunities related to Climate and Energy Transition, are regularly discussed as an integral part of the strategic development work.

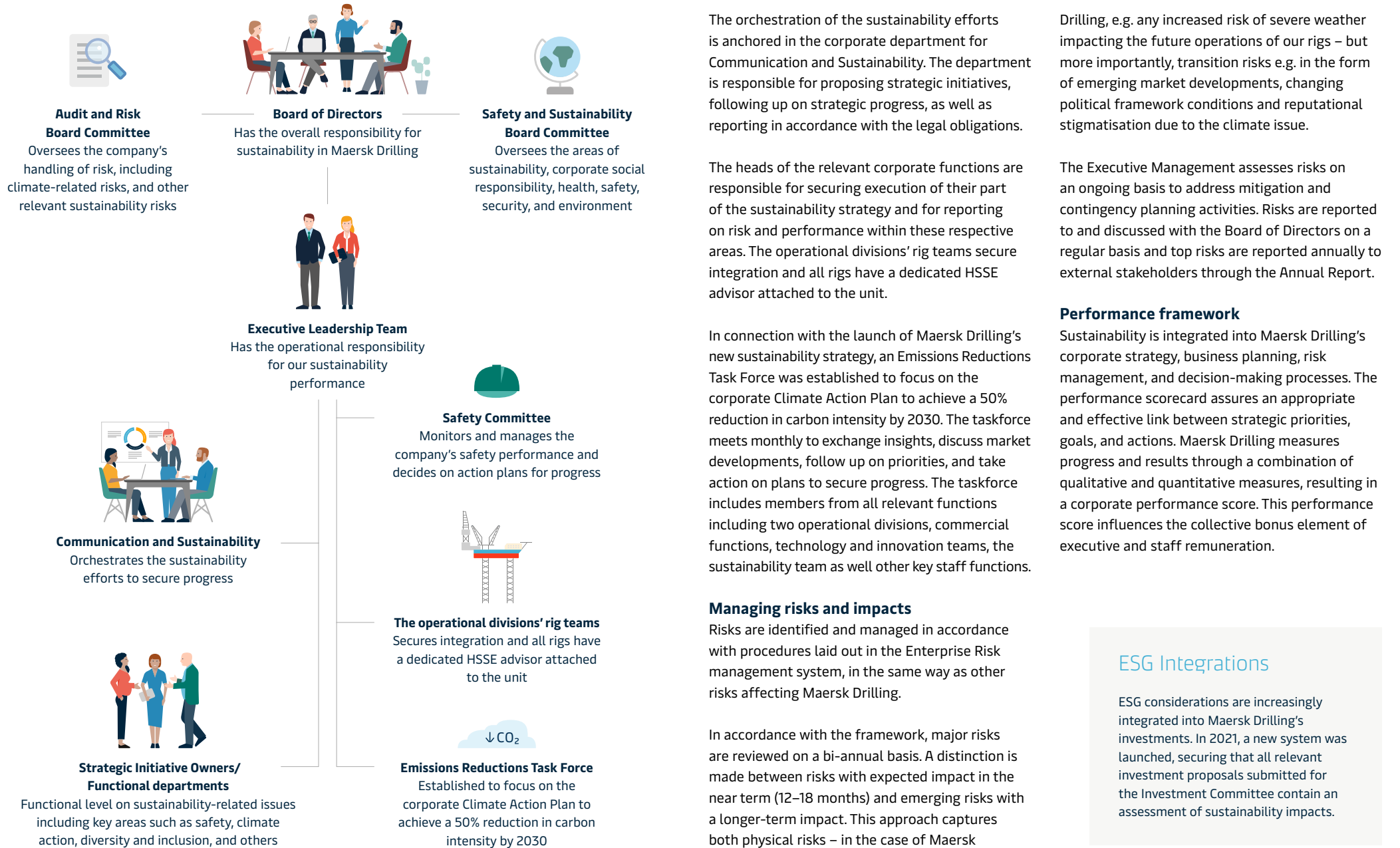
The Board has established a permanent Safety & Sustainability Committee overseeing the areas of sustainability, corporate social responsibility, health, safety, security, and environment.

The committee, comprising the Chairman and two other board members supplemented by ad-hoc participation from management meets at least twice a year, focusing 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 to the Sustainability Committee, the Audit and Risk Committee integrates sustainability as part of the risk factors in their risk management work. The committee convenes at least 5 times a year to advise and make recommendations on risk management. Climate-related risks are tracked, categorised and reported in line with the recommendations of the Task Force on Climate-related Financial Disclosures.

The Executive Leadership Team holds the operational responsibility for Maersk Drilling's sustainability performance.

← The orchestration of the sustainability efforts is anchored in the corporate department for Communication and Sustainability.



ESG Integrations

ESG considerations are increasingly integrated into Maersk Drilling's investments. In 2021, a new system was launched, securing that all relevant investment proposals submitted for the Investment Committee contain an assessment of sustainability impacts.

Ambition and progress



Sustainable Energy Future

Ambition	We strive to minimise the carbon intensity of our business as well as the activities of our customers and our supply chain		
Topic areas	Climate Action	Preparedness for the Energy Transition	Responsible Consumption
Numerical targets	50% emissions intensity reduction target by 2030	–	–
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.
Progress	<ul style="list-style-type: none"> Our carbon intensities showed a mixed development with one improving and two worsening. Total GHG emissions increased by 11% due to the pickup in activity after the pandemic. One additional low-emission rig entered operation in 2021. Rollout of Energy Efficiency Insights (EEI) platform to 11 rigs. 	<ul style="list-style-type: none"> Adherence to TCFD framework in climate reporting. Climate risk integrated into enterprise risk management system. Carbon storage Project Greensand entering its second phase. 	<ul style="list-style-type: none"> Continued efforts to optimise the control, cleaning, and reuse of drilling fluids and cuttings. Waste amounts were slightly higher at 19.2 tonnes compared to 16.2 tonnes in 2020.
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Caring for People

We want to be a safe, diverse, inclusive, and people-centric company			
Safety	Diversity & Inclusion	Bringing Value to Local Communities	
Zero serious injuries as well as a continued decline in the severity of all incidents	<ul style="list-style-type: none"> Onshore female leadership target by 2023 (30%) Board diversity target by 2022 	–	
<ul style="list-style-type: none"> Implementation of our <i>Safety as Capacity</i> strategy. 	<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"> We registered a low level of safety incidents, with an LTI frequency of 0.58 and TRC frequency of 1.59 which is the lowest for more than 10 years. Our goal of zero serious injuries was reached, however the continued decline in severity of all incidents was not satisfied, due to a relatively high number of near-misses. 	<ul style="list-style-type: none"> Improvements in gender diversity. Percentage exceeded and reached 2-years before target for executive team. 10,741 training days completed – increase from 6,481 in 2020. Improved eNPS from -12 in Q3 2020 to 5 in Q3 2021. 	<ul style="list-style-type: none"> Our efforts to contribute locally registered higher/lower fulfillment for local staff and/but higher/lower fulfillment for local procurement compared to 2020: <ul style="list-style-type: none"> 86% of requirements for local workforce achieved. 83% of requirements for local procurement achieved. 	
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Responsible Business

We are committed to being a good corporate citizen by conducting our business in a way that protects people and minimises adverse effects on the environment and society			
Marine & Air Environment	Business Ethics & Compliance	End-of-Life – Oil & Gas Assets	
Zero spills of hazardous materials into the environment	–	–	
<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. 	
<ul style="list-style-type: none"> 2 registered spills compared to 4 in 2020. One additional jack-up rig upgraded with NO_x cleaning equipment. 	<ul style="list-style-type: none"> Complied with applicable laws and regulations, and conducted assurances and audits throughout our operations. Steps taken to comply with the EU whistleblower directive as implemented in applicable national laws. Sustainability parameters incorporated into supplier processes. 	<ul style="list-style-type: none"> Implementation and application of our responsible rig recycling policy based on the principles of the Hong Kong Convention as a minimum. Three rigs sold in accordance with the policy, both continuing their active service life under new ownership. 	
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SDGs impacted





ESG data

Maersk Drilling significantly strengthened the ESG disclosure activities during 2021 with a more robust internal reporting organisation as well as an expanded range of external reporting activities. Major initiatives launched during the year included full reporting into the Climate Disclosure Project platform, adherence to the Task Force on Climate-related Financial Disclosures framework, and the full integration of sustainability performance into the Interim Report for the Half-year. Maersk Drilling was also appointed NASDAQ ESG partner based on its efforts to support NASDAQ's ESG reporting development activities.



ESG performance data

Environmental performance*

	2021	2020	2019	Notes
Energy consumption (rigs on contract)**				
Fuel oil (1,000 tonnes)	128.9	90.6	105.7	Marine Diesel Oil (MDO) and Marine Gas Oil (MGO).
Electricity (1,000 MWh)	7.0	4.5	n/a	Electricity from shore.
Energy consumption (TJ)	5,511.0	3,873.0	4,500.6	Direct energy and indirect imported energy. 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.
Fuel intensity (tonnes fuel oil/contracted day)	22.9	18.7	17.8	Tonnes of fuel oil per contracted day.
Energy consumption (other)**				
Fuel oil (1,000 tonnes)	7.1	30.8	30.1	Marine Diesel Oil (MDO) and Marine Gas Oil (MGO).
Electricity (1,000 MWh)	8.2	5.1	2.0	Includes purchased electricity consumed by onshore offices, and by rigs while off contract.
Energy consumption (TJ)	332.0	1,330.9	1,287.4	Direct energy and indirect imported energy.
Carbon intensity**				
CO ₂ /Contracted Days (tonnes CO ₂ eq./contracted day)	76.1	62.9	59.3	Scope 1 & 2 Emissions (On Contract) divided by contracted days.
CO ₂ /Revenue (tonnes CO ₂ eq./Million USD)	359.8	374.4	371.1	Total Emissions divided by Revenue.
CO ₂ drilled meter (tonnes CO ₂ eq./drilled meter)	2.06	1.61	1.37	Scope 1 & 2 Emissions (On Contract) divided by drilled meter.
GHG emissions (rigs on contract)** (1,000 tonnes CO₂ eq.)				
Direct GHG emissions (scope 1)	418.8	294.4	343.6	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.
Fugitive GHG Emissions (Scope 1)	8.3	7.7	8.6	Includes HFCs consumed in refrigeration systems.
Indirect GHG emissions (scope 2)	0.1	2.4	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)	427.1	304.6	352.2	
GHG emissions (other)** (1,000 tonnes CO₂ eq.)				
Direct GHG emissions (scope 1)	23.1	100.2	97.7	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.

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

** Figures have been restated compared to last year's report due to more complete data.

ESG performance data

Environmental performance*

	2021	2020	2019	Notes
GHG emissions (other)** (1,000 tonnes CO₂ eq.)				
Fugitive Emissions (Scope 1)	2.7	3.5	2.9	Includes HFCs consumed in refrigeration systems.
Indirect GHG emissions (scope 2)	2.9	2.1	0.7	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)	28.7	105.8	101.3	
Total GHG Emissions** (1,000 tonnes CO₂ eq.)				
Total (On contract + Other)	455.9	410.4	453.5	Sum of offshore (on contract and off contract/yard stay) and onshore CO ₂ eq. impact (scope 1 and 2)
Other air emissions (rigs on contract)				
SO _x (1,000 tonnes)	0.26	0.18	0.21	Sulphur oxide (SO _x) emissions are calculated indirectly using fuel consumption and conversion factor.
NO _x (1,000 tonnes)	9.6	6.81	8.3	Mono-nitrogen oxides (NO _x) emissions are calculated indirectly using conversion factors for energy consumption, and adjusting for cleaning equipment.
SO _x intensity (tonnes SO _x /contracted day)	0.049	0.038	0.036	Tonnes of SO _x emissions per contracted day.
NO _x intensity (tonnes NO _x /contracted day)	1.82	1.41	1.40	Tonnes of NO _x emissions per contracted day.
Other air emissions (other)**				
SO _x (1,000 tonnes)	0.01	0.06	0.06	Sulphur oxide (SO _x) emissions are calculated indirectly using fuel consumption and conversion factor.
NO _x (1,000 tonnes)	0.56	2.42	2.36	Mono-nitrogen oxides (NO _x) emissions are calculated indirectly using conversion factors for energy consumption, and adjusting for cleaning equipment.
Other production consumption**				
Waste (On contract) (1,000 tonnes)	18.2	12.9	10.2	Sum of all waste types generated, recycled, hazardous and non-hazardous, on contract.
Waste (Other) (1,000 tonnes)	1.0	3.3	2.7	Sum of all waste types generated, recycled, hazardous and non-hazardous, off contract.
Total Waste (1,000 tonnes)	19.2	16.2	12.9	Sum of all waste types generated, recycled, hazardous and non-hazardous, total (off + on contract).
Water (1,000 m ³)	8.2	10.3	9.6	Freshwater withdrawn (onshore only).
Spills				
Number of spills to environment (above 1.16m ³)	2	4	2	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>. Maersk Drilling follows the principles recommended by the Task Force on Climate-related Financial Disclosures (TCFD). For a full overview of how we report according to TCFD, see the Annual Report.

** Figures have been restated compared to last year's report due to more complete data.

ESG performance data

Social performance*

	2021	2020	2019
Our employees			
Number of employees	2,481	2,383	2,850
Gender – female/total %	14%	14%	13%
Women in leadership (% based on headcount)	13%	15%	10%
Women in leadership – onshore (% based on headcount)	28%	25%	23%
Women in senior leadership – onshore	17%	13%	10%
Women in Executive Leadership Team	25%	0%	12.5%
Fatalities	0	0	0
Lost-time Incident frequency	0.53	0.44	0.75
Serious Injuries Frequency	0	0	0.25
TRC Frequency Actual**	1.45	2.63	2.49

Notes

Headcounts are defined as regular internal employees excluding garden leave and interns. Excluded are also contractors and temporary staff. Gender distribution is defined as women/men headcount as percentage of headcount.

Women in leadership is defined as women in management positions across all job position levels (applicable from 2020). 2019 data for women in management consists of level 5 and above. Women in senior leadership is defined as women in the higher managerial positions from level seven, Vice President to Senior Vice President.

Defined as women in management positions across all job position levels onshore.

Defined as women in the higher managerial positions from level seven, Vice President and to Senior Vice President onshore.

Fatality is a work-related injury or illness that results in death.

LTI measures the frequency of LTIs and fatality incidents per million person-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 (Sif) is measured as fatalities and injuries with partial or permanent disability per million man-hours divided by total hours worked.

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

Economic & Operational data

	2021	2020	2019
Revenue (USD million)	1,267	1,096	1,222
EBITDA before special items (USD million)	346	289	415
Total assets (USD million)	3,782	3,719	5,517
Number of contracted days	5,615	5,208	6,310
Drilled meters	207,568	188,749	257,228

Notes

Financial data is taken from the audited Annual Report of Maersk Drilling. The annual accounts and independent auditor's report can be found at: investor.maerskdrilling.com/financial-reports-presentations

Maersk Drilling has screened its consolidated activities in regards to eligibility for inclusion in the EU taxonomy regarding climate adaptation and climate mitigation. Under the EU taxonomy regulation, Maersk Drilling's main business activities related to oil and gas exploration are not eligible for inclusion. Maersk Drilling's activities related to carbon storage (NACE code E 39.00) are eligible but currently constitute less than 1% of both revenue, opex, and capex and therefore considered immaterial in line with the materiality threshold recommended by IFRS.

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

** Figures have been restated compared to last year's report due to more complete data.



Board of Directors

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

Safety and Sustainability Committee

Claus V. Hemmingsen
Ann-Christin 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





MAERSK PRODUCT TANKERS

The Sustainability Update 2021 is enclosed on the next pages.






Sustainability Update 2021

A sustainable future

About Maersk Tankers

- A service company with the commercial management of vessels at its core
- Operates one of the world's largest fleets of product tankers
- Founded in 1928
- Signatory to the UN Global Compact and the Sea Cargo Charter
- 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, 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



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

Sustainable Development Goal 16 - Peace, Justice and Strong Institutions

9 Summary of Priorities

Sustainability Priorities 2020 – 2022

Dear Reader,

As 2021 draws to a close, we reflect on a milestone year for the tanker industry and Maersk Tankers.

The global pandemic continued to challenge shipowners, cargo customers and the market, reducing demand and disrupting supply chains. Despite these challenges, we have seen the shipping industry come together and take action to create a greener and more sustainable future.

As for Maersk Tankers, we enter 2022 as a service company with commercial management at our core.

We have been through a four-year transformation, where a recent and significant step saw Synergy Group take over our technical management business, which meant that close to 3,300 people became part of Synergy Group.

As a commercial manager, we manage shipowners' vessels. The trust they place in us is a great responsibility and one that we take seriously. That is also why we are advocating on their behalf on issues that are pivotal to create sustained value. The urgent need to decarbonise shipping is such one and affects the entire industry.

Cutting shipping's emissions

Shipping transports about 90% of world trade and accounts for nearly 3% of the world's CO2 emissions. While the International Maritime Organization (IMO) has set industry-wide goals to cut emissions, these are not ambitious enough. We need zero-emission vessels on the oceans, which means private companies and governments must act now.

We joined forces with more than 230 industry leaders and organisations to back the Call to Action for Shipping Decarbonization, urging world leaders to align shipping with the Paris Agreement temperature goal and deliver the policies to support shipping's green transition. We have been at the forefront of demands for an immediate implementation of regulations, including a carbon tax that will close the competitiveness gap between zero-emission and conventional fuels.

As the manager of 220 ships on behalf of 49 owners, we will continue to advocate for change, while developing and deploying solutions that help shipowners cut the emissions of vessels in our pools.

We advise shipowners on how their vessels can perform at an optimal level, using ZeroNorth's digital solution Optimise across the entire fleet and by tracking emission data and turning it into actionable insight. As a signatory of the Sea Cargo Charter, we actively support the industry's drive towards more transparency by working on emission reporting.

During the year, we further matured our green tech. solution Njord where we together with Cargill and Mitsui & Co. assess vessels' fuel optimisation potential and retrofit the necessary energy-saving devices on-board along with offering attractive financing to shipowners.

We have also tested the use of biofuel-blended marine fuel in product tankers in partnership with bp this year. The trial demonstrated that sustainable biofuels can be used as a marine 'drop-in fuel' to reduce carbon emissions, and we are now exploring a potential further use of biofuels on more voyages.

Diversity, equity, and inclusion

Shipping needs to innovate to decarbonise and become more efficient. To foster innovation and to enable people to thrive, we are building a diverse and inclusive culture that provides equal opportunities.

We are a diverse company with colleagues of 28 nationalities, different educational backgrounds, and job experience.

We have put a special emphasis on gender diversity, which continues to be a challenge in shipping and in Maersk Tankers. We work strategically with this, which entails involving our leaders in creating the necessary cultural change. Some of the initiatives we have taken are training them in inclusive leadership and recognising bias, as well as creating greater awareness of and preventing sexist behaviour.

These and other initiatives have led to an increase in female representation across all organisational levels and we will continue to take measures to improve gender diversity further.

Standing firm on our commitment to sustainability

As a values-led company with a clear purpose, we are committed to the United Nations Global Compact (UNGC) and its principles on human rights, labour, anti-corruption, and the environment. The health and safety of our employees, as well as the safety of the vessels and cargoes we manage, continue to be of the highest priority.

I want to thank our stakeholders for their continued support. I would especially like to thank our partners and customers for putting their trust and confidence in us during this year. We look forward to serving them in 2022. I would also like to thank our employees for their extraordinary efforts and contributions during a year that has seen Maersk Tankers evolve significantly.




Christian M. Ingerslev
CEO of Maersk Tankers

Ensuring a sustainable future

We are pleased to present the Maersk Tankers Sustainability update for 2021. Maersk Tankers has continued to build upon our sustainability priorities set during the Materiality Assessment conducted in 2020. This is the second sustainability update in the current assessment period 2020-2022.

This year has been a transformational one for Maersk Tankers. The technical organisation became a standalone entity under the name Synergy Denmark A/S, which in turn was taken over by the Synergy Group in late 2021.

Due to the transfer of vessel technical management to Synergy Denmark A/S, the data presented in this report for the fleet has been provided by Synergy Denmark while data pertaining to shore functions has been provided by Maersk Tankers.

We have included quantitative metrics to present our progress. Our focus has been the following United Nations Sustainability Development Goals (UN SGD's).

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

For Maersk Tankers, partnerships play an important role in meeting all our objectives to decarbonise, promote diversity and equity, while forming the backbone of our sustainability agenda. In close co-operation with our new strategic partner Synergy Denmark A/S, we have rolled out technological improvements to our fleet, and that of our partners through a new green tech. solution called Njord. 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.

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.

With 2021 in our wake, we look ahead to 2022 and beyond. We remain committed to our Core Values of Constant Care, Humbleness, Uprightness, Our Employees, and our Name.



Health and Safety

To be successful in our strategic ambitions and achieve our vision we rely on the commitment and engagement of our people. It is our obligation to ensure our employees return home safe and healthy at the end of every working day. Therefore, Health and Safety remains a key priority for us.

We continue to collaborate across the industry to identify health and safety improvement opportunities.

The leadership across our organisation is dedicated to driving safety performance in all areas thus, reflecting their commitment to our Core Values.

The proactive approach to health and safety includes building resilience into the organisation. This provides us with the capability to manage external challenges, such as the recent global pandemic or difficulties faced through internal operations.

We continue to work towards a goal of zero accidents and incidents. This includes assessing and targeting risks that may impact safe operations, including personal injuries and operational incidents.

Our determination to explore digital transformations include health and safety initiatives. We continuously seek opportunities to develop or employ innovative tools that improve health, safety, and well-being across the company.

Zero health and safety incidents are embedded in our mindset. Over the years, a steady reduction in personal injuries including First Aid Cases (FACs) reveals our deep commitment towards *Zero Harm* vision.



Safety Performance	2018	2019	2020	2021
LTI Frequency*	0.52	0.28	0.28	0,42
TRC Frequency**	1.33	0.71	0.55	0,56
Near Misses***	8139	7784	6622	5963

* 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 commercial manager, operating one of the largest tanker fleets in the world, we are aware of our responsibility to build a more sustainable future. Maersk Tankers is developing and deploying solutions that help shipowners boost the economic and environmental performance of their vessels. Through its pools and industry-wide collaboration, the company is working in partnerships to contribute to a more sustainable future for the industry. Our emission reduction strategy under Shaping the Future is based on three pillars:

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

Biofuels

With support from the Danish Maritime Authority and BP Shipping, Maersk Tankers successfully completed trials using biofuel-blended marine fuel in a couple of product tankers. The trials were conducted on Maersk Cirrus and Maersk Navigator, both product tankers on time-charter to BP. Each vessel was supplied with BP Marine B30 biofuel, consisting of 30% fatty acid methyl esters (FAME) blended with very low sulfur fuel oil (VLSFO). The trials were successful and demonstrated that sustainable biofuels can be used as a marine 'drop-in fuel' to help reduce carbon emissions in shipping.

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.

Njord

Together with Cargill International S.A. and Mitsui & Co, Maersk Tankers developed a new green tech. solution called Njord. Njord aims to reduce carbon emissions by retrofitting existing ships with a wide combination of Energy Savings Devices (ESDs). Njord brings to market the combined expertise of the three parties, while offering shipowners to fund their ESD installations through Njord. In 2021, more than 50 vessels were screened for potential, and 3 owners partnered with Njord to explore opportunities for vessels in their fleets.

Environmental Performance	2018	2019	2020	2021
EEOI*	12.92	13.18	12.79	12,78
CO ₂ reduction **	27.94%	26.48%	28.7%	28.7%

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

** Basis 2008 baseline

Human Rights and Labour

Diversity, Equity, and Inclusion

The shipping industry has complex problems to solve. At the core of this is the green transition. As an industry, we need to develop and deploy solutions that reduce the environmental impact of shipping. We need to be innovative – and diversity is an important catalyst for innovation.

Diversity thrives in many forms in the shipping industry – be it in nationality, education, background or in other areas. This is the same in Maersk Tankers, where we employ 300 employees from 28 different nationalities.

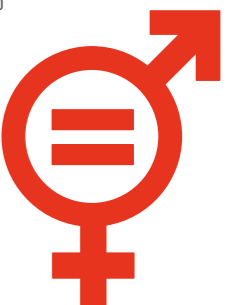
We recognise there is more work to do and are taking strategic action to improve gender diversity in an industry where the workforce remains predominantly male.

Working strategically with this entails involving leaders in creating the necessary cultural change. Some of the initiatives include training them in inclusive leadership and recognising bias, as well as creating greater awareness of and preventing sexist behaviour.

In moving the needle on gender diversity, we executed several strategic initiatives during 2021: the launch of a new Diversity, Equity, and Inclusion (DEI) strategy, a continued focus on hiring for gender diversity with a target of 50% female hires; building a diverse talent pipeline specifically for charterers and operators; and continuing to make the need for gender diversity visible externally.

As a result of these initiatives, we increased the proportion of women employed in the offices from 30.5% in 2020 to 35% in 2021, thereby achieving our 2023-target two years ahead of time. Our targeted and strategic effort led to 55% of all hires in 2021 being women. This included progress on all levels of the organisation. The executive management team now consists of two women and three men, and the number of female leaders rose from 18% in 2020 to 25% in 2021, with a target of 35% by the end of 2023. Maersk Tankers' Board of Directors has two female directors among its six members. We will continue to take measures to improve gender diversity across all levels.

In addition, 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.



Female Employees	2018	2019	2020	2021
Onshore	27%	29%	30%	35%
Offshore	0.92%	1.03%	1.55%	2,06%
MTL*	0	0	17%	40%
ELT**	8%	8%	12%	20%
Board	20%	20%	20%	33%

* Executive Management

** Extended Leadership

Anti-Corruption

At Maersk Tankers, we stand firm in our commitment to battling the issues faced by the maritime industry in terms of corruption around the globe.

We have a zero tolerance towards facilitation payments.

Even though our vessels have been targeted by local authorities, in way of harbour and port inspections in certain trade routes, the masters on our vessels have acted firmly and in accordance with our Anti-Corruption Policy. This, while always ensuring the safety of the crew and vessel. These challenges have been escalated to the highest local authorities as well as communicated to relevant stakeholders. The improvement in Anti-Corruption performance on a year-to-year basis can be clearly seen in the summary table and indicates strict adherence to the policy laid out by the organisation.

Through internal measures and participation in networks such as the Maritime Anti-Corruption Network (MACN), we work towards eliminating all forms of maritime corruption to achieve the goal of a more sustainable shipping environment.



Anti-Corruption Performance	2018	2019	2020*	2021
Facilitation Payment (USD)	1421	224	126	0
Hospitality (USD)	23788	27786	20156	17261

* 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.

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.

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.

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.

Corruption impacts the most vulnerable.



KK WIND SOLUTIONS

The Sustainability Report for 2021 is enclosed on the next pages.



Sustainability

Report 2021

We innovate to integrate®

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Leading Sustainable energy

KK Wind Solutions is a leading supplier to the global renewable energy industry – and as such, sustainable technologies and solutions are at the core of our DNA and are reflected in how we operate and govern our company.

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

Integrating sustainability

With a strong company purpose to deliver climate impact and a vision to lead sustainable energy, sustainability is deeply embedded in our business.

Our core competencies, technology and solutions contribute to sustainable energy production, and together with the rest of the industry, we are innovating to lower the cost of renewable energy, making it the most competitive energy source.

Decarbonising our industry

Decarbonisation is a strategic imperative for our industry and our company. In 2021, we established our CO2e emissions baseline based on our operation. We are now intensifying our efforts to decarbonise and become carbon neutral in our operation by 2030.

People make all the difference

We are dedicated to ensuring a safe workplace and a healthy working environment where each employee feels valued and can prosper.

Focusing on people development and diversity, we will tap into a significant pool of as yet unutilised resources and leverage the competitive advantage and talent that diverse teams and inclusive cultures can bring to our business.

Ongoing commitment to sustainability

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

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



Mauricio Quintana
Chief Executive Officer



COMMUNICATION
ON PROGRESS



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.



Strategy and materiality to deliver impact

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

Based on the prioritisation of all SDGs, we have focused our contribution on the targets in SDG 7 and 13.

In 2021, we further integrated sustainability into our business strategy, defining a new and unique purpose for our company, explaining why we do what we do and why it matters. We want to make 'Climate 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 ourselves to make renewables the most cost-effective and sustainable energy source, providing affordable and clean energy to the world.

New objectives

Going forward, we aim to work even more structured with sustainability and the UN Sustainable Development Goals.

We acknowledge that we need to prioritise the increasing number of sustainability issues. In 2022, we will conduct a materiality assessment to map the most significant sustainability impacts against our stakeholders' interests.

Furthermore, we will conduct a thorough analysis of which SDGs we additionally wish to commit to, embracing sustainability from a holistic perspective.



SUSTAINABLE DEVELOPMENT GOALS



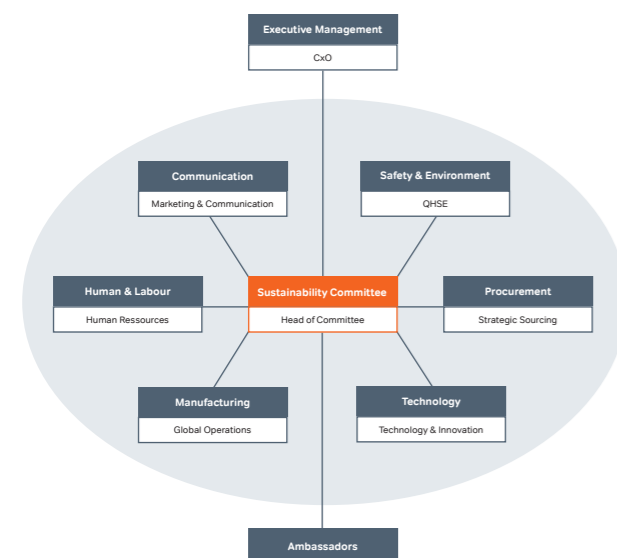
Governing sustainability and anchoring efforts

To advance our sustainability efforts, we performed a CO2e baseline calculation and developed a sustainability tracker. This section describes how sustainability is managed and governed.

The executive management has passionately embedded a strong sustainability agenda into our strategy to mobilise a grassroots movement, uniting the organisation to contribute ideas, undertake actions and promote change.

To sustain and boost this movement, we have established a strategic Must-Take-Initiative on sustainability to ensure focus, priority and acceleration on initiatives.

In 2019, we established a cross-functional Sustainability Committee to develop, govern and coordinate initiatives while ensuring progress and sustained conformity according to UN Global Compact. We acknowledge that our Sustainability Committee and the surrounding governance need to evolve as we progress to lead transformation within our industry.



The committee reports to the executive management with a planned meeting frequency of four times a year, bringing proposals for new programmes and major investments for approval. The executive management receives sustainability strategy updates and approves the annual Sustainability Report.

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

Tracking sustainability initiatives

In 2021, our Sustainability Committee developed a sustainability tracker to collect ideas and track the progress of activities. In the coming year, we will launch this initiative and encourage employees to contribute with new ideas on sustainability.

Establishing a CO2e baseline

In 2021, we performed an extensive CO2e baseline calculation on scope 1 & 2, following the Greenhouse Gas Protocol (GHG) standard for corporate accounting and reporting.

This has enabled us to set new ambitious targets on reducing our consumption, emissions and carbon footprint, which will be further elaborated in this report.



Principles of the UN Global Compact

The UN Global Compact outlines ten principles that companies should support and uphold. A set of core values and fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption. At KK Wind Solutions, we have incorporated these principles into strategies, policies and procedures to establish a culture of great integrity.

Human rights

- 1: Businesses should support and respect the protection of internationally proclaimed human rights.
- 2: 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 develop our sustainability actions as we remain committed to ensuring responsible business practices and transparency in reporting on our progress following four themes.



Human rights

Human rights are a precondition for freedom and for responsible and sustainable growth on which we depend as a business. Respect for human rights is rooted in our values and key to our license to operate.

Focus areas

We are committed to protecting 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.

By regularly conducting risk assessments and audits, we reinforce compliance with our Code of Conduct to prevent and address adverse human rights impact associated with our business activities.

With anticipated future growth and globalisation of our operations, we support effective and balanced regulation that promotes a global level playing field for responsible business conduct.



Employees

Our employees are our greatest and most valuable asset. All our employees will be treated fairly in a safe and healthy working environment. We are committed to creating an inclusive working environment where each employee feels valued and can prosper.

Focus areas

We are dedicated to ensuring a safe workplace and a healthy working environment where employees feel empowered. We aim to continue to develop highly skilled employees whose contribution is meaningful and recognised. Our approach includes structured onboarding, annual personal development dialogues, extensive training and consistent follow-up on safety and performance.

We aspire to create an inclusive culture and diverse global workforce where all employees feel a sense of belonging and contribute to their fullest, regardless of gender, age, ethnicity, sexual orientation or religious beliefs.

Focusing even more on people development and diversity, we will tap into a significant pool of as yet unutilised resources and leverage the competitive advantage and talent that diverse teams and inclusive cultures can bring to our business.



Environment

Decarbonisation is a strategic imperative for our industry and our company. We are intensifying our efforts to decarbonise our operations and become as energy efficient as possible, to support our customers to decarbonise their supply chains.

Focus areas

Being part of the renewable energy industry, we aim 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 increasingly sustainable manner.

Based on the GHG protocol, we direct our attention towards establishing a complete overview of our greenhouse gas emissions. We do this to guide our decarbonisation initiatives to deliver on our goal of achieving carbon neutrality in our operation by 2030.

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

With a strong focus on reducing waste, we aim to support our customers in producing zero-waste turbines and creating a value chain that generates no waste and enables circularity.



Anti-corruption

Corruption undermines development and destabilises the business environment. We are committed never to engage in any form of corruption, bribery, extortion, embezzlement or any illegal method to influence public officials, the judiciary or any other private parties.

Focus areas

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

All contracts with suppliers, 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.

We will ensure full compliance with tax regulations in all countries where we operate, being an accountable and responsible taxpayer.

Entering new markets and regions, we will ensure responsible business conduct that complies with legislation on anti-corruption and responsible tax practices.

Reinforcing our Code of Conduct

We reinforce our Code of Conduct to ensure responsible procurement and business practices in our own operation and towards our suppliers.

Status

We work to ensure that we have the proper measures and assessments in place to secure 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 will first and foremost focus on our employees and 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, UN Global Compact and integrated principles of UN Global Compact.

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 risk 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:

- Legal compliance
- Human rights and labour
- Health and safety
- Environment
- Anti-corruption and business ethics

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

To ensure this, we have a supplier compliance setup that oversees supplier sustainability, compliance and quality assurance as well as supporting our supply chain to understand and comply with our values and requirements.

One of the fundamental tools we apply, when monitoring supplier compliance, is our supplier assessment process. A crucial part of the supplier assessment checklist is related to our Code of Conduct compliance and sustainability requirements. Parameters reviewed in that area refer to the 10 principles from UN Global Compact.



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

Aside for the supplier assessment for new suppliers, we continuously monitor and regularly follow up with a re-audit process to secure that our suppliers stay in line with our expectations - and keep focus on our principle aspects.

If we, during a supplier assessment or re-assessment, discover any non-compliance with our Code of Conduct or insufficient focus on health and safety aspects, we will block the supplier's approval and use.

New objectives

In 2022, we will further increase our focus on sustainability, especially regarding environmental and climate change aspects. Our goal is to collect CO2e emission data from our supply chain, including transportation impact, as well as improving reporting on environmental compliance from our supply chain.

Going forward, we will keep a constant focus on human and labor rights, health and safety and environmental impact related to our suppliers and their sub-suppliers.

Human rights rooted in our values



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

Respect for human rights is rooted in our values and key to our license to operate. 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 ensure human rights are protected and decent work conditions are provided throughout our supply chain.

New objectives

As we expand our global footprint and supplier base, we will continue to embed human rights into company-wide governance and compliance systems.

Corporate citizenship

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.

In 2021, we contributed and supported local communities and good causes:

• Universities & education

In 2021, 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, strengthening technology cooperation and supporting the students' educational programme.

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

• Partnerships

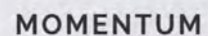
We actively engaged in the Momentum network - a network of wind OEM suppliers working together to advance the sustainability of the wind industry.

We also proudly supported local sports activities in the vicinity of our headquarters by sponsoring the FC Midtjylland football team, the Herning BlueFox ice hockey team and the HIH women's handball team. All these teams play in the top Danish, professional sports leagues.

• Charity

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

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



Danish Cancer Society



WILD
NATURE FOUNDATION



Engineer
the future

Safety, health & wellbeing in focus



Our goal is to maintain a culture that encourages and supports the development of our employees. Furthermore, we are committed to ensuring a safe and healthy working environment where each employee feels valued and can prosper.

Status

We aim to create a strong culture and inclusive work environment focused on high employee motivation, diversity, competency development, leadership and safety by developing our people.

We are certified according to the 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

In 2021, we started implementing the Vision Zero philosophy to advance the progress of safety, health and wellbeing. The Vision Zero concept is developed by the international organisation ISSA. Vision Zero prevention strategy and its 7 golden rules are tools to measure and manage safety, health & wellbeing at work.

Our target was to have a maximum absence of 4.5% for blue-collar and 2.5% for white-

collar workers. In 2021, employee absence was reported at 6.5% for blue-collar and 2.3% for white-collar workers. Absence was naturally impacted by the global pandemic, and the precautionary measures implemented to protect our employees from spreading the virus and keeping our contractual obligations towards customers has proven very successful.

In addition, we have focused on maintaining a healthy psychological work environment, by offering lectures on stress and mental health in the workplace and using leadership tools to avoid excessive workload and build team resilience. We care for our employees and have a strong support system to help those in need.

Aiming to achieve zero work accidents, our short term target was less than 3 accidents per 1 million work hours. Working intensively on Vision Zero and proactive leading indicators, we reduced our work accidents per 1 million working hours from 3.5 in 2020 to 2.9 in 2021.

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. Our vision is to achieve zero accidents throughout the company. For 2022, the target is less than 2 accidents per 1 million work hours.

To foster a culture that promotes and encourages people development, we aim to have 50% of all senior specialist/manager positions and above filled by internal recruitments by 2030.

In addition, we commit to being a diverse and inclusive company that hires new employees based on competencies regardless of gender, age, ethnicity, sexual orientation or religion. By 2030, we aim to have a minimum of 40% women in managerial positions.



What is Vision Zero?

- A mindset: All occupational accident, diseases and harm are preventable.
- A process: Continuous improvements and learning process – rather than a target.
- A culture: Develop a strong culture that integrates both Safety, Health, Wellbeing and Sustainability at work.



Decarbonisation and circularity are key



Decarbonisation is a strategic imperative for our industry and our company. We are intensifying our efforts to decarbonise our operations and become as resource-efficient as possible.

Status

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

As part of the renewable energy sector, we aim to maximise our positive impact on the environment through the products and services we offer and our actions to manage the business in an ever more sustainable manner. We were off to an encouraging start, and many people across our operations are working to support our transition.

For renewable energy to be a viable alternative to traditional fossil fuels, it has to be competitive, and at KK Wind Solutions, we contribute to advancing the industry by developing cost-effective supply chain solutions.

Progress

With a strong focus on reducing waste, we aim to support our customers in producing zero-waste turbines. In 2021, 90% of our waste was recyclable, and 98.8% was partially recyclable.

We continued to ensure that our electricity consumption was covered by renewable energy by entering renewable power 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 accelerated the conversion of company cars from diesel to electric or hybrid vehicles. We installed new car charging stations at our facilities to promote electric vehicles among our employees.

In 2021, we developed a localised manufacturing setup in Taiwan to support our customers locally and in a more sustainable manner.

New products within power backup and Power-to-X are strongly contributing to a sustainable future. By offering repowering and retrofit solutions together with leading condition monitoring, we strive to increase wind turbine lifetime and performance, providing a strong and sustainable business case for asset owners.

New objectives

By reducing waste in our operations and implementing 'Green By Design' and 'Circular Lifecycle' principles, when designing new products, we aspire to create a value chain that generates no waste and enables circularity.

We remain committed to further reducing the environmental impact of our operations and monitoring our decarbonisation progress based on GHG protocol principles. In 2022, we will direct our attention towards establishing a complete overview of our greenhouse gas emissions, including scope 3.

We do this to guide our decarbonisation initiatives to reduce carbon emissions by 50% by 2025 and deliver on our goal to achieve carbon neutrality in our operation by 2030 on scope 1 & 2.



CO₂e

neutral in scope 1 & 2
by 2030.



We aim to make the pursuit of solutions that contribute to a sustainable future, by embedding sustainability into our processes and customer offerings in the years to come.

Mauricio Quintana, CEO, KK Wind Solutions

Establishing our CO2e baseline

At KK Wind Solutions, we acknowledge that a detailed overview of our Greenhouse Gas (GHG) footprint is essential for guiding our GHG reduction initiatives. We follow the GHG protocol to ensure complete, consistent and transparent emission calculations.

In 2021, we performed an extensive CO2e baseline calculation following the Greenhouse Gas Protocol (GHG) standard for corporate accounting and reporting. CO2e (Carbon dioxide equivalent) is describing different greenhouse gases in a common unit. For any quantity and type of greenhouse gas, CO2e signifies the amount of CO2 which would have the equivalent global warming impact.

We finalised our baseline calculation on scope 1 and 2 in the baseline year of 2019. The result revealed a baseline of 1,234 tonnes of CO2e. The calculation of our CO2e emissions in 2021 is in progress and results are expected in Q2 2022. Going forward, we aim to conclude past year's CO2e emission data in this report to improve the reporting on our CO2e progress.

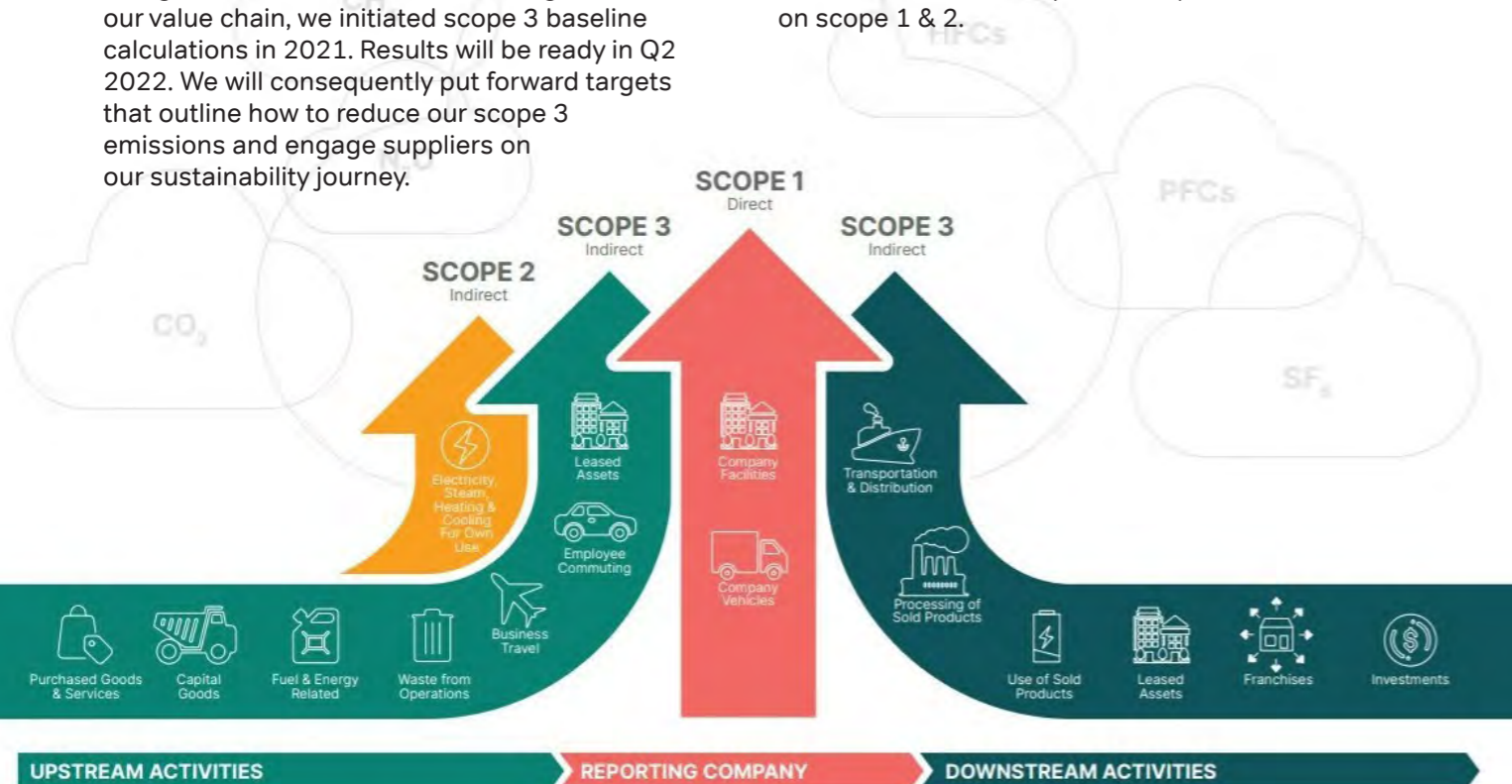
Being aware that most emissions originate in our value chain, we initiated scope 3 baseline calculations in 2021. Results will be ready in Q2 2022. We will consequently put forward targets that outline how to reduce our scope 3 emissions and engage suppliers on our sustainability journey.

New objectives

Our GHG calculations have revealed that stationary combustion in our facilities in Poland contributes to a significant part of our scope 1 emissions. Therefore, we will focus on phasing out gas for heating in Poland and substitute it with electrical heating from renewable energy sources.

We will also ensure that our electricity consumption is covered by renewable energy sources. Our goal is to reduce our CO2e emissions in scope 1 and scope 2 by 10% in 2022 relative to our baseline year, 2019.

Reducing our scope 1 and 2 emissions by 10% is the first step in our journey towards becoming carbon-neutral in 2030. In the coming year, we will put forward a detailed roadmap for becoming carbon-neutral in our operation by 2030 on scope 1 & 2.



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.

Business ethics and anti-corruption



We are committed never to engage in any form of corruption, bribery, 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 need to focus on maintaining a very high moral level as we become an increasingly globalised company.

We will ensure full compliance with tax regulations in all countries where we operate, being an accountable and responsible taxpayer.

Excellent standards and responsible business practices are essential for 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, we pay specific attention to this topic when onboarding new employees and leaders.

In 2021, we aspired to 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. Unfortunately, we did not manage to complete the training in 2021, however, we are committed to doing so in the coming year.


New objectives

KK Wind Solutions remains committed to never engaging in any form of corruption or irresponsible business practices.

In 2022, we will set up a global whistleblower system with a range of options for our employees to communicate potential corruption cases, irresponsible business conduct or grievances in general.

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





About KK Wind Solutions

Building on more than 40 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.



NISSENS COOLING SOLUTIONS

The CSR Section from Nissens Cooling Solutions' Annual Report for 2021 is enclosed on the next pages.

CORPORATE SOCIAL RESPONSIBILITY

Business model & Nissens Cooling Solutions' approach to sustainability

Being a global production company, the Nissens Cooling Solutions Group is committed to offering a contribution to a limitation of the Group's environmental and climate footprint, just as it is the Group's obligation to consider the health and safety standards applicable for its employees.

Nissens Cooling Solutions was acquired by A.P. Moller Holding on November 30th 2021 in a carve-out from K. Nissen International. As a result of the acquisition, the fiscal year is changed from May 1st – April 30th in alignment with the calendar year. The reported measures in this report thus only contain data for 8 months ranging from May 1st 2021 to December 31st 2021 and is the first reported figures for the company on a stand-alone basis. Nissens Cooling Solutions will continue to adhere to UN Global Compact and will continue to develop the focus and initiatives linked to social responsibility and sustainability.

Human rights

Nissens Cooling Solutions is committed to supporting and respecting the internationally proclaimed human rights.

Area	Risk	Actions in 2021	Results 2021
Code of Conduct	Adverse human rights, negative environmental impact, and corruption issues in own organizations and external supply chain.	We continue to specify our expectations to our employees across Nissens Cooling Solutions' global organization and to our suppliers in our Code of Conduct.	All of Nissens Cooling Solutions' employees are made acquainted with the Code of Conduct, and a large number of our suppliers receive our Code of Conduct in the course of formalizing our business interaction.
Data privacy	Not handling personal and sensitive personal data and information in compliance with legal regulations and internal guidelines.	We have initiated a number of new initiatives and procedures to further strengthen our processes on management of sensitive personal data and information.	Our target for 2021 was to secure that all managerial staff at top three tier levels at Nissens Cooling Solutions receives and signs our Data Privacy Policy and procedures to secure compliance. This target is reached. The same applies to a selection of employees with duties requiring access to personal data. One event of breach of data privacy was recorded, reported and closed in 2021.

CORPORATE SOCIAL RESPONSIBILITY

Social & Labor Conditions

The experience, competence and well-being of Nissens Cooling Solutions' employees are vital elements in our ability to develop the business and succeed with our strategic plans and objectives. Across the Nissens Cooling Solutions Group, there is a commitment to supporting a safe and healthy work environment, the risk management of work-related accidents and injuries is a focus area.

Area	Risk	Actions in 2021	Results 2021
Employee development & satisfaction	Fluctuating employee turnover levels	To ensure organizational stability in our main production site, we have introduced a variety of initiatives, which have positively influenced the retention of existing employees.	Reasonably stable retention rates across Nissens Cooling Solutions' main production sites. Overall drivers for employee turnover are planned organizational restructurings or results of responsive ramp-ups and ramp-downs.
Employee safety, health and well-being	Employees getting injured at work	Our health and safety focus is supported by regular, ongoing measurement and follow-up on e.g. the development of injury rates.	From May to December 2021, our LTIR (Lost Time Injury Rate) on blue-collar employees in Slovakia, the Czech Republic and Denmark combined is 3.3.
	High sickness absence impacting negatively on daily operations and planned outputs	We measure and follow up on our sickness absence on both blue-collar and white-collar employees on a monthly basis and take necessary actions to support our employees and limit as well as prevent absence due to sickness.	Weighted average for our short-term sickness absence rate for blue-collar and white-collar employees measured across our main sites in 2021: 2.8% compared to a level of 3.4% in 2020/2021.
Diversity in other managerial positions	Risk of discriminating based on gender, race, religion, ethnicity when hiring new employees	In our policy on gender and cultural diversity, we have defined a target of a minimum share of female managers on all management levels.	End of 2021, the female representation in Nissens Cooling Solutions' Group Management amounts to 21%.
Gender distribution at BoD and Management	Our board of directors currently consists of seven members, of which seven are male, and zero are female. It is outlined in Nissens Cooling Solutions' policy on gender and cultural diversity that we work to ensure that regardless of gender, race, and religion, all employees must be treated equally, in order to ensure that everyone has equal opportunities for employment. We have a wish to increase the representation of women in the Group Management Team supporting the CEO and the Board of Directors.		

CORPORATE SOCIAL RESPONSIBILITY

Climate

Nissens Cooling Solutions strives to minimize the risk of having an unnecessary detrimental impact on the climate through the optimization of our energy consumption and a reduction of the Group's CO₂ emissions. The Group's ambition and approach are outlined in its environmental and energy policies, which apply to all of Nissens Cooling Solutions' locations and define the work within environment and climate in Nissens Cooling Solutions' production sites.

During 2021 Nissens Cooling Solutions has mapped out the CO₂ emission footprint for Scope 1, Scope 2 and Scope 3 enabling the company to identify and implement actions to reduce the climate impact.

Area	Risk	Actions in 2021	Results 2021
Energy consumption	Limitation of energy consumption impact	In 2021, we have benefited from investments made in previous years to reduce our energy consumption. We are still looking to identify potential savings, but the focus has mainly involved optimization of the energy consumption on new production technology and machinery.	During 2021, we have stabilized the energy consumption from previous investments. We have continued to prepare for a lower energy consumption in relation to how our furnaces across the factories are utilized.
CO ₂ emissions – scope 1 and 2	Limitation of climate impact through production optimization	In 2021, we have continued our work with optimization of production processes and implementation of targets for carbon neutrality in Europe by 2025 within Scope 1 and Scope 2.	Due to Covid-19 we have been delayed in reducing gas consumption by changing from continuous bracing furnaces into batch furnaces. We plan this to be implemented in 2022 which will lower gas consumption considerably.

CORPORATE SOCIAL RESPONSIBILITY

Environment

Nissens Cooling Solutions strives to minimize the environmental footprint of our production through a continuous focus on resource optimization throughout the Group's production facilities. The environmental management system is certified according to ISO14001 standards, and the Group is working in a structured manner with our environmental awareness and sustainability for years.

Area	Risk	Actions in 2021	Results 2021
Waste	Excessive waste through production	We continuously work with optimizing our process waste. I.e. we continue to convert more and more products from dip flux to paint flux reducing the total usage of flux. In process waste reduction in the manufacturing of components for the coolers has been carried out.	In 2021, new production machinery is installed to support reduced material consumption and initiatives to reduce waste has been implemented. The machinery includes an in-line paintflux process, which not only reduces the usage of flux, but also minimizes internal transport of goods.

Anti-corruption

The Nissens Cooling Solutions Group is committed to upholding a high degree of business ethics in all the markets in which the Group operates, and Nissens Cooling Solutions works against corruption in all of its forms. The Group's expectations regarding anti-corruption are specified in a Code of Conduct, which all of Nissens Cooling Solutions' employees must comply with.

Area	Risk	Actions in 2021	Results 2021
Corruption	Employees engaging in activities of corruption	Our Code of Conduct is distributed to our employees during their onboarding in the company. Whistleblower access is available for named or anonymous reporting of breaches of laws and regulations as well as non-compliances with Nissens Cooling Solutions' policies.	We have not identified any non-compliance or breaches with our Code of Conduct in the reporting year. No reports on incidents nor confirmed incidents are registered in our whistleblower system in 2021.



MAERSK TANKERS

Please see Maersk Product Tankers, p. 140.



A.P. MOLLER CAPITAL

The ESG Report for 2021 is enclosed
on the next pages

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT FOR 2021

ESG DISCLOSURE FOR LIMITED PARTNERS
IN AFRICA INFRASTRUCTURE FUND I K/S

WE ARE GUIDED BY OUR FIVE CORE VALUES



CONSTANT CARE

Take care of today,
actively prepare for tomorrow



HUMBLENESS

Listen, learn, share,
give space to others



OUR NAME

The sum of our Values,
passionately striving higher



UPRIGHTNESS

Our word is our bond



OUR EMPLOYEES

The right environment for
the right people

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USEFUL ACRONYMS:

- ABC: Anti-Bribery and Anti-Corruption
- AIF I: Africa Infrastructure Fund I K/S
- CO₂e: Carbon dioxide equivalents
- EHS: Environmental, Health and Safety
- ESG: Environmental, Social and Governance
- GDP: Gross Domestic Product
- GHG: Greenhouse Gas
- IIGCC: Institutional Investors Group on Climate Change
- ILO: International Labour Organization
- JIM: Joint Impact Model
- NOIP: New Owendo International Port
- OECD Guidelines: OECD Guidelines for Multinational Enterprises
- OMP: Owendo Mineral Port
- PRI: UN Principles for Responsible Investment
- SDFR: EU Sustainable Finance Disclosure Regulation
- SDGs: UN Sustainable Development Goals
- TCFD: Taskforce on Climate-related Financial Disclosures
- TIPSP: Terminal International Polyvalent de San Pedro
- UNGC: United Nations Global Compact

MESSAGE FROM THE CEO

Another year of uncertainty, hardship, and ever-changing restrictions has ended. While there may be a clear path to getting the pandemic under control, we witnessed with dismay the conflict escalations at the start of 2022, particularly in Europe, which are likely to have global ramifications. The proverbial 'light at the end of the tunnel' could therefore seem more elusive than we had hoped for.

We believe it is more important than ever for us to proactively identify opportunities to create positive social impact and as active investors with significant influence on portfolio company boards, continually push to improve the ESG performance of our portfolio companies.

Our purpose is, through equity investments on behalf of the funds that we manage, to offer attractive financial returns to our investors and have a positive sustainable impact on society. We call this "doing well while doing good." A.P. Moller Capital's continued success will not just impact our investors. Doing good by investing in reliable energy and critical transportation infrastructure in countries where people are in need, and where each dollar invested multiplies the impact, supports a green and just recovery in society.

Despite the global pandemic, the past year was, for A.P. Moller Capital, one of achievements and progress. Closing three projects and signing a further two deals during 2021, our African Infrastructure Fund I K/S ("AIF I") is expected to reach the end of its investment period during the first half of 2022. AIF I will soon

have nine portfolio companies with 16 assets – well diversified in nine African countries, and balanced transport and energy investments with a good split between value creation and growth. AIF I is well positioned for further value creation over the coming 3-5 years.

Compared to last year, the impact of the AIF I portfolio has increased by a factor of four, and we expect this impact to increase further once the portfolio is fully invested next year. During 2021, a third-party estimated that AIF I investments contributed USD 865 m in gross domestic product in nine African countries. Of this, USD 385 m was paid in wages, taxes and provided for profits, while a further USD 480 m was used in local sourcing of goods and services. The economic activity of AIF I investments supported an estimated total of 105,000 jobs in local communities, including 8,628 direct jobs and a further 96,000 indirect jobs.

We feel a strong responsibility for making real commitments to slowing global warming. This will support those most vulnerable, many of whom are in emerging markets. Consequently, we measure the greenhouse gas emissions from our investments and support initiatives to reduce emissions, including prioritising clean energy generation, without compromising returns. We have also embarked on solutions for offsetting unavoidable emissions and currently have a pilot project in Kenya ongoing, which over the next couple of years will allow our investment in Kenya to offset unavoidable emissions. In 2022, we expect to take this initiative further.

Our accomplishments would not be possible without our driven team that delivers day in and day out and under adverse circumstances. To ensure we continue to be well positioned and have bandwidth for what lies ahead, we have brought on board seven new colleagues in 2021 and spent time developing how we work as individuals and as a team. This is especially important as we continue to grow our strategy in 2022.

Kim Fejfer
Managing Partner and CEO
A.P. Moller Capital



EXECUTIVE SUMMARY

A.P. Moller Capital is a fund manager focused on investments that combine attractive risk adjusted returns with a positive sustainable impact on society. We call this "doing well while doing good."

We carried out a third-party assessment to quantify the positive social impact of AIF I portfolio companies in the countries in which we invest. We did this using data on the underlying assets and the Joint Impact Model ("JIM").

In 2021, the JIM estimated that AIF I's portfolio contributed a total value added of USD 865 m, which is the sum of salaries, taxes and profits for the entire portfolio. The sum of value added is the contribution of the portfolio to gross domestic product ("GDP"). The portfolio also supported an estimated total of 105,000 jobs in the portfolio companies and their supply chains.

We actively work through our board representatives at each portfolio company to implement ESG improvements. These improvements include reducing greenhouse gas ("GHG") emissions. This is particularly challenging since GHG emissions typically increase as trade volumes, access to power and power consumption increases. In 2021, the entire portfolio generated a total of 2.1 m tonnes of GHG emissions (Scope 1&2).



Through investments in the transport and power sectors, AIF I supports sustainable economic growth and jobs in Africa, while delivering attractive financial returns

AIF I HAS A YOUNG, DIVERSIFIED PORTFOLIO, WHICH IN 2021 COMPRISED SEVEN INVESTMENTS IN NINE COUNTRIES

INVESTMENT	EQUITY COMMITTED \$	OWNER-SHIP %	DESCRIPTION ¹	IMPACT	
TRANSPORT 	Arise Ports & Logistics	308	42.3%	<ul style="list-style-type: none"> Mineral and general cargo port terminals Bulk terminal under construction 	Improving port infrastructure to boost trade and support jobs
	Mass Cereales	41	49.0%	<ul style="list-style-type: none"> Grain terminals Grain terminal under construction 	Increasing food security through grain import/exports
POWER 	Cabeolica	17	44.0%	Wind power	Providing power to the grid
	Lumika Renewables	60	49.9%	Solar captive power	Providing off-grid energy solutions for commerce and industry
	Iberafrica	13*	100.0%	Thermal power (heavy fuel oil)	Providing power to reduce outages
	Impala Energy	45	90.6%	Captive power	Providing power to commerce and industry from flared natural gas
	Eranove	135	29.5%	<ul style="list-style-type: none"> Thermal power (gas) and hydropower. Electricity distribution. Water distribution. Thermal power (gas) 	Providing power to the grid Distributing electricity Distributing water

¹ Coloured circles correspond to countries on the map on the next page

* The original investment amount was reduced by USD 27 m following refinancing

SOCIAL



Direct impact

- **8,628** direct jobs
- **22%** female employees
- **USD 122 m** taxes paid
- **6 portfolio companies** have anti-corruption policies



Indirect impact

- **105,000** jobs
- **USD 865 m** in GDP across **9** African countries
- **5.5 GWh** of electricity provided to the equivalent of **10 million** people



GABON

Enabled impacts of the commodities handled by the port terminals supported **123,000 jobs** and contributed **USD 807 m in GDP**



CÔTE D'IVOIRE

CIE's "Electricity for All" programme has **increased access to power** from 26% in 2013 to **50% in 2019**. Targeting 90% in 2025



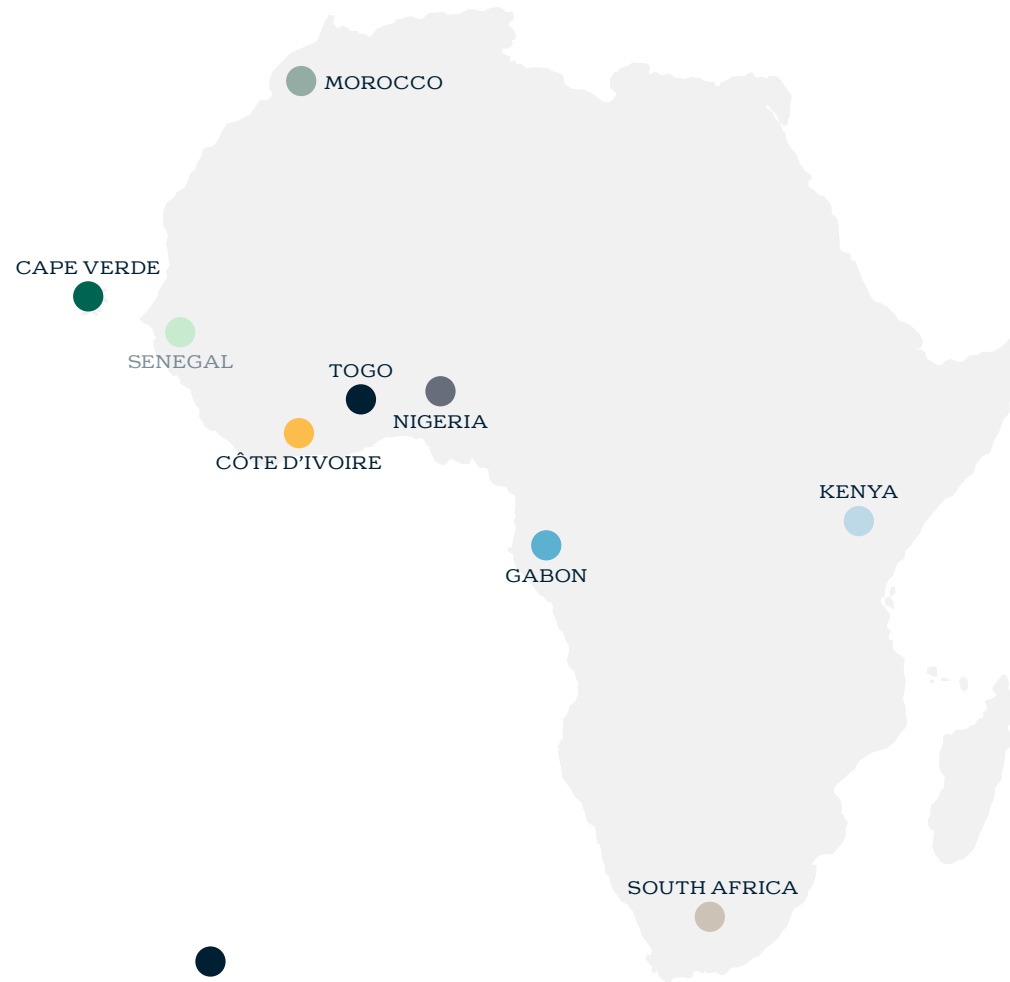
GABON

Information campaigns about COVID-19 by Arise Ports & Logistics means **51-66%** of workers are **fully vaccinated** compared to 10% nationally



TOGO

A new 65 MW gas-fired power plant **increased the national power generation capacity** by 30%, providing electricity to the equivalent of over **2 m people**



CLIMATE



2.1 m tCO₂e

Scope 1+2

525 k tCO₂e

Scope 1+2, AIF I share



CAPE VERDE

Wind power avoided 12% of the country's emissions, and led to 8% drop in generation costs. There has also been a **net gain in biodiversity**



MOROCCO, GABON AND CÔTE D'IVOIRE

Decarbonising port terminals by initiating and following up on energy audits, using rail instead of road transport, and installing hybrid equipment



KENYA

Innovative solar projects halve a thermal plant's electricity consumption and cover 70% of steam generation needs



SOUTH AFRICA

Displacing coal-fired power by installing solar panels and providing solutions to reduce electricity consumption



MINERAL PORT TERMINAL OMP IN GABON

OUR IMPACT PURPOSE

A.P. Moller Capital seeks to invest and build businesses with a positive impact on society ('nyttig virksomhed').

The purpose of AIF I is to support sustainable economic growth and prosperity in select countries on the African continent and at the same time deliver attractive returns to its investors. This philosophy is complemented by A.P. Moller Capital's core values which guide our actions.

Approximately 16% of the world's population live in Africa but only account for 3% of global GDP and 3% of global trade¹. The working-age population is likely to reach more than one billion by 2050², meaning millions of new jobs will need to be created to absorb the new entries into the labour market.

A yearly GDP gain of 1.7% can be expected by raising African infrastructure quality and quantity³. Similarly, an estimated 600 m people without access to electricity and 77% of businesses in Africa experience electrical outages⁴, making electricity a constraining factor for growth.

INVESTMENT STRATEGY

Infrastructure is an opportunity to invest in growth markets while acting as a multiplier for future growth and local job creation. Making investments that have a positive impact on the environment and society in general requires the impact purpose to be described, which could be improving/enabling trade, or providing electricity. The deal team begins to consider these impacts at the screening stage.

As well as the positive impact and value creation, the investment strategy involves risk mitigation. High ESG standards are essential, as is managing political risk and local relationships with stakeholders. ESG influences deals during all phases of the investment cycle from initial risk analysis through to exit.

As an active manager of AIF I, seeking majority ownership of assets or strategic minority positions, A.P. Moller Capital uses its influence at the board to ensure portfolio companies continuously work towards implementing high ESG standards.

There are certain investments that we will not make if the business is on our exclusion list (refer to Annex 1).

¹ World Economic Forum (11 Feb 2020). This region will be worth \$5.6 trillion within 5 years - but only if it accelerates its policy reforms.

² International Monetary Fund (2014). How Can Sub-Saharan Africa Harness the Demographic Dividend?

³ World Bank (April 2017). Why We Need to Close the Infrastructure Gap in Sub-Saharan Africa.

⁴ World Bank data (2021). Firms experiencing electrical outages in Sub-Saharan Africa.

SDGs CORE TO OUR APPROACH

For A.P. Moller Capital, SDG 8 is close to our values and defines how companies should operate. We actively work to provide decent jobs, in safe working environments, protect workers' rights, and promote equal opportunity, diversity and inclusion in the workplace and recruitment processes.

For AIF I, investing in port terminals, logistics and energy infrastructure is critical for economic growth and to meet SDG 9, which includes building resilient infrastructure. We want our investments to contribute to development in the regions in which they operate through upgrading local infrastructure. The power and transport sectors are engines for job creation and foster economic activity throughout their value chain.

Society depends on reliable and affordable energy services to function smoothly and develop equitably. In relation to power investments, we prioritise renewable energy generation, thereby contributing to SDG 7. Where renewable opportunities are not viable, AIF I may invest in non-renewable energy installations to provide much-needed power in emerging markets. We scrutinise these opportunities carefully to understand the trade-offs between providing power and using fossil fuels, which generates GHG emissions.

We believe that businesses have an important role to play in achieving global net zero emissions by 2050 and addressing climate change risks, which is SDG 13.

ESG COMMITMENTS

A.P. Moller Capital's Ethical Policy sets our overall approach to managing ESG issues related to our investments. The policy provides for the consideration of ESG issues throughout the investment process and outlines the ambitious ESG standards we are committed to following.

The Ethical Policy is based on the principles of the UN Global Compact, the United Nations Principles for Responsible Investment ("PRI"), and the OECD Guidelines for Multinational Enterprises ("OECD Guidelines").

Related to environmental and social issues at the companies we invest in, we follow the IFC Performance Standards on Environmental and Social Sustainability including the World Bank Group Environmental, Health and Safety Guidelines, and good international industry practice. A.P. Moller Capital is committed to following international codes of conduct including the UN Guiding Principles on Business and Human Rights.

Related to good governance practice, we have developed internal policies and procedures related to Anti-Bribery and Anti-Corruption ("ABC") in compliance with the US, UK and Danish ABC regulations, Anti-Money Laundering ("AML") in compliance with the EU AML Directive, responsible tax practices, and guidelines for company boards.

A.P. Moller Capital regularly evaluates whether updates or amendments to the Ethical Policy should be made by monitoring regulatory requirements, any changes to the international codes of conduct that we follow, and our stakeholders' policies, e.g. a Limited Partner's commitment to a particular ESG standard.

IMPACT OF INVESTMENTS ON CORE SDGs

SECTOR	INVESTMENT	DESCRIPTION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	13 CLIMATE ACTION
TRANSPORT 	Arise Ports & Logistics	General cargo port terminal		●●	●	●
		Bulk port terminal		●●	●	●
		Mineral port terminal		●●	●	●
	Mass Cereales	Grain terminals		●●	●	●
POWER 	Cabeolica	Wind power	●●	●●		●
	Lumika Renewables	Solar captive power	●●	●●		●
	Iberafrica	Thermal power	●	●●		●
	Impala Energy	Captive power	●	●●		●
	Eranove	Thermal power and hydropower	●	●●		●
		Electricity distribution	●	●●		●
	Water distribution		●●	●	●	

● Direct impact on at least one SDG target ●● Direct impact on two SDG targets

SUSTAINABLE INVESTMENTS

A.P. Moller Capital wants its investments to have a positive purpose and contribute to the social objective of supporting employment and economic growth.

At the same time, it is important to reduce greenhouse gas emissions, and it is a prerequisite to ensure that each company has good governance practices and ESG performance.

QUANTIFYING SOCIAL IMPACTS

Measuring impact is complex and numerous approaches can be applied. A.P. Moller Capital uses the Joint Impact Model ("JIM") for AIF I as it has widespread support from Developmental Finance Institutions and has been specifically developed to consider investments in emerging markets.

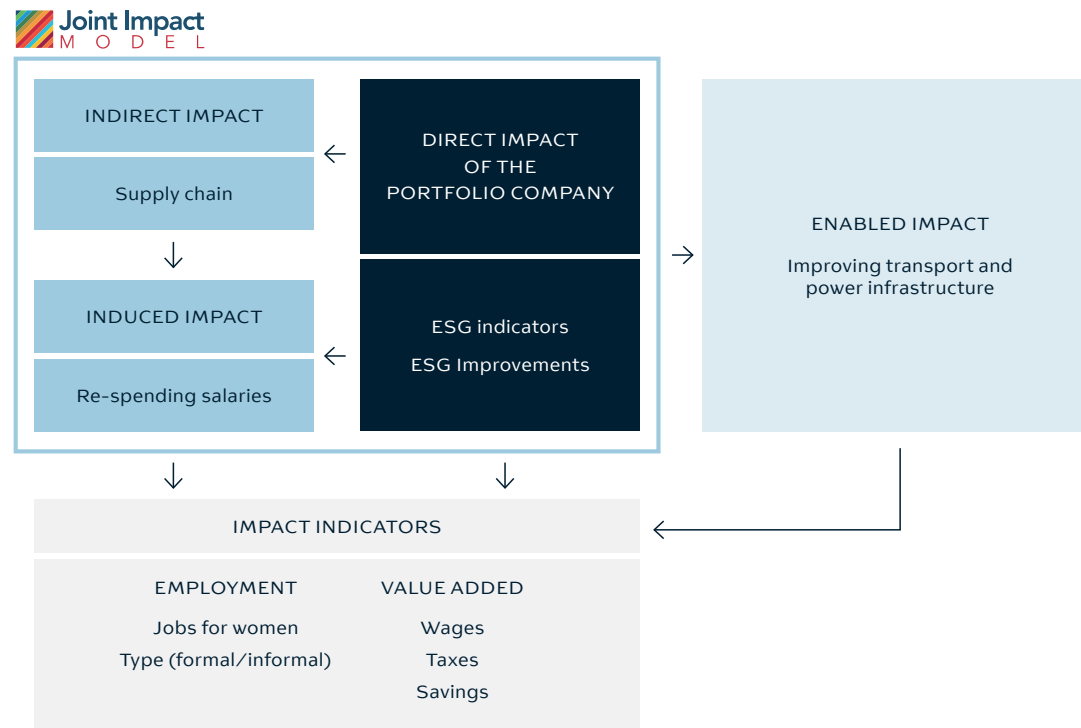
The JIM estimates the value added and employment for the entire AIF I portfolio. This is done by tracing company revenues through an economy revealing linkages between each company and other sectors in the economy. Direct data from AIF I portfolio companies on financial, human resources and sales are used, combined with macro-economic statistics, e.g. from the World Bank and the International Labour Organization ("ILO").

In addition to the indirect and induced impacts from the supply chain, AIF I investments enable additional impacts in:

- Transport, where ports and logistics infrastructure contribute to development efforts through their value chain; and
- Power, as society depends on reliable and affordable energy services to function smoothly and develop equitably.

Doing good by investing in infrastructure in developing markets:

- Supporting employment
- Contributing to the economy (GDP)
- Reducing GHG emissions
- Improving ESG performance



ADDRESSING CLIMATE IMPACTS

At A.P. Moller Capital, we want to be an active participant in the low carbon transition and support the Paris Agreement, i.e. being carbon neutral by 2050, pursuing efforts to limit warming to 1.5°C.

A.P. Moller Capital monitors and reports on the GHG emissions of the underlying investments in AIF I. Emissions (Scope 1 and 2) are calculated based on energy consumption data from each company. This allows us to track the effects of actions taken by the companies to reduce their emissions. We estimate indirect (Scope 3) emissions of the portfolio using the JIM.

Our climate-related goals are to:

- Prioritise renewable energy for power generation to avoid GHG emissions;
- Reduce GHG emissions by actively engaging with all our portfolio companies to reduce their carbon footprint; and
- Address climate change risks.

We follow the recommendations made by the TCFD ("Task Force on Climate-related Financial Disclosures") and have signed up to the IIGCC ("Institutional Investors Group on Climate Change"). We consider it our fiduciary duty to ensure stranded asset risk or other losses from climate change are minimised.

MONITORING ESG PERFORMANCE

A.P. Moller Capital tracks the ESG performance of each AIF I portfolio company. Progress is monitored during internal quarterly performance reviews covering:

- Fund-level KPIs:
 - Energy consumption: The company's own fuel consumption and purchased electricity.
 - Safety: A critically important indicator in most infrastructure projects, including lost time injuries.
 - Jobs: Direct hires including the number that are female, and third-party hires.
 - Taxes: The total amount paid to the government including direct, indirect, withholding and employee taxes.
 - Anti-corruption: Portfolio companies implement anti-corruption policy and procedures meeting our standards.
- Company-specific targets. Most portfolio companies have certified environmental and health and safety management systems and therefore set company specific KPIs.
- ESG improvements. Any gaps identified during due diligence are addressed during active ownership.
- Any material ESG incident, e.g. that results in loss of life, or a significant environmental impact. This includes immediate notice and follow up on the root cause to prevent a recurrence.



FIREFIGHTING TRAINING AT IBERAFRICA IN KENYA

HOW WE WORK WITH ESG

Using our ownership position to ensure portfolio companies implement high ESG standards to mitigate investment risk and increase investment value at exit.

GOVERNANCE

A.P. Moller Capital has its headquarters in Copenhagen, Denmark and a branch office in Dubai, United Arab Emirates. We are governed by a Board of Directors, and our management team is supported by thirty five full time employees.

It is important that the responsibility for ensuring good ESG practices is implemented throughout our organisation. This includes climate considerations. ESG issues are addressed throughout the lifecycle of each investment:

- The Investment Team is responsible for integrating ESG in accordance with internal policies and procedures, with the support of internal ESG staff and third-party advisers.
- Pre-investment, ESG considerations and due diligence findings are presented to the Investment Committee, which is responsible for ensuring that ESG is considered in each case.
- Post-investment, the A.P. Moller Capital-nominated directors at portfolio company boards have a responsibility to monitor and improve the ESG performance of the company.
- The Risk and ESG Committee has a consultative role to oversee and monitor risks, ESG compliance, ESG initiatives and brand exposure of A.P. Moller Capital and its investments.

THE PARTNERS ARE RESPONSIBLE FOR ENSURING THAT A.P. MOLLER CAPITAL IMPLEMENTS THE ESG POLICIES AND OBJECTIVES APPROVED BY THE BOARD



Managing Partner and CEO
Kim Fejfer



Senior Partner
Lars Reno Jakobsen



Partner
Jens Thomassen



Partner
Joe Nielsen

ESG ROLES AND RESPONSIBILITIES AT A.P. MOLLER CAPITAL



OUR EMPLOYEES

The previous year's challenges related to the global COVID-19 pandemic only eased slightly and occasionally. Despite this, our team managed – with great engagement and zeal – to move A.P. Moller Capital towards its goals. By closing three projects and signing a further two deals, AIF I is expected to reach the closing of the investment period in the first half of 2022, by which time we expect to have 16 assets delivered through nine transactions, well diversified in nine countries, and balanced between transport and power. We believe we are well positioned for value creation over the coming years.

These achievements would not be possible without our driven team that delivers day in and day out, and under adverse circumstances. To ensure we continue to be well positioned and have bandwidth for what lies ahead, we brought on board seven new colleagues in 2021 and spent time on developing how we work as individuals and as a team during our Development Days in Dubai.

To help ensure our ESG policy and procedures are being followed consistently by all employees, training on business ethics and anti-corruption are held annually. In 2021, we also provided training on our Handbook on ESG integration during the due diligence process, occupational health and safety, ESG and impact data for quarterly performance reviews of AIF I portfolio companies, and our incident reporting procedure. A.P. Moller Capital board-nominated representatives are included in the training when relevant.

ESG DURING DUE DILIGENCE

ESG is considered during all phases of the investment process from initial risk analysis, during investment decision-making and active ownership, and finally through to exit.

During due diligence (“DD”), subject to approval from the Investment Committee, each potential investment is:

- **Screened** – The investment opportunity is checked against our exclusion list. We carry out sanctions screenings and consider adverse media coverage. Initial ESG project risk assessment is carried out, preliminary information on corporate governance collected and potential positive impacts are identified.
- **Scoped for ESG DD** – Climate impacts are identified, project partner(s) ESG commitment assessed, project ESG risks identified, terms of reference for ESG DD agreed.
- **Analysed** – Compliance with local laws and performance against international standards is assessed with the assistance of external ESG consultants. DD findings analysed, ESG actions agreed, board and company management processes analysed.
- **Reviewed** – Output of all DD processes, including ESG, is reviewed. The agreements we enter secure sufficient influence with the portfolio company post-acquisition to follow our high ESG standards.

The ultimate aim is a portfolio company generating both attractive financial and sustainable social and environmental returns while attracting global buyers in a competitive exit process



MASS CEREALS GRAIN TERMINAL IN MOROCCO

VALUE CREATION THROUGH ACTIVE OWNERSHIP

Good ESG performance increases the value of an investment at exit by improving the margin through increased operational efficiency, e.g. fewer accidents, by increasing access to debt funding on more favourable terms, and by attracting more potential buyers. In turn, headline growth increases the social impact of employment and value added, especially when GHG emissions are also reduced.

The PRI refers to stewardship and engagement, which are a core part of A.P. Moller Capital's approach to ESG. Our stewardship objective is to maximise overall long-term value through active engagement with portfolio companies via our nominated representatives on company boards and board ESG committees. We engage to improve ESG practice and performance at the portfolio company.

We require AIF I portfolio companies to assign responsibilities to effectively identify, manage and monitor ESG risks, work with responsible business counterparties, and engage transparently and proactively with stakeholders.

We work through our representatives at portfolio company boards to ensure portfolio companies meet our ESG standards, implement ESG improvements identified during due diligence, and set ESG targets. We hold senior investment team members and portfolio company management accountable for results.

We engage AIF I portfolio companies on ESG on a regular basis with priority being given when there are specific ESG issues to be addressed, e.g. a serious health and safety incident. We believe that our proactive approach to stewardship and engagement maximises our overall returns across the portfolio whilst minimising ESG risks.



TO PROMOTE TRADE THROUGH THE PORT TERMINAL NOIP, THIS GENERAL CARGO SHIP TRADES AROUND THE WEST AFRICAN COAST CARRYING BULK CARGO SUCH AS WHEAT AND BRAN, AND GENERAL CARGO SUCH AS MACHINERY.

PORTFOLIO SOCIAL IMPACT

SUPPORTING JOBS AND ECONOMIC DEVELOPMENT IN AFRICA

The impact that the AIF I portfolio has on the countries in which its investments are located was quantified by a third party using the JIM. This model applies the input-output methodology, based on the work of the Nobel Prize winning economist Wassily Leontief to quantify the supply chain and induced impacts of the portfolio.

Using data on the portfolio companies, the JIM estimated that in 2021 AIF's portfolio contributed a total value added of USD 865 m and supported 105,000 jobs in Africa.

The value added is the sum of salaries, taxes and profits and is equivalent to the contribution of the portfolio to GDP. The total USD 865 m includes an estimated USD 385 m in direct value added in the form of wages, taxes and profits, and a further USD 480 m through local sourcing of goods and services. In 2021, the direct taxes paid locally by the portfolio companies were estimated to be USD 122 m. Arise Ports & Logistics' three port terminals and Eranove's power and water production and distribution business, accounted for the largest share of AIF's positive impact.

In relation to employment, the JIM estimated that the AIF I portfolio supported approximately 105,000 jobs, with a total share

of about 40% female employment. In the infrastructure sector, the share of women employed is lower relative to other sectors, so the portfolio results reflect the share of women working in the supply chain and through induced employment. Approximately 96,000 jobs were supported in local communities.

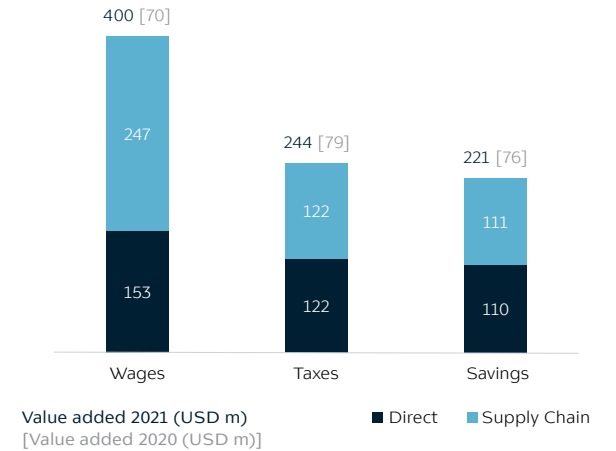
For every formally employed person, the JIM estimates that there are 1.75 informal jobs in the supply chains and induced employment from the AIF I portfolio companies. Informal employment is work for which people do not have a formal contract, e.g. street vendors or agricultural labourers. A recent ILO paper* estimates that eight out of ten workers in Africa are in informal employment, the highest share globally.

Induced employment is related to paid wages. The higher the wages paid by AIF I's portfolio companies, the more induced employment is supported, as a higher amount of money is re-spent in the economy, thus increasing demand and employment further.

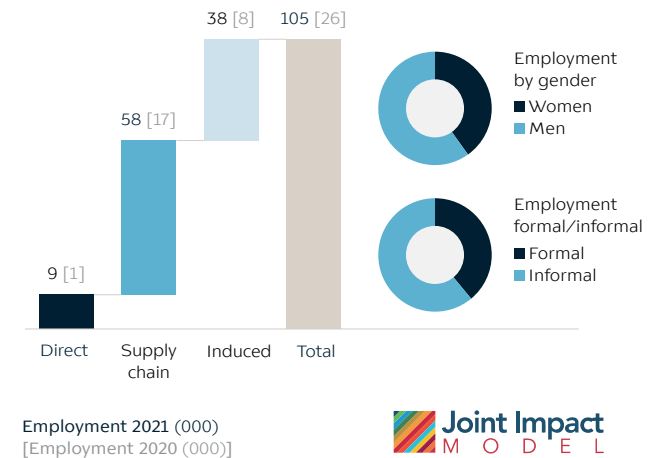
Employment supported differs between the different development phases. AIF I's portfolio companies supported a total of about 83,000 jobs in the operations phase and 22,000 in the construction phase.

*ILO Global Employment Policy Review, Background Paper No 2, December 2020

AIF I SUPPORTED USD 865 M VALUE ADDED

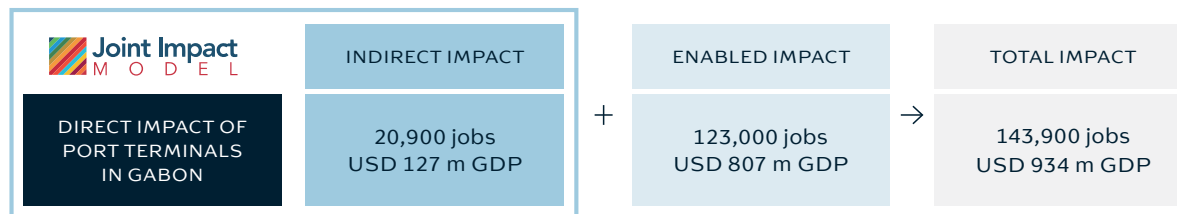


AIF I SUPPORTED 105,000 LOCAL JOBS



The operational improvements following the construction of TIPSP together with the planned upgrade of the coastal road, will increase the jobs supported and value added in Côte d'Ivoire.

TOTAL IMPACT OF MINERAL AND CARGO PORT TERMINALS IN GABON



BULK PORT TERMINAL UNDER CONSTRUCTION IN CÔTE D'IVOIRE

ENABLED IMPACT OF TRANSPORT INFRASTRUCTURE IN GABON

The impacts measured using the JIM are direct as well as indirect through the supply chain and induced through the re-spending of wages. Infrastructure investments also enable activity in an economy through the users or customers, which makes up a significant part of their overall positive impact of infrastructure projects (see above diagram).

Our port infrastructure investments aim to reduce transport costs and create efficient transport/logistics corridors, thereby improving competitiveness that benefits national and regional economic development and creates jobs. In Gabon, Arise Ports & Logistics' two port terminals are key to the country's development plan to transition from an oil-exporting economy to a diversified and sustainable economy based on the mining, metallurgical, wood and agriculture sectors.

An independent estimate of the enabled impacts of the port investments in Gabon show that in 2021, around 123,000 additional jobs were enabled by Arise Ports & Logistics, and USD 807 m in value added. These results are based on the tonnes of commodities handled in 2021, their estimated trade value, and the inferred size of the value chains for the commodities in question.

ENABLED IMPACT OF A NEW PORT TERMINAL IN CÔTE D'IVOIRE

The completion of the new industrial dry bulk terminal in Côte d'Ivoire, TIPSP, is an important milestone for Arise Ports & Logistics.

We estimate that TIPSP will enable a similar number of jobs and value added to our port terminals in Gabon, around 140,000 enabled jobs and USD 777 m in value added annually when fully operational.

TIPSP is an example of how infrastructure investments in the West African market can help boost trade, support jobs, and promote economic growth. Strategically located 350km from Abidjan, TIPSP is well positioned to support the country's economic transformation and become a trade hub. An ambitious project, which is the first of two phases that will ultimately offer load rates among the highest in West Africa for transporting bulk cargo.

In collaboration with the Government of Côte d'Ivoire, ongoing upgrades to the road infrastructure from TIPSP in San Pedro to the capital Abidjan will further increase the country's profile as a trade hub. This collaboration showcases the benefits that public-private partnerships offer to provide crucial infrastructure.

PROVIDING ELECTRICITY

Electricity is a constraining factor for growth in emerging markets, particularly in Africa where many people and businesses either do not have access to electricity from the grid and/or experience electrical outages.

AIF I portfolio companies provided 5.5 GWh of electricity to the equivalent of 10 million people

INCREASING GENERATION CAPACITY IN TOGO

With a GDP per capita of USD 915 in 2020, Togo consumed the equivalent of 4%* of the electricity consumed in Denmark.

Eranove designed, financed and constructed Kekeli, a thermal power plant in the capital Lomé, that started operations in December 2021. With an installed power of 65 MW, the power plant will increase the national power generation capacity by almost 30% and provide electricity to the equivalent of 2 million people.

Based on a 25 year Power Purchase Agreement, Kekeli is part of the energy transition plan for Togo and reduces reliance on electricity imports. Alternatives for baseload power are not apparent with no geothermal resource, and limited hydro resources.

The future construction of renewable energy projects is planned, and it is anticipated that Kekeli will have a role in balancing intermittent power from solar photovoltaic energy.

An efficient Siemens Combined Cycle Gas Turbine technology will be added in April 2022, which will allow it to produce more electricity without consuming additional gas, thereby reducing its GHG footprint.

*IEA Data Service

ELECTRICITY FOR ALL IN CÔTE D'IVOIRE

One of Eranove's subsidiaries, Compagnie Ivoirienne d'Electricité (CIE), handles the transmission and distribution of electricity in Côte d'Ivoire. CIE increased the country's rate of access to reliable electricity from 26% in 2013 to 50% in 2019. CIE's ambition is to provide electricity to more than 90% of the population by 2025, helping to reach the country's development goals.

CIE found that the inaccessibility of remote residents would significantly raise the "last mile" costs. These residents are generally the most vulnerable, and the average connection cost would be more than half the yearly income of the population's lower 10%. CIE therefore launched its "Electricity for All" programme in 2014 to make new electricity connections more affordable.

What started as a pilot programme now has almost USD 60 m in funding from the World Bank, the African Development Bank and the EU among others. This programme allows customer usage through smart metering that allows them control to adjust the electricity they use and calibrate payments to amounts they can afford.

The programme recorded 202,780 new household connections in 2021 with a cumulative total of 1,328,017 new household connections since its inception. To date, 97% of all beneficiaries have retained their active connection with CIE, which is a key indicator of the affordability and reliability of the accessed energy. Going forward, CIE hopes to connect at least 800,000 more households through to 2025.

"The programme has allowed more than 90% of students to study in the evening with light; school results are improving"

"We intend to buy a grinder to transform our products"

"As the main village road was not illuminated, there were lots of accidents; today there are fewer"

CIE's "Electricity for All" programme has increased **access to power** in Côte d'Ivoire

in 2013 **26%**

in 2019 **50%**

in 2025 **90%**



ERANOVE'S POWER PLANT PROVIDES ELECTRICITY TO THE EQUIVALENT OF 2 M PEOPLE IN TOGO

PORTFOLIO CLIMATE IMPACT

The positive social impact of providing reliable, affordable power is essential in emerging markets, as power reduces the cost of doing business, unlocks economic potential and supports jobs. At the same time, power is often a source of significant GHG emissions.

A.P. Moller Capital’s climate strategy is to analyse material climate risks during due diligence, and implement a decarbonisation strategy during ownership, actively engaging with our portfolio companies to reduce their carbon footprint, and address climate change risks.

Regarding power generation, we prefer to avoid GHG emissions by prioritising renewable energy, and where this is not possible, as a responsible fund manager, we work to reduce GHG emissions. We do not invest in power generation from coal.

AVOIDING EMISSIONS




In 2021, AIF I made investments in wind power generation in Cape Verde and captive solar power in South Africa. This renewable energy helps avoid carbon-intensive energy consumption.

WIND POWER IN CAPE VERDE

In Cape Verde, electricity demand is predominantly met by thermal power. The additional wind energy capacity from Cabeolica led to a partial shift from thermal generation. An impact study concluded that Cabeolica displaced imported fuel, thereby avoid-

ing 12% of the country’s GHG emissions. By adding capacity to the grid, Cabeolica is also estimated to have contributed to the decrease in outage time on the four islands by an average of 50%. This reduction in outages increased the annual production

Wind power led to*

-  59,000 tCO₂ emissions avoided, equal to 12% of Cape Verde’s emissions
-  22% imported fuel displaced, equal to 2% of Cape Verde’s trade deficit
-  8% drop in generation costs

*Steward Redqueen, 2018, The Link Between Power and Jobs in Cape Verde

time of businesses, leading to an increase in value added, and is also likely to have reduced the use of individual generators, further avoiding GHG emissions.



WIND POWER AVOIDS EMISSIONS THAT WOULD OTHERWISE BE GENERATED FROM THERMAL POWER IN CAPE VERDE

DISPLACING COAL IN SOUTH AFRICA

Lumika Renewables consists of TFS, South Africa's leading supplier of solar solutions for medium-sized companies (each installation is typically 0.5-1 MW) and a business development plan providing renewable energy for larger companies in countries such as Egypt and Senegal (with installations typically 30-70 MW).

South Africa is the second largest economy and the most industrialised country in Africa. Most of the electricity generated comes from coal-fired thermal power and since 2010, parts of the electricity grid are periodically disconnected.

Lumika Renewables, through TFS, addresses this challenge by offering fully funded renewable energy solutions. For the company's customers, it solves two immediate challenges: It supplies them with stable electricity and it lowers their energy costs. In the last few years, TFS has installed more than 190 MW of solar panels at companies, which TFS estimates have displaced 468,000 tCO₂ to date. TFS has further developed software and electricity metering solutions to help clients reduce their overall energy consumption.

Emissions avoided are expected to rise significantly in the next three years, both through TFS and the business development for larger off-grid customers throughout Africa. Lumika Renewables seeks to maximise the share of renewable energy, to displace diesel generators as much as possible, including power storage solutions.



SOLAR POWER INSTALLED BY TFS IN 2021 FOR AN INDUSTRIAL CLIENT IN SOUTH AFRICA

Decarbonising AIF I transport investments

Reduce energy consumption

- **Optimise transportation logistics** to increase efficiency, e.g. minimise congestion, reduce turnaround time, use truck tracking systems
- **Implement an energy management system** and reduce electricity consumption through optimisation e.g. reefer facilities, and the operating modes of transformers

Reduce fossil fuel sourcing

- **Install local solar power infrastructure** on site to increase energy supplied from renewable sources
- **Upgrade port equipment to electric power** where possible, e.g. electric cranes, and where not feasible consider cleaner fuel, e.g. vehicles using LPG rather than diesel



DECARBONISING BY USING RAIL RATHER THAN ROAD TRANSPORT AT ARISE PORT TERMINAL, OMP, IN GABON



A HYBRID CRANE THAT CAN RUN ON BOTH DIESEL AND ELECTRICITY AT ARISE PORT TERMINAL, TIPSP, IN CÔTE D'IVOIRE

REDUCING EMISSIONS

AIF I portfolio companies all track their energy consumption, and many have been actively working to find ways to reduce their GHG emissions and overall climate impacts.

DECARBONISING PORT TERMINALS

Mass Cereales in Morocco commissioned the first onsite energy audits of their grain terminals in 2021. The results of this assessment are under review and actions are expected to be implemented this year. Considerations include the implementation of an energy management system and installing solar power on site to reduce fossil fuel sourcing.

Arise Ports & Logistics have also taken several decarbonisation initiatives. At NOIP, half of the cranes have been electrified and the remainder are in the process. Instead of running on diesel, the cranes will be connected to the grid, which is associated with fewer GHG emissions mainly due to hydropower. Rail sidings have started being used, replacing trucks.

At OMP, minerals handled are transported to the port terminal by rail. This has the added benefit of reducing the number of trucks on the roads and reducing the risk of accidents.

We believe that our newly constructed bulk terminal TIPSP in Côte d'Ivoire has optimised transportation logistics with associated GHG savings per tonne handled.

TIPSP has future-proofed its port equipment to reduce fossil fuel sourcing by ensuring that administration buildings are constructed to allow solar panels to be installed on the roof, and purchasing cranes that can be made fully electric, when the national grid connection provides electricity to the port.

INNOVATIVE SOLAR PROJECTS

Iberafrika continuously seeks to improve its energy efficiency. In 2021, two solar projects were initiated to generate electricity and heating to reduce fuel consumption.

The solar photovoltaic initiative will reduce the power plant’s own electricity consumption. The first phase has already been completed (265 kW) and the second is under construction (356 kW). Once fully operational, the system will provide an expected annual production of 844 MWh, saving the equivalent of 48% of the plant’s internal electricity consumption.

The solar heating project involves an innovative, highly efficient solar collector. The collector will minimise the use of fossil fuels in the plant’s auxiliary boiler, by achieving optimal heating of the fuel tank and being an alternative heating source for the feed water tank. Annual energy savings of 268 MWh are expected and 96 tons of heavy fuel oil will be saved in steam generation, reducing energy consumption for this process by almost 70%.

In parallel, Iberafrika is continuing its ongoing efforts to convert the plant from heavy fuel oil to gas, further reducing the overall GHG emissions of the plant and lowering the cost of power for consumers.

Iberafrika is dispatched at close to full capacity during peak demand periods when intermittent power generation from renewable energy sources is insufficient, which is typically on weekdays during early evening hours. Through prevention of load shedding, Iberafrika’s power generation was estimated in 2020 to have increased production time, supporting a total output of USD 150 m, contributed USD 80 m to GDP, and supported approximately 10,800 jobs.



INNOVATIVE SOLAR HEATERS INSTALLED AT IBERAFRICA IN KENYA

AIF I CLIMATE METRICS

CLIMATE INDICATORS	UNIT	2021 TOTAL	2021 LFL*	2020 TOTAL	CHANGE* 2020-2021
Scope 1 AIF I share	ktCO ₂ e	2,038 512	58.5 43.1	56.6 44.1	3% -2%
Scope 2 AIF I share	ktCO ₂ e	53 12	6.1 2.8	6.7 3.2	-8% -13%
Scope 1+2 AIF I share	ktCO ₂ e	2,091 525	65 46	63 47	2% -3%

*Like-for-like comparison between the portfolio companies in AIF I in both 2020 and 2021

METRICS

The AIF I portfolio Scope 1 and 2 GHG emissions in 2021 were 2.1 m tonnes. The AIF I share of these emissions, based on ownership, was 525 ktCO₂e. AIF investments in CIPREL's thermal power generation in Côte d'Ivoire which, together with CIE's hydropower, provides most of the electricity to the country, explains the increase in emissions compared to 2020.

For the investments that were in the portfolio last year, the emissions are similar to those in 2020. The increase in fuel consumption (Scope 1) is related to the increased construction activities at Arise P&L in Côte d'Ivoire and the higher trade volumes in Gabon. The decrease in Scope 2 emissions is related to lower electricity consumption at both Mass Cereales and Iberafrica.

We estimate the total portfolio Scope 3 GHG emissions to be 452 ktCO₂e using the JIM. These emissions are from the supply chain and value chain of each business. Note Scope 3 includes indirect emissions that are uncertain, and whose reduction is not straightforward.

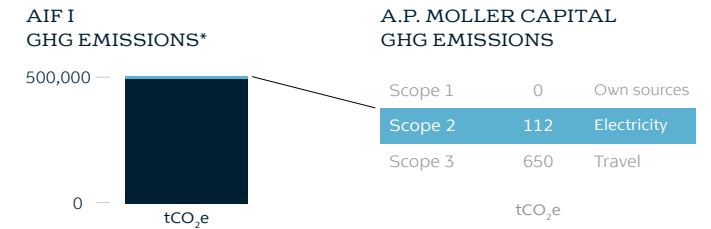
ADDRESSING CLIMATE RISKS

AIF I invests in transport and power infrastructure. Such investments are exposed to physical climate risks such as:

- Port terminals: Sea-level rise, tidal flooding, hurricanes/ typhoons, and storm surges.
- Road and rail projects: Riverine and pluvial flooding.
- Power generation and distribution: Riverine and pluvial flooding, hurricanes/typhoons, storms as well as drought, heat and wildfire.

Risk management, including climate risks, permeates the entire investment process from screening and due diligence, through monitoring, and until exit.

During due diligence, financial risks as well as physical and transition risks are assessed for each investment, a risk register is created, and scenario analyses are performed where risks



*Scope 1 and 2 emissions in proportion to AIF I ownership

are considered financially material. Results are presented to the Investment Committee.

During ownership, each portfolio company board reviews the risk register annually. Through its board representatives, A.P. Moller Capital actively engages with the AIF I portfolio companies on climate-related initiatives and reviews risks and performance improvements quarterly.

We estimate that the AIF I portfolio eligibility against the EU Taxonomy climate mitigation and adaptation objectives in 2021 was 38% based on revenue, 49% based on capital expenditure, and 40% based on operating expenses. These estimates do not consider fossil gaseous fuels as eligible.

PORTFOLIO ESG PERFORMANCE

SELECT FUND-LEVEL ESG INDICATORS FOR AIF I IN 2021

INDICATOR		AIF I PORTFOLIO PERFORMANCE
Jobs (FTE)	Total workers*	10,648
	Employees	8,628
	% female employees	22%
Anti-corruption	Policy and procedures in place	6 of 7 portfolio companies
	Under development	1 portfolio company
	Incidents	None

*Workers includes third-party hires and contractors

FUND-LEVEL KPIS

Fund-level ESG indicators that are tracked quarterly include those shown in the table above. The number of workers employed directly by AIF I companies increased about 7.4 times from 1,160 in 2020 to 8,628 in 2021.

A higher percentage of women (22%) are employed compared to the African benchmark for infrastructure and construction, which is 10%.

Related to good governance practice, we require company boards to implement certain policies, including an anti-corruption policy. Six out of seven AIF I portfolio companies have anti-corruption policies and procedures in place. One of the new portfolio companies has anti-corruption procedures in place and will adopt a formal policy during 2022.

Other fund-level KPIS monitored include energy consumption, which is used to estimate GHG emissions, and taxes paid, which is used to estimate contribution to GDP.

Lost time injuries are monitored and any material safety incidents are reported immediately and followed up on to reduce the risk of a similar incident recurring.

We have begun tracking the additional indicators that will be mandatory under the EU Sustainable Finance Disclosure Regulation. These will be reported for the financial year 2022.



SAFETY INSPECTION AT MASS CEREALES'S GRAIN TERMINAL IN MOROCCO



A NEW SPECIES OF GECKO DISCOVERED IN CAPE VERDE DURING MONITORING WORK INITIATED BY CABEOLICA

BIODIVERSITY NET GAIN IN CAPE VERDE

The preservation of local biodiversity in and around its wind farms has been one of Cabeolica’s main environmental objectives from the start. Biodiversity monitoring has focused on birds and geckos.

A decline in bird numbers had been observed prior to the construction of the wind farm. Cabeolica set up artificial nesting platforms, initiated intense monitoring and awareness campaigns that have contributed to the recovery of the osprey, a threatened bird species. Frequent studies and annual monitoring reports, carried out by experts, continue to confirm that the collision risks of birds with the wind turbines is extremely low.

Cape Verdean Tarentola, a gecko, found on the island of São Vicente and nowhere else in the world, was until recently classified as Data Deficient on the IUCN Red List – meaning that information was insufficient to decide its conservation category. Cabeolica’s conservation efforts for this species has meant that it is now classified as of “little concern for conservation”.

Cabeolica continues to partner with an independent NGO focused on biodiversity and species preservations, with whom it carries out extensive educational programs, promoting environ-

mental awareness with beach cleaning drives, seminars on endangered species, and species’ behavioural studies.

In 2020, a new gecko specimen was discovered that only exists on the Cape Verdean island of São Nicolau. It was baptised Hemi-dactylus nicolauensis.



BIRD MONITORING IN 2021: AN ARTIFICIAL OSPREY NEST (LEFT) AND AN EYGPtian VULTURE (RIGHT)

VACCINATION RATES AT ARISE PORTS & LOGISTICS IN GABON

	OMP (EMPLOYEES)	OMP (CONTRACTORS)	NOIP (EMPLOYEES)	NATIONAL AVERAGE
Fully vaccinated	51%	66%	53%	10%
Partly vaccinated	5%	7%		2%
Not vaccinated*	44%	27%	47%	88%

*A significant number of non-vaccinated workers have recently contracted COVID and need to wait 90 days before they can get vaccinated. At NOIP this accounts for more than half of non-vaccinated staff.

ONGOING COVID-19 SUPPORT

AIF I portfolio companies were quick to take measures to safeguard the health and safety of their employees. This included implementing safety instructions, emergency planning, providing personal protective equipment, and setting up remote working where possible.

AIF I portfolio companies also distributed food kits to local communities in the project area of influence, which was particularly critical at the start of the lockdown when food shortages were experienced. Medical supplies and equipment were also donated and distributed.

ENCOURAGING VACCINE UPTAKE IN GABON

With the advent of the vaccines against COVID-19, and finally, the roll out on the African continent, uptake of the vaccines where they are available remains a challenge. To encourage more people to get vaccinated, the government of Gabon introduced restrictions for non-vaccinated people in December 2021. In January 2022, Gabon had administered an estimated 500,000 COVID-19 vaccines, with about 10.3% of the population fully vaccinated and 2.2% partly vaccinated.

In 2021, Arise Ports & Logistics in Gabon started a vaccination campaign to encourage employees and contractors to get vaccinated. The main reasons people give for not previously having been vaccinated were:

- Doubts about the effectiveness of the vaccines and possible adverse effects
- Beliefs in conspiracy theories
- Being opposed to government vaccine obligations
- A preference for traditional medicine to heal and protect from COVID-19.

Regular information campaigns were initiated, which has significantly increased the vaccination rate among staff and contractors to between 51% and 66%, which is well above the national average. Measures taken comprised:

- Sensitisation sessions held by senior management for non-vaccinated employees
- Posters and information campaigns
- Social events requiring the presentation of a vaccination certificate or negative test
- 'I am vaccinated' badges distributed to vaccinated staff



Vaccination, our safety belt against COVID 19!

In order to face the increase of positive cases of COVID 19, it is essential that everyone takes their responsibilities for the well-being of all, by **getting vaccinated and by strictly respecting the barrier measures.**

As a reminder :

- If you feel bad, stay home and notify your Manager and HR Dept.
- Get PCR test or Antigenic test to eliminate any doubt
- If you come from sick leave, on leave, business trip, submit your RT PCR prior access to the Port
- If someone of your family living with you has been tested positive to covid, notify your manager and stay at home till the quarantine has been completed and submit a PCR Test negative

Protective Measures :



Wear your mask



Wash your hands regularly



Respect social distancing

These rules are applicable to all employees and subcontractors.

POSTER PRODUCED BY ARISE PORTS & LOGISTICS IN GABON TO ENCOURAGE WORKERS TO GET VACCINATED

ANNEX 1 – EXCLUSION LIST FOR AIF I

A.P. Moller Capital, as manager of AIF I, does not invest in businesses/projects that:

- a. Employ forced labour¹ of any kind;
- b. Allow children² to form part of their workforce;
- c. Are in a country or involve a person, group or entity subject to international trade embargoes or sanctions³ at the time of investment;
- d. Generate over 30% of revenues from mining of coal or from energy production based on coal;
- e. Are incorporated in EU non-cooperative jurisdictions for tax purposes (blacklist) at the time of investment;
- f. Manufacture or trade weapons, including the development, production or storage of nuclear weapons and the production of components made explicitly for use in nuclear weapons;
- g. Generate power from a nuclear reactor;
- h. Manufacture tobacco or tobacco-related products, unbonded asbestos fibres or radioactive materials;
- i. Involve gambling, casinos and related activities; or
- j. Relate to prostitution or pornography.

We recognise that responsibilities follow investments in transportation and logistics, and therefore use best endeavours to ensure that our investments do not knowingly distribute products deemed illegal under applicable national laws or international conventions and agreements such as certain:

- a. Hazardous chemicals, pharmaceuticals and pesticides;
- b. Waste and waste products including unbonded asbestos materials;
- c. Radioactive materials⁴;
- d. Ozone depleting substances; and
- e. Endangered or protected wildlife or wildlife products.

¹ Forced labour means all work or service, not voluntarily performed, by an individual under threat of force or penalty as defined by ILO Conventions

² Children may only be employed if they are at least 15 years old, as defined in the ILO Fundamental Human Rights Conventions (Minimum Age Convention C138, Art. 2), unless local legislation specifies compulsory school attendance or the minimum age for working. In such cases the higher age shall apply. Workers below the age of 18 should not be engaged in hazardous work.

³ Imposed by the UN or EU that have been endorsed or otherwise officially ratified or approved by the Kingdom of Denmark

⁴ This does not apply to medical equipment, quality control (measurement) equipment and any equipment in which the radioactive source could reasonably be considered trivial or adequately shielded.

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