A.P. MØLLER HOLDING A/S CSR REPORT 2022

A·P·MØLLER

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CONTENTS

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 2022.

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 2022 for entities owned and controlled by A.P. Møller Holding A/S.

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

As the parent company of the A.P. Moller 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, and 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. Moller 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 such as 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. Moller 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. Moller Holding has a significant influence on society. We acknowledge the responsibilities that this entails 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 operate.

CSR POLICIES AT A.P. MOLLER HOLDING

At A.P. Moller 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 in which 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 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 2022 – 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 2022, 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 XXIV ApS
- APMH Invest XXV ApS
- APMH Invest XXVI A/S
- APMH Invest XXVII A/S
- APMH GE P/S
- APMHI GP ApS
- Iv3 Aqua Holding A/S
- Iv3 Aqua Corporation
- Maersk Tankers Holding ApS
- ZeroNorth A/S

APMH Invest V ApS, APMH Invest VIII ApS, APMH Invest XI 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 2022.

Being owned by A.P. Moller Holding, APMH Invest A/S takes its origin in the same 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 2022 is enclosed on the next pages.

2022 Sustainability Report

ALL THE WAY

MAERSK

About the report

This is the Annual Sustainability Report of A.P. Møller - Mærsk A/S (hereinafter referred to as A.P. Moller - 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 2022 calendar year and 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, and our compliance with the EU Taxonomy disclosure requirements.

As a supplement to the Annual Sustainability Report, we prepare an ESG Factbook with key performance indicators as well as SASB and TCFD index tables. The ESG Factbook can be downloaded at maersk.com/sustainability.

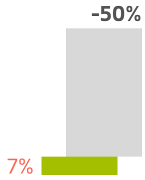
Previous years' reports and data tables are also available online. Please visit Previous years' reports and data tables are also available online. Please visit maersk.com/sustainability.

ESG performance highlights

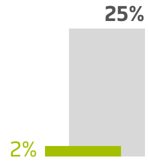
Climate change

2022 | 2030 Target

Ocean: **~50%** reduction in carbon intensity (EEOI) by 2030 (2020 baseline)



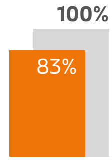
Ocean: Min. **25%** of cargo transported with green fuels by 2030



Safety and security

2022 | 2023 Target

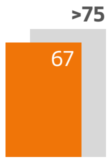
100% of Learning Teams completed following a High Potential Incident by 2023



Human capital

2022 | 2025 Target

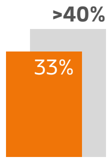
Employee Engagement Survey score in the top quartile of global norm by 2025



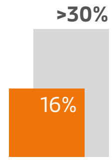
Diversity, equity and inclusion

2022 | 2025 Target

>40% women in management and leadership by 2025



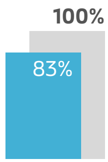
>30% diverse nationality (non-OECD) of executives by 2025



Business ethics

2022 | 2023 Target

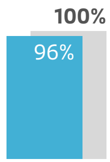
100% employees (in scope) trained in the Maersk Code of Conduct by 2023



Sustainable procurement

2022 | 2024 Target

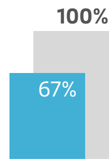
100% of suppliers (in scope) committed to the Supplier Code of Conduct by 2024



Data ethics

2022 | 2023 Target

100% of employees (in scope) trained on data ethics by 2023



See full ESG performance data overview on pp. 58-63

Integrating the world

As an integrated container logistics company, A.P. Moller - Maersk is working to connect and simplify our customers' supply chains. Every day, we facilitate and impact global trade by offering end-to-end logistics solutions across oceans, ports, air and on land. Our global network enables people in every corner of the world to trade with anyone, anywhere – ultimately creating opportunities for people and communities to thrive, and for businesses to grow.

Facilitate and impact

Customers worldwide, large and small	100,000+
Containers moved in the world by the Ocean fleet	~16%
Countries on all continents where we call on 500+ ports	130+
Net zero GHG emissions across our business	2040
Green methanol-enabled vessels on order	19

Contents

Climate change, p. 21

Diversity, equity and inclusion, p. 44

Citizenship, p. 54

Letter from our CEO

2022 was yet another unpredictable year. While the pandemic is largely behind us, the war in Ukraine, the energy crisis and the ensuing recession have deeply impacted people and businesses around the world.

However, amidst these challenges, we cannot forget the urgency of the global climate crisis.

ESG at the core of our purpose and values

In 2022, we accelerated our decarbonisation targets and made significant progress towards delivering on our ESG commitments.

Fulfilling our ESG goals is extremely important to our customers, making our efforts a competitive differentiator and essential to our value proposition. Acting on our ESG strategy is also core to our long-held values and our newly articulated company purpose: Improving life for all by integrating the world.

This purpose is what drives us to deliver a more connected, agile and sustainable future for global logistics. But our efforts must be matched at the industry level in order to successfully accelerate a green and equitable energy transition. Together with industry-leading customers and partners, we're calling for ambitious policy and action to ensure this happens. We're also fully committed to doing our part to make this vision a reality.

Making green shipping a reality

While we take a holistic approach to ESG, our greatest opportunity for change is within the environmental category. In our global operations, we emit millions of tonnes of greenhouse gases every year. We recognise that we are part of the problem.

We are, however, also part of the solution and uniquely placed to decarbonise the logistics industry by using our resources and technical expertise. In 2022, we made significant progress towards our ambitious 2030 and 2040 targets by investing in additional green methanol-enabled vessels, bringing the total order to 19 vessels.

To power these vessels, we signed memorandums of understanding with nine green fuel producers around the world. We also took steps to move away from fossil fuels to electric energy in our terminals and logistics networks, including the order of 400+ heavy-duty electric vehicles in North America.

Our responsibility in the war in Ukraine

Our commitment to global citizenship made the choice clear when it came to Russia's invasion of Ukraine. Given the severity of damage and loss of life, Maersk decided it was no longer possible to responsibly conduct business in Russia or Belarus. We made the decision to exit both markets, ensuring operations were wound down responsibly with care for our employees. We have supported humanitarian efforts in Ukraine, working with UN partners and global humanitarian organisations to secure a stable flow of aid and relief supplies.

Addressing our shortcomings

While 2022 had many wins, there were areas where we failed to live up to our commitments. Foremost is the tragic loss of nine colleagues and people operating on Maersk's premises. I am deeply saddened by these losses and, of course, we find any loss of life completely unacceptable. We are doing our utmost – in terms of our operations, management and culture – to ensure that everyone in our duty of care goes home safely every single day.

We are also taking major steps to transform the culture in our ocean fleet to address the harassment cases that came to light in 2022. Every instance of sexual harassment is inexcusable and will not be tolerated. I encourage you to read more about the concrete measures we're taking to address this later on in the report.

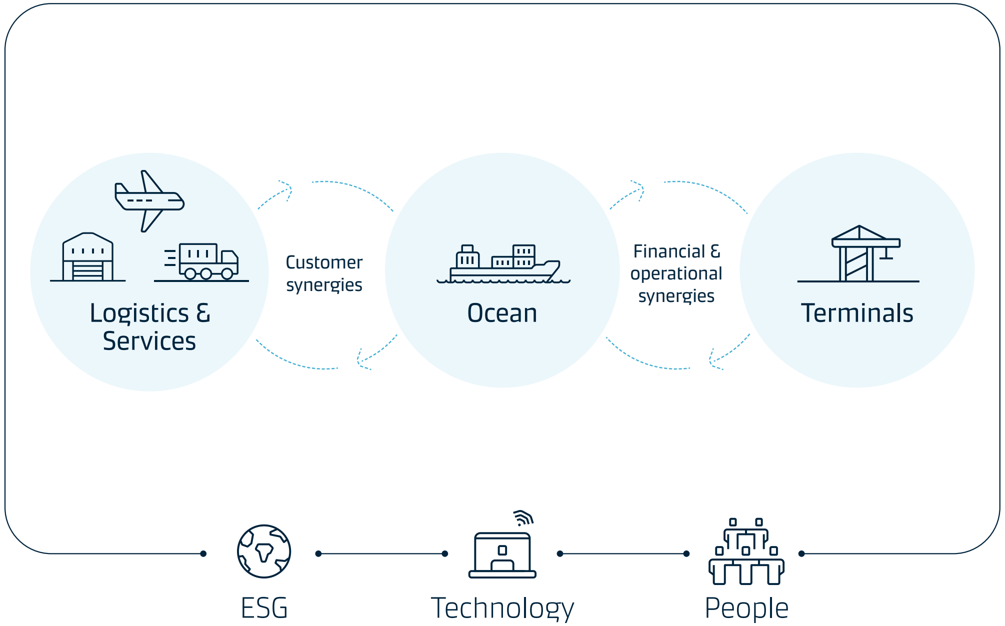
Creating a more integrated world isn't something we can accomplish on our own. This is why we support the UN Global Compact and recognise the importance of collaboration to reach our ambitious goals. I would like to personally thank our customers, partners, stakeholders and Maersk's global team for making this truly the decade of action: forging sustainable, responsible supply chains to improve life for all.

Vincent Clerc
CEO of A.P. Møller - Mærsk A/S

WE SUPPORT UN GLOBAL COMPACT

Our business and how we create value

A.P. Moller - Maersk is a purpose-driven company and always has been. Increasing complexity in global supply chains drives the need for integrated logistics. We aim to fulfil that need by sustainably and responsibly delivering better, simpler and more reliable outcomes for our customers – **improving life for all by integrating the world**.



What we depend on

Purpose-driven people and our culture
Our talented, diverse team of 110,000+ employees.

Our brand
For over 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. See our key partnerships on p. 19.

Natural resources
Our business relies on natural resources such as steel for vessels and oil for fuel.

Assets and end-to-end delivery network
Our assets, supplier relationships and logistics expertise ensure resilient 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 connecting and simplifying supply chains.

Value created for

Our customers
We aspire to provide truly integrated logistics for 100,000+ customers' supply chains. Read more on pp. 8-11.

Our people
We keep our people safe and engaged while offering equitable and interesting career paths. Read more in the Social section on pp. 40-47.

Society
By integrating global logistics, we improve the flow of goods and materials that sustain people, businesses and economies the world over and contribute to improved quality of life and prosperity.

The planet
Our industry is a significant contributor to global greenhouse gas emissions, and we are committed to realising net zero supply chains by 2040. Read more on pp. 21-33.

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

Driven by purpose and guided by values, we actively manage ESG risks and opportunities in global logistics supply chains

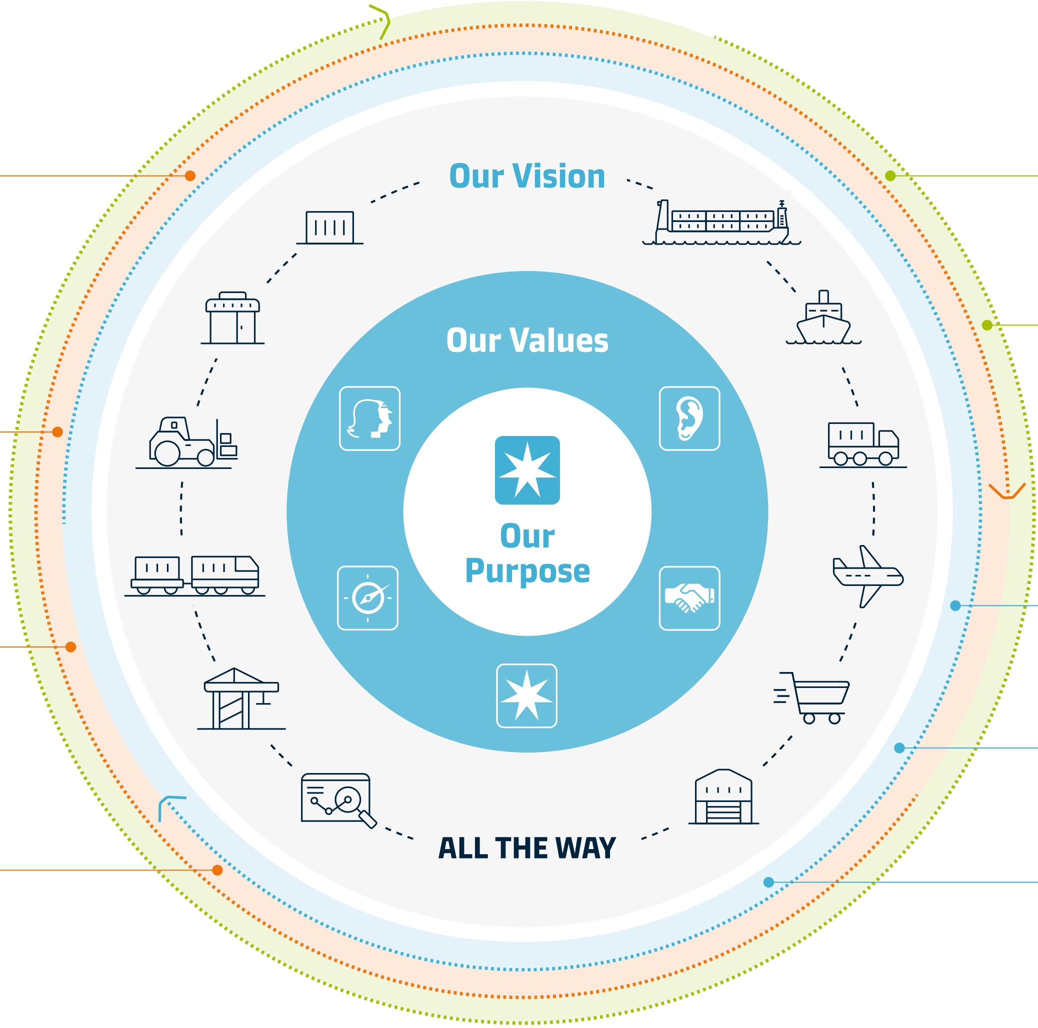
Social

Human rights
Building internal capabilities and risk-based due diligence processes, ensuring a just, green transition (p. 47)

Human capital
Embedding new attraction, retention and development initiatives including a new performance management approach (p. 43)

Safety and security
Building capacity in new risk areas, frontline and leader engagement, active monitoring of security risks (p. 41)

Diversity, equity and inclusion
Improving gender diversity and attraction processes, focus on anti-discrimination, harassment and bullying policy (p. 44)



Environment

Decarbonisation
Investments in more green methanol-enabled vessels and green fuel partnerships. Defined roadmap to 2030 targets across our business and value chain (p. 21)

Responsible ship recycling
Working with stakeholders on policy reforms, building capacity and shipyard safety and work conditions (p. 38)

Governance

Sustainable procurement
Addressing ESG risks in our supply chains, with key focus on safety, labour and decarbonisation (p. 50)

Business ethics
Managing the risk of corruption in our business with strong governance, digitising controls and driving a speak-up culture (p. 49)

Citizenship
Supporting priority causes, including humanitarian relief in Ukraine, The Ocean Cleanup, local GoGreen initiatives (p. 54)

The new drivers of inclusive, sustainable trade

Over the past two years, supply chains have seen unprecedented disruptions. While the worst of the pandemic-related disruptions are easing, new disruptions are coming into play, including an increase in extreme weather events and ongoing geopolitical conflicts.

Against this backdrop, some of the fundamental drivers of supply chain logistics are also changing and prompting many A.P. Moller - Maersk (Maersk) customers to rethink their supply chains.

These drivers include a slowdown in globalisation, the growing impact of technology, faster shifts in marketing channels towards customers, increased prioritisation of resilience – and not least the imperative of decarbonisation. While challenging for many Maersk customers, this rewiring of global supply chains is also an important opportunity to ensure that ESG considerations are built in and deeply embedded into tomorrow's supply chains.

A fundamental focus of our business strategy for the coming decade is to help customers through this transition, from our decarbonisation strategy to helping customers responsibly manage their supply chains and reduce the impact on society and the planet.

Globalisation slows

2022 was a year that saw globalisation slow due to geopolitical, social and market forces. Trade policy and social attitudes are less supportive of open trade, and there is a rise in protectionism and more insular policies – especially in national security interests – as nations look to reduce dependency on global markets and vulnerable supply chains. This was accentuated by a global energy crisis and shocks to the world's food supply chains as a direct result of Russia's war in Ukraine (see below).

Coupled with the complexity of operating global supply chains and rising emerging market labour costs, this means that more companies are rewiring supply chains from offshoring to nearshoring and from single sourcing to multi-sourcing. Maersk is helping customers through this transition, so that supply chains across air, land and sea can be sustainably operated with fewer intermediate products being traded over long distances.

While globalisation and free trade undeniably have the potential to benefit socio-economic growth and lift populations out of poverty, there is also a risk of negative social costs in many sectors from fishing, farming and food production to retail manufacturing and more. This includes risks of inequality, exploitation of workers, and human rights abuses such as forced or child labour, or unsafe working conditions. Maersk is actively working with customers, experts, policy makers and partners to develop platforms and support initiatives that can

A values-based response to the Ukraine invasion

This year saw the outbreak of war in Europe, bringing destruction, suffering and loss of life. Considering the severity of the harm from Russia's invasion of Ukraine, and the nature of Maersk's essential logistics and infrastructure operations, we decided that it was no longer possible to conduct business responsibly in Russia. On 28 February 2022, we communicated the suspension of new bookings to and from Russia followed by Belarus, and we have since ceased all activities in both countries aside from those directly related to the closing of our operations and the sale/disposal of local assets.

Maersk's response to this crisis was driven by our Core Values – taking Constant Care of today and the future, looking after our Employees, and having the Uprightness to do the right things – and guided by our policies on human rights and responsible business practices.

Our approach to supporting Ukraine focuses on two priorities: keeping our people safe, and using the weight of our global logistics expertise to provide acute humanitarian relief.

At the start of the invasion, we created a dedicated task force to support our Ukrainian colleagues and their families, led by our Crisis Management Team and supported by regional management and local employees. Our local activities and team included ocean services to the port of Pivdennyi, an office in Odessa, and around 500 Ukrainian seafarers – half of which were at sea when the war began.

The task force supported employees and their families in evacuating Ukraine, setting up aid hubs in Romania and Poland and providing interim accommodation and financial assistance. Maersk also provided relocation help, offering employees and their families the opportunity to relocate to the country of their choice and assistance in finding new positions within Maersk.

These efforts resulted in the successful evacuation of 148 colleagues and their families. Maersk was fortunate to be in a unique position to fast-track humanitarian relief to the Ukraine. For more on how we supported these efforts, please see p. 54.

In addition to looking after our Ukraine colleagues, it has also been a priority to ensure the well-being, safety, and financial security of our approximately 500 employees in Russia upon our departure. We supported them with a formal commitment and financial security for six months, and access to mental health support through our Employee Assistance Programme.

Maersk continues to comply with all applicable international sanctions imposed on Russia and has stopped all business there and in Belarus. We continue to monitor transactions with a possible Russian or Belarus nexus to ensure compliance and to live by our values. We also provide regular and transparent public updates via our customer advisories and through media.

Coaching women-owned SMEs to access global markets

Trade is a key driver of economic growth, new employment opportunities and better livelihoods, as also expressed in the UN Sustainable Development Goals related to growth and jobs, infrastructure, production and partnerships. To make trade more inclusive, and maximise the contributions to poverty reduction, it is vital to support small and medium-sized enterprises (SMEs) to trade, particularly women-owned SMEs. Globally, 40% of SMEs are owned by women, and the number of women-owned enterprises is increasing faster than that of male-owned ones.

Since 2018, Maersk has been a partner to the ITC SheTrades Initiative, supporting women entrepreneurs with technical assistance, online training and special discount rates to enhance trade readiness, boost supply chain solutions and unlock market access. A tailored coaching programme was launched in 2020, involving 25 women entrepreneurs receiving one-on-one coaching from employees of Twill, Maersk's digital logistics solution for SMEs. An impact survey of this programme in 2022 found that 90% of the women entrepreneurs reported improved business operations to respond to COVID-19 induced challenges, and the women also reported enhancing their exports to new international markets and creation of new jobs[1].

"Thanks to the programme, we were able to get a more global view of our project and sharpen our focus and strategy to get there. Through our coach, we are growing our business and our confidence to go into more markets and connect with allies."

Elizabeth Cortés Rodríguez
CREID BI: Best Ingredients – women-owned small business in Mexico

support global trade to benefit more people by becoming more sustainable and more inclusive. One example is our partnership with ITC SheTrades (see box).

Technology still a key to visibility and optimisation

Technology is continuing to have a profound impact on the sustainability performance of global supply chains, with advances in digital platforms, cloud computing and artificial intelligence playing disruptive roles. Maersk is continuing to work with its customers to unlock the full potential of digitally enabled solutions while also leveraging data to improve environmental performance. Greater data visibility, for example, allows performance factors such as vessel routing and speed to be taken into consideration in network optimisation decisions.

In addition to enabling integrated logistics solutions, visibility has a multiplier effect on the returns of other technology investments such as predictive analytics and inventory management that stand to further sharpen supply chains and reduce greenhouse gas (GHG) emissions through efficiency gains.

New opportunities and ESG challenges from e-commerce

The rise of e-commerce – which already gathered momentum before the pandemic – has a substantial impact on supply chains and creates new sustainability challenges. The increased use of direct-to-consumer sales channels and omnichannel (virtual and physical shops) fulfilment, coupled with fast delivery expectations, has added significant complexity to the logistics supply chain. It has also driven a rise in the use of transportation modes with a higher carbon impact, such as air freight, less-than-container-loads, and last mile trucking to accommodate more granular orders.

These changes are creating a large demand for more digitally integrated logistics offerings that ensure a smooth and optimised flow of cargo across the entire supply chain – 'from factory to sofa'. This optimisation between the physical and digital worlds can also help improve sustainability performance. Warehouses for example are frequently under-utilised outside of peak periods and can lack the best footprint to efficiently support next- or even same-day delivery expectations. By pooling warehouse capacity as part of an end-to-end logistics solution, networks can be optimised, and costs lowered while also reducing the carbon intensity of both warehouses and last- or middle-mile delivery.

Two key levers for reaching net zero supply chains

There are two key shifts that must take place in order to make significant progress in decarbonising the world's supply chains.

The first is that supply chains need to be engineered to be more sustainable by design – building on the momentum to be closer to consumers and making the most of technology and new, integrated solutions that reflect today's markets while also transporting goods in a sustainable way.

The second is that logistics providers need to be able to offer green, sustainable products for these redesigned supply chains – from low GHG ocean and landside transportation to smarter logistics networks and warehouses. Developing these green solutions is a critical focus for Maersk and core to helping our customers on their own decarbonisation journeys.

Maersk remains focused on deepening the strategic partnerships with its customers through this industry-wide rewiring, ensuring that supply chains provide resilience while meeting ESG standards and urgently addressing the need to combat climate change. In this report, we outline our targets and progress across all elements of this journey.

Resilience on the rise, impacted by sustainability risks

Resilience in supply chains has become a Board-level topic for many companies, as the pandemic and climate-impacted severe weather events have caused major challenges in recent years. Broader social and environmental risks impact the resilience and sustainability of supply chains, with increasing urgency in the requirements from consumers, regulators and the finance community to ensure that supply chain design is compatible with ESG commitments.

To help meet these complexities and manage resilience risks, many customers are shifting from a solely cost-driven logistics procurement model to a strategic partnership approach; outsourcing supply chain management in part or full, or emphasising better visibility and direct supply chain control in-house. Maersk is supporting the needs of its customers through this journey, and the shift towards strategic partnerships is an opportunity to embed ESG and increase collaboration on shared sustainability commitments.

1 ITC SheTrades and Twill by Maersk whitepaper (2023), Harnessing the Private Sector to foster Gender Equality

Translating the drivers into customer value

The pressing need for resilience, combined with the aforementioned market and technology disruptors, are creating sustainability opportunities and challenges for Maersk's customers – especially given the imperative of decarbonising supply chains.

To date, 70% of our top 200 customers have set carbon goals, including science-based targets – many of which are on aggressive timelines to reach carbon neutrality by 2040 or even earlier.

To support customers in reaching these goals, Maersk is helping to decarbonise and future-proof supply chains through offering low GHG emission solutions for all transport modes. This is core to our global integrator vision and ESG strategy.

Maersk's current logistics decarbonisation offerings

Today Maersk offers ECO Delivery for Ocean and is developing and piloting future low-carbon solutions for Air, landside transportation (across truck, barge and rail) and Contract Logistics.

Since its 2019 introduction, demand for ECO Delivery Ocean has grown by more than three times, year-on-year. The solution is being used by over 200 customers, and 35% of these are from emerging markets – affirming that decarbonisation is not only on the agenda of mature, wealthy economies.

In addition to the need for low GHG solutions, customers have a strong need for GHG emission visibility and optimisation across their logistics. Maersk's Emissions Dashboard helps our customers simplify the often-complex challenge of consolidating emissions data across all carriers and transport modes. The tool provides visibility and intelligence to help optimise emissions, for example by shifting modes of transport, while also supporting emissions reporting compliance requirements.

Partnering and strategic advisory

An increasing number of customers need assistance to advance their sustainability agenda in logistics. Our current solutions are mostly being developed product by product. Our aim however is to offer more integrated end-to-end, low or zero-GHG emission solutions in the future in a partnership-oriented way, rather than a transactional, product-driven approach.

This also includes targeting logistics legs or facilities with the highest emissions for maximum impact.

Maersk customers are at different stages and levels of maturity in their sustainability journey (see graphic on right). We place our customers into four different categories, based on, for example, the integration of sutainability metrics into their logistics decision-making and their willingness to co-create and invest in sustainable logistics. This categorisation allows us to better understand their needs and which logistics sustainability offerings will provide the most value.

The majority of our top 200 customers are either at a basic level of defining priorities and seeking guidance (Risk Managers) or have progressed on integrating sustainability into their logistics operations (Explorers), while 20% have taken the next step to also invest into green logistics solutions (Leaders and Implementers). Generally, we see a strong upwards trend toward maturing in sustainable logistics. Our goal is to help our customers advance their agendas by moving to a more integrated and strategic approach to sustainable logistics.

At the highest level of collaboration, Maersk is working with its customers to co-innovate green solutions and create transformational partnerships with customers who are sustainability leaders within their own industries. No one company can do this alone, and such partnerships and investments are critical to the uptake, scaling and maturing of ground-breaking solutions that are urgently needed for net zero supply chains.

"We can't do it alone. Most of our emissions are in scope 3. And of course, our suppliers are a part of this ecosystem. So it is important that all our suppliers, and in particular companies like Maersk, help us in this journey."

Magdi Batato
Executive VP & Head of Operations, Nestlé

Maersk customers share their views on the importance of sustainability collaboration.

Watch Video →

Sustainability in logistics: Understanding our customers' journeys

Leaders
5% of our top customers

- Visible, transformational first movers
- Strong interest in long-term partnerships and co-innovation
- High willingness to invest in long-term sustainable logistics transformation

Implementers
15% of our top customers

- Ambitious sustainability strategy, with integrated logistics decisions
- Contribute to industry-level sustainability
- Willing to invest in sustainable logistics options

Explorers
35% of our top customers

- Integrate sustainability into logistics decisions, with basic minimum requirements
- Engage with industry forums
- Are considering investing in sustainable logistics options

Risk Managers
45% of our top customers

- Acknowledge importance of sustainability in logistics
- Are defining priorities and seeking suppliers
- Need guidance on sustainable logistics options to consider investing over time

Maersk sustainability solutions

We are developing solutions based on our customers' needs, supporting their sustainability ambitions

Sustainability partnering
Leveraging our expertise to co-innovate and transform the industry

Strategic advisory
Advise on how to integrate sustainability in logistics

Decarbonising logistics

GHG emissions reductions
- Developing end-to-end low-GHG emission solutions
- Low-GHG emission solutions for all transport modes and logistics facilities

GHG emissions visibility and optimisation
- Visibility on GHG emissions and advisory services

Improving responsible business practices in logistics

ESG guidance
- Share developments and best practices on responsible business conduct
- Demonstrating sustainability leadership across relevant ESG areas

Multi-stakeholder forums – Establishing standards, methodologies and co-creation of new concepts for scaling
Meeting minimum requirements – Comply with Code of Conducts, report on ESG metrics and reduce impact through optimisation

Engagements beyond decarbonisation

Maersk can make the largest contribution to our customers' sustainability goals through our green solutions. But sustainability goes beyond decarbonisation impacts, and Maersk works with its customers to support responsible business practices across all relevant sustainability areas.

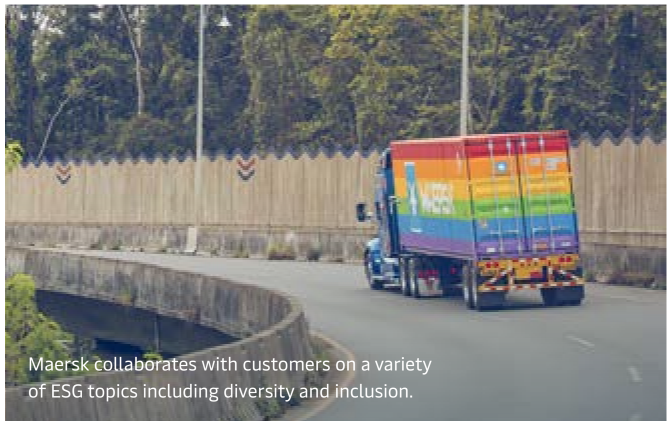
This includes sharing best practices, cross-industry collaborations as well as insights and advisory support on material issues. One example is engaging with customers on topics like ship recycling and inviting them to join relevant initiatives such as the Ship Recycling Transparency Initiative. We also provide customers with insights into how Maersk and the wider shipping and logistics industry manages material issues such as working conditions on vessels and inland transportation.

We also work with customers to deepen broader sustainability collaboration around shared values. In 2022, for example, the Ford Motor Company of South Africa unveiled its next-generation Ford Ranger with a rainbow design coordinated with the tour of Maersk's rainbow container in South Africa, in mutual support of diversity and inclusion for all employees. The Ranger was transported with the rainbow container to each of Ford's plants – a 2200 km journey from Johannesburg to Pretoria.

Multi-stakeholder forums

Another way to engage and collaborate with customers is through multi-stakeholder forums where best practice sharing, improvements of industry standards, and development of joint concepts are important input to the development and scaling of green solutions.

Examples include the Smart Freight Buyers Alliance (accelerating the decarbonisation of freight transportation by uniting customers and logistics providers), Clean Cargo (developing standards and best practices for tracking and reducing emissions from ocean cargo transportation), the First Movers Coalition (scaling up and commercialising green technologies), and Road Freight Zero (fast-track zero emission fleets and infrastructure).



Maersk collaborates with customers on a variety of ESG topics including diversity and inclusion.

Strategy and governance

ESG strategy and governance

In early 2022, A.P. Moller - Maersk (Maersk) announced a comprehensive ESG strategy along with accelerated targets to achieve net zero greenhouse gas emissions in 2040. A key focus during 2022 was to define the roadmaps and governance to realise the ambitions outlined in the updated strategy.

Building on many years of sustainability progress, the strategy charts an even more ambitious course and establishes ESG as core to our purpose, intrinsic to our strategy and operations. Working actively and strategically with all aspects of sustainability risks and impacts is today a baseline requirement from our customers, investors, employees, regulators and broader society. The strategy encompasses all material sustainability impacts, risks and opportunities for Maersk (see below), centred around three core commitments with supporting KPIs and targets. These represent the areas 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 Global Integrator business strategy.

Our starting point in developing the ESG strategy and defining priorities was the UN Sustainable Development Goals, ESG benchmarks, our understanding of stakeholder expectations and science-based frameworks. We reviewed the relevance of each topic for Maersk and for what we do. We considered both the risks and the opportunities we face as a company, the impact we have globally as well as the value our stakeholders have at stake.

We have determined where we want to be good, where we want to be excellent, and where we want to lead globally. In some areas - such as decarbonisation - we leverage our unique skills, resources and strengths to move sector standards and create solutions to customer and societal pain points.

In addition to the strategic priorities and targets highlighted below, all of the 14 categories and relevant sub-categories covered by the ESG strategy have defined ambitions, KPIs and metrics which we use to track progress internally, and report on externally (see the relevant sections of this report). As external expectations on ESG issues continuously evolve, and as our efforts progress, our priorities, target-setting and reporting will also continue to evolve and mature.

During 2022, a major focus has been on ensuring strong governance across and within each ESG category to align and drive progress on the strategic priorities, as well as on mapping and improving our end-to-end reporting processes for the new ESG KPIs included in the performance data table and covered by external assurance (see pp. 58-63).

Maersk's 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 We protect and treat data with respect
Strategic targets *All targets are for end of year*	**2040:** • Net zero across the business • 100% green solutions to customers **2030:** • Aligned with the Science Based Targets initiative 1.5°C pathway • Industry-leading green customer offerings across the supply chain	**2025:** Employee Engagement Survey score in the top quartile of global norm **2025:** >40% women in management and leadership >30% diverse nationality (non-OECD) of executives **2023:** • 100% of Learning Teams completed following a High Potential Incident • Global Leadership (Top 1,200) upskilled in Maersk safety and security principles	**2023:** 100% of employees* trained in the Maersk Code of Conduct **2024:** 100% of suppliers* committed to the Supplier Code of Conduct **2023:** 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 and security** – **Human capital** **Sustainable and inclusive trade** – **Diversity, equity and inclusion** – **Human rights**	**Business ethics** – **Governance** – **Responsible tax** **Sustainable procurement** – **Data ethics** – **Citizenship**

*In scope (see accounting policies, p. 64)

Governance of ESG in A.P. Moller - Maersk in 2022[2]

Environment

ESG category	ELT sponsor	Owner
Climate change	Henriette Hallberg Thygesen	Decarbonisation
Environment ecosystems	Henriette Hallberg Thygesen	Safety & Resilience

Social

ESG category	ELT sponsor	Owner
Human capital	Susana Elvira	HR
Diversity, equity and inclusion	Susana Elvira	HR
Human rights	Caroline Pontoppidan	Sustainability
Employee relations and rights	Susana Elvira	HR
Safety and security	Henriette Hallberg Thygesen	Safety & Resilience
Sustainable/ inclusive trade	Vincent Clerc	Sustainability

Governance

ESG category	ELT sponsor	Owner
Governance	Caroline Pontoppidan	Sustainability
Business ethics	Caroline Pontoppidan	Compliance
Sustainable procurement	Henriette Hallberg Thygesen	Procurement
Responsible tax	Patrick Jany	Tax
Citizenship	Caroline Pontoppidan	Sustainability
Data ethics	Navneet Kapoor	Technology

The three key elements of Commit – Maersk's internal governance framework

Our guiding **Core Values**, which have been shaped and strengthened since our foundation in 1904. In 2022, we revitalised our Core Values to ensure they were consistently interpreted, easy to apply, and had a strong connection to our Purpose.

The **Code of Conduct** sets global standards for how we engage with colleagues, customers, suppliers, communities, authorities and other stakeholders. The Code of Conduct was updated in 2022 to align with our Purpose and ESG strategy.

The governance framework includes 21 **Rules of business ethics, governance and authority,** which are detailed internal instructions for all employees covering high-risk areas, and subject to internal controls and an annual internal assurance process.

2 From 2023, ESG governance will change in alignment with changes in Maersk's executive leadership team

How the ESG strategy is governed

As illustrated in the governance model on this page, responsibility is ultimately anchored with the company's Board of Directors who endorse the overall ESG strategy and approve major investments such as the green methanol-enabled vessels. The Audit Committee takes an active role to ensure oversight of key ESG risks, and during 2022 has received regular updates on sustainability and ESG reporting process development. Furthermore, the Remuneration Committee in 2022 had particular focus on ESG-linked executive remuneration KPIs and targets: Starting in 2023, executive compensation will be directly tied to the outcomes on selected ESG targets (decarbonisation, safety and diversity) through the Long Term Incentive programme. Further details will be communicated during 2023.

All of the 14 ESG categories are owned and led by a member of the Executive Leadership Team (ELT) who drives the initiatives forward and is responsible towards the full executive team and the Board of Directors for delivering the intended outcomes. Quarterly updates on ESG strategy progress across all categories are provided to the ELT to facilitate oversight and support decision-making on strategic dilemmas and risks.

Two ELT-level committees have particular responsibility for ESG categories: The Decarbonisation SteerCo, chaired by Henriette Thygesen, is a forum for strategic discussion and decision making on behalf of the ELT on matters related to the decarbonisation strategy. In 2022, this included approval of the updated 2030 decarbonisation roadmap as outlined in the Climate Change chapter.

The Risk and Compliance Committee, chaired by Caroline Pontoppidan, has oversight of key risk and compliance processes and topics across Maersk, including the Commit governance framework and enterprise risk management. ESG topics are addressed as part of these processes, and through annual updates on key topic areas including human rights, sustainable procurement, labour rights and sustainability reporting.

The ESG SteerCo is a central committee to oversee ESG governance, performance management and external reporting. With Caroline Pontoppidan as ELT member presiding and senior participants across Strategy, Sustainability, Finance and Decarbonisation, this SteerCo guides and facilitates review

←
Maersk used employee insights and feedback from across the organisation to revitalise its guiding Core Values in 2022.

of ESG strategy and governance and enables oversight of significant regulatory developments and trends across the ESG agenda.

Many of the ESG categories have furthermore established cross-functional SteerCos or advisory groups to facilitate progress oversight, ensure that relevant functional and business areas are looped into strategic decisions' and support on implementation. Examples include:

- The Decarbonisation Advisory Group (DAG): 17 members across functions meet quarterly to coordinate and prepare topics for decision by the Decarbonisation SteerCo. In 2022, the DAG advised on topics such as an updated Ocean decarbonisation roadmap, Maersk's position and planning for the IMO 2023 CII regulation, and an updated commercial value proposition model.
- The Sustainable Procurement SteerCo has 12 members across functions. It meets quarterly to review and support on programme progress. In 2022, this SteerCo reviewed the category roadmap and implementation plans, and discussed, among other topics, how to ensure that sustainable procurement processes meet business growth plans and are aligned with upcoming regulation.
- The Safety & Resilience Management Board is chaired by an ELT member and oversees progress and challenges across safety and resilience programme areas.
- The Health, Safety, Security and Environment (HSSE) Leaders Forum gathers HSSE leads across business units and brands to ensure coordination and practice sharing. This Forum ensures that Commit assurance is performed for the Commit rules related to HSSE.
- The Labour Relations Council supports the implementation of, and compliance with, the Global Employee Relations Commit Rule across Maersk businesses. It functions as an escalation body on issues related to labour rights and employee relations and recommends solutions for management decision-making.

ESG in the central corporate governance framework: Commit

As a company, Maersk ensures internal governance to provide our employees with direction and guidance on how we work and achieve our main objectives. This is set out in the Maersk Values, Code of Conduct and Maersk Rules which are all part of the Maersk governance framework called Commit. ESG topics related to compliance and responsible business practices are integrated into Commit through the Code of Conduct and Commit Rules on HSSE, Global Employee Relations, Anti-Corruption, Sustainable Procurement, and Data Privacy & Data Ethics. Each rule has a designated owner in the organisation who is responsible for compliance. Executive oversight of compliance with Commit is managed through an annual internal assurance process, anchored with the Risk and Compliance Committee.

Responsible inorganic growth

Acquisitions are a key part of Maersk's Global Integrator vision, especially as we add capacity and expertise in areas like contract logistics and e-commerce to our global portfolio and local coverage. In 2022, Maersk acquired four companies with a total of over 14,000 employees. As part of our accounting policies we do not include ESG data from new entities until the year following closing of the acquisition (see further details on p. 64), allowing time to ensure robust reporting processes are in place.

To ensure that all inorganic growth targets are aligned with our own ESG strategy and commitments, we have during 2022 worked to strengthen due diligence processes by incorporating ESG risk assessment more systematically into the M&A process. This includes robust assessments of historic and current ESG performance and risks across a broad range of topics, from corruption to human rights and environmental impacts, among others.

In 2022, joint leadership teams conducted regional road shows to welcome LF Logistics employees to Maersk.

Speaking up at Maersk

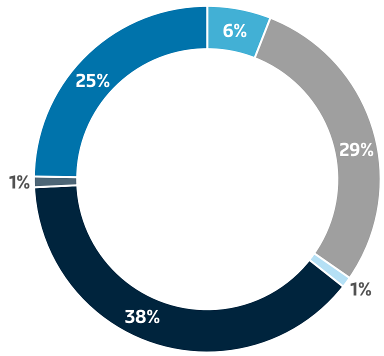
A key process anchored in the Commit framework is Maersk's whistleblower programme which aims to create a safe and secure environment for anyone to speak up and report violations without fear of retaliation. This is supported by effective investigations led by independent and impartial investigators, and by ensuring management takes appropriate action to address violations and implement controls to avoid repetition.

Maersk fosters a speak-up culture and welcomes hearing from anyone – whether they are employed by Maersk or not – to raise questions and concerns. There are multiple ways to speak up: Employees can speak to their direct manager or any member of the Maersk management, contact specialised functions like Compliance, HR or the Ombuds function, or report via the Maersk Whistleblower system. Anyone can report anonymously through phone or internet on the whistleblower hotline, which is available in multiple languages.

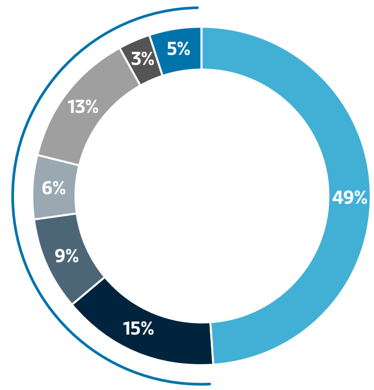
In 2022, we received 735 reports in the whistleblower system, which is higher than 634 reports received in 2021. We see the increase in reports as a positive sign that employees and partners are aware of the whistleblower system and are comfortable speaking up. 90% of the reports received in 2022 have been closed.

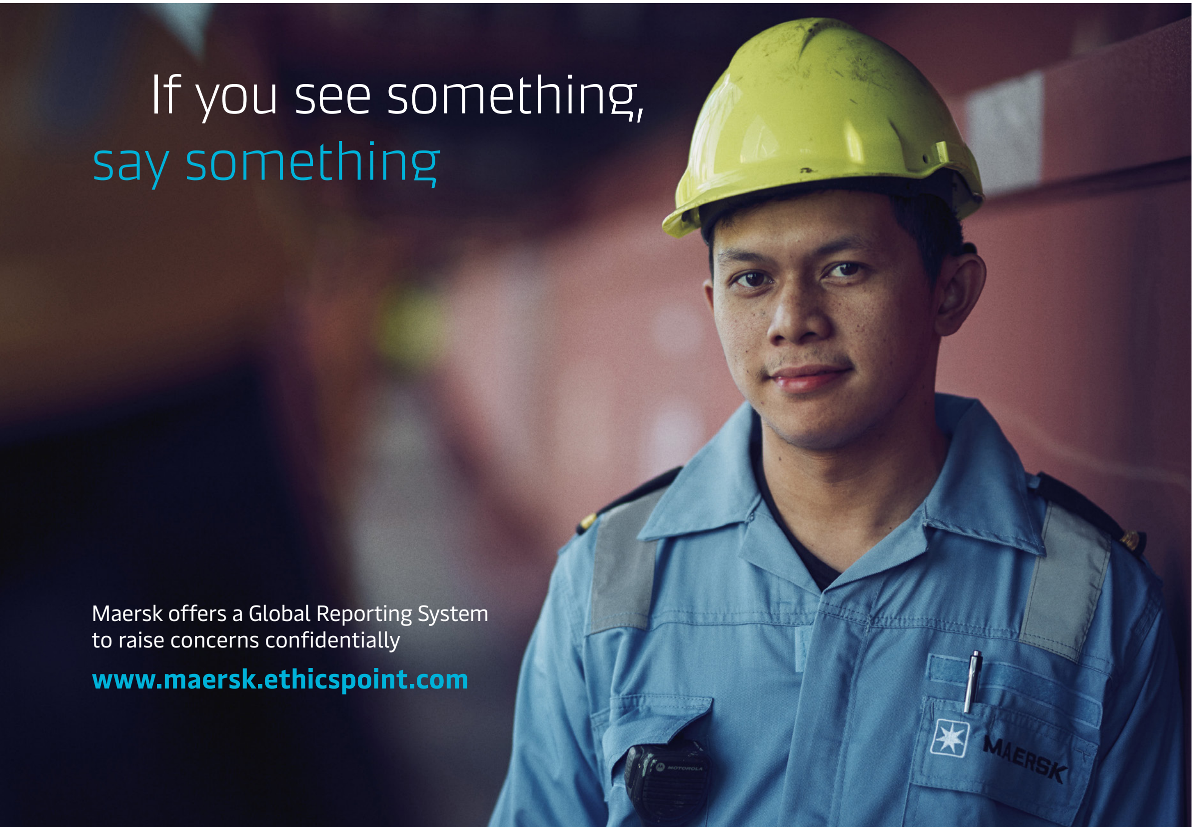
In 2022, the update of the Maersk Code of Conduct included the roll-out of a non-retaliation policy confirming our zero-tolerance approach to any form of retaliation against employees making a report in good faith or cooperating in a whistleblower investigation. The roll-out was supported by a global campaign focusing on the importance of speaking up and the measures we take as a company to ensure employees feel empowered to raise concerns with confidence. We also focused on upskilling and training of our investigators to strengthen the way we manage whistleblower reports.

Whistleblower reports received per topic area in 2022



Report outcomes and actions among closed whistleblower reports in 2022





A 2022 whistleblower campaign helped employees feel safe and empowered to speak up.

Materiality and stakeholder engagement

Our strategy and prioritisation of ESG topics is based on analysis applying the principle of double materiality, incorporating key standards, reporting and science-based frameworks as well as input from stakeholder engagement. In this way, we are able to determine, act and report on those issues where A.P. Moller - Maersk (Maersk) has significant impact on society or the environment, and where issues may pose significant risk or opportunity to our business. See our materiality model and assessment on p. 18.

Five stakeholder groups are prioritised when establishing our material ESG issues: customers, employees, investors, authorities and civil society. Experts across Maersk regularly engage with these groups bilaterally and in multistakeholder collaborations, and feedback is incorporated in the identification of material issues and action plans. See p. 19 for more on stakeholder engagement activities in 2022.

Materiality developments in 2022

In 2022 we did not add new issues to our materiality assessment but saw further strengthening of the trends and expectations underlying our 2021 assessment and ESG strategy.

Our assessment is guided by the most important global sustainability and ESG frameworks, including TCFD, SASB, GRI and the UN Sustainable Development Goals. 2022 saw major advances in the development of international sustainability reporting standards, most significantly for Maersk the EU Corporate Sustainability Reporting Directive, supported by the European Sustainability Reporting Standards which we will be required to report towards from FY 2024. We fully support the harmonisation of reporting standards, and have contributed in expert groups and dialogues with feedback to the development of both the EU standards and those of the International Sustainability Standards Board (ISSB) which, over time, will be the global baseline for ESG reporting.

Our assessment also draws on ESG ratings which are highly recognised by our customers and investors and align with our priorities, in particular EcoVadis and CDP. Other ratings and benchmarks which are viewed as important to support our ESG leadership proposition include MSCI, Sustainalytics, Climate Action 100+ Net Zero Benchmark, and Corporate Human Rights Benchmark.

Reflecting the priorities in our ESG strategy, this year we are reporting on 13 new ESG KPIs (see the ESG performance data, pp. 58-63). A process of close engagement throughout the year with ESG category and KPI owners has aimed to improve data quality and establish a robust internal controls framework in relation to our ESG data reporting. As our ESG strategy and reporting environment matures, it is expected that our level of disclosure will continue to increase in line with the future sustainability reporting requirements.

ESG risks to our business are captured through our enterprise risk management process, which assesses top risks to achieving our business plan within a 5-year horizon (see the risk section of the Annual Report). Three ESG issues are assessed as among our top 10 ERM risks this year. These are human capital (inability to attract and scale the right workforce matching business demand), 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).

Engaging with key stakeholder groups

Stakeholder group	Stakeholder expectations	Engagement channels
Customers	Solutions that ensure responsible business practices and net zero emissions in their supply chains	Regular business dialogue – ESG criteria in tender processes – Strategic Customer Council – Partnerships and collective action alliances
Employees	Meaningful work, 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	Strategies and plans to mitigate short and long-term risk to the business model	Regular engagement with Investors and analysts – Investor roadshows and ESG investor calls – Investor surveys – ESG Day and Capital Markets Day – Collective action alliances
Authorities	Compliance with regulation and industry leadership on transformation to net zero	Bilateral engagement with local, national, and international agencies and authorities – Engagement through industry associations – Collective action alliances
Civil society	Industry leadership and accountability on sustainability topics where Maersk is perceived to have impact and leverage	Bilateral engagement – Collective action alliances and partnerships


In October 2022, Maersk and Global Compact Network Denmark co-hosted Sanda Ojiambo, Assistant Secretary General and CEO of United Nations Global Compact together with a group of executives from Danish companies, to discuss accelerating the green transition.

Materiality assessment

Maersk assesses ESG topics through the lens of double materiality, applying both social, environmental and financial criteria across the four steps outlined below. This includes identifying the universe of sustainability issues, determining materiality based on specific criteria, validation by management, and finally identifying the ESG topics that are material to Maersk. Read more about each issue in the relevant sections of this report.

1. Input

- Customer engagement
- Investor interactions
- Human rights assessment
- Employee feedback
- Supplier engagement
- Civil society dialogue
- Regulatory tracking
- ESG ratings and standards
- Trends and issues research

2. Assessment

Social and environmental impact

Where Maersk takes responsibility to mitigate significant potential negative impacts and increase positive impacts on people, society, and the environment

Criteria:

- Hard and soft law, voluntary commitments
- Severity and urgency of impact
- Sector materiality
- Stakeholder expectations
- Leverage to influence
- Values, competencies, policies and strategies

Financial materiality

Where environmental, social and governance issues pose significant short or long-term financial or strategic risks or opportunities to Maersk

Criteria:

- Influence on strategic decisions by Maersk and shareholders
- Magnitude of potential financial impact, informed by ERM and strategic opportunities

3. Validation

Validation by executive sponsors and the ELT

Validation by executive sponsors and the ELT

4. Output: Material issues

Environment

- **Climate change:** meeting our obligation to decarbonise our end-to-end operations and to support a just transition [p. 21]
- **Ecosystems and biodiversity:** protecting the ecosystem in which we operate [p. 34]
- **Air emissions, waste, pollution:** minimising impacts of our activities [p. 36]
- **Ship recycling:** ensuring safe and responsible ship recycling globally [p. 38]

- **Climate change:** managing transition and physical impact risks and opportunities, including the imperative to decarbonise our customers' supply chains in time [p. 21]

Social

- **Safety and security:** taking care of our people [p. 41]
- **Diversity, equity and inclusion:** creating an inclusive workplace with diversity of thought [p. 44]
- **Human rights:** ensuring respect for human rights across our value chain [p. 47]
- **Labour rights:** ensuring decent working conditions [p. 46]
- **Sustainable/Inclusive trade:** contributing to an inclusive trade environment [p. 8]

- **Safety and security:** managing critical risks across our operations [p. 41]
- **Human capital:** ensuring access to critical talent [p. 43]

Governance

- **Sustainable procurement:** ensuring responsible practices in our supply chain [p. 50]
- **Responsible tax:** being a responsible and transparent taxpayer [p. 53]
- **Citizenship:** contributing to communities and societies where we operate [p. 54]

- **Business ethics:** managing compliance risks across our operations [p. 49]
- **Sustainable procurement:** enabling our end-to-end logistics strategy [p. 50]
- **Data ethics:** enabling our growth as digitally based global integrator [p. 52]
- **Governance:** linking ESG performance to executive remuneration [p. 13]

Key engagements in 2022

Active engagement with key stakeholders is core to our ESG strategy and approach in Maersk. Stakeholder engagement informs our understanding of material issues and underpins the development of solutions and initiatives in our roadmap to deliver on ESG commitments and KPIs. 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. Our approach to engaging with and creating value for customers is detailed on pp. 10-11.

Substantial progress was achieved in 2022 on the regulatory front, where Maersk was actively involved in the discussions on key decarbonisation regulation for our sector both at IMO and EU levels. See pp. 30-31 for more details on these measures. Other topics on our EU agenda have been the EU Taxonomy for sustainable activities, environmental issues including air pollution and matters related to ship recycling, as well as corporate sustainability reporting and due diligence regulation.

Maersk engaged actively at executive level with high-level government representatives, customers, international and civil society organisations on global challenges of climate change, ocean health and just transition at key global summits in 2022, including COP27, UN Oceans and the One Ocean summit.

We engage in additional bilateral dialogue with NGOs to gain insight into particular topics of concern, explain positions and explore opportunities for further collaboration. In 2022, key topics discussed included biodiversity and transport of plastic waste.

We engage regularly with investors on ESG topics, including the Climate Action 100+ network. In November 2022, we held our first virtual Investor ESG Day, where Maersk executives unfolded our ESG strategy and roadmap for decarbonisation, and participated in a Q&A with the audience. Key topics of interest included our strategy for green fuels, climate risks to our business, and biodiversity impacts.

The bi-annual employee engagement survey gives insights into employee expectations (read more on p. 43). Employees are engaged in our ESG agenda in multiple ways – as direct contributors to the development of decarbonisation solutions, participating in training initiatives across ESG topics, and by volunteering for local events in communities such as our Go Green week (see p. 54).

Across the ESG agenda, we are actively engaged in cross-industry partnerships and coalitions to set standards, develop solutions and drive common agendas. See an overview below.

We also engage with regulators through memberships in industry associations such as World Shipping Council, Danish Shipping, BIMCO. and the Confederation of Danish Industries. For more detail on Maersk's advocacy and lobbying related to climate change and ESG issues, including our positions on key topics, please see maersk.com/sustainability/our-approach.

Key partnerships and coalitions

Broad partnerships supporting EU Emissions Trading System progress

The inclusion of shipping into the EU Emissions Trading System (ETS) spurred continuous debate in 2022 and created a very crowded regulatory space where opinions differed widely across the sector. Regulators in Brussels were left with the difficult task of assessing and evaluating which input warranted real attention, and which positions were unhelpful to the goal of decarbonising shipping.

In this context, Maersk strongly advocated for the inclusion of life cycle considerations in the final ETS text. New shipping fuels such as methanol or ammonia can be produced sustainably, or from fossil energy. While both production pathways lead to the same product, the impact on the climate differs dramatically. Including a life cycle assessment (LCA) approach in the ETS encourages the use of green fuels and puts an accurate price on new types of fossil fuels. In 2022, Maersk partnered with the Methanol Institute, the World Shipping Council, the Renewable Hydrogen Coalition and the national shipowners' associations of Denmark, Sweden and the Netherlands to issue a joint call for the inclusion of LCAs in the EU ETS. Regulators heard and listened to these combined voices, with the result being a direct reference to LCAs in the legislation and a commitment to work on their development and refinement within the EU ETS.

Environment

A. P. Moller - Maersk is taking a leading role in decarbonising logistics, both in our own operations and in providing green solutions to help our customers reach their ambitious climate goals. Learn more about how we are making this the decade of action to get to net zero by 2040 and minimise our impact on the natural environment.

→ Climate change
→ Environment and ecosystems
→ Responsible ship recycling

In 2022, Maersk ordered more than 400 battery-electric trucks in North America for short-haul warehouse and distribution centre operations.

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.

UN SDGs

7.3 13.1 15.2 17.16

Ambition

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

Progress indicator

Climate change

In 2022, our climate provided the starkest warnings yet about the importance of acting with urgency to address greenhouse gas (GHG) emissions before we as a global community overshoot the 1.5°C pathway. From record heatwaves in Europe and the Middle East, flooding that left one third of Pakistan under water, extreme rainfall and floodings in West and Central Africa, drought in China to severe storms and wildfires in the Americas - no region was untouched. As a key player in an industry responsible for 3.5 billion tonnes of annual direct emissions, A.P. Moller - Maersk (Maersk) is committed to leading the decarbonisation of logistics and taking responsibility to be part of the solution, enabling a green and just transition.

In early 2022, we announced the ambitious goal of advancing the target year for our commitment to reach net zero emissions by a full decade, to 2040. This applies to our own operations, but – even more importantly – covers all three emission scopes and supports our customers' own climate commitments.

2022 was all about defining and clarifying the roadmap to make this challenging, but achievable vision a reality. We have defined key milestones in our operations and customer offerings needed by 2030 to make sure the journey is on track (see our targets on the following page). These targets drive and inform decisions Maersk makes today. Activities are progressing at full speed, but in different phases across our businesses, as detailed on the following pages covering our Ocean, Logistics & Services, Terminals and strategic brands.

A positive external development in 2022 was the launch in December of the long-awaited Science Based Targets initiative (SBTi) guidance for the maritime transport sector. Maersk was part of the technical working group consulting on the methodology and based on our insights into the draft, we expect that our current targets are in line with the SBTi goal of staying on a 1.5°C pathway. We aim to submit our company-wide targets for validation with the SBTi during 2023.

Despite strong momentum and commitments across sectors, significant challenges still risk holding back decarbonisation in shipping and logistics – from limited policy consensus and lack of a level global playing field to uncertainties in the IMO negotiations over critical regulatory topics.

Maersk's position is that we cannot allow these challenges to stand in the way of meaningful progress - that we cannot wait for a convenient or perfect time to tackle the climate emergency. Therefore, we are taking an approach of implementing while we are innovating, doubling down on working solutions such as green methanol powered vessels that we can implement today while we continue developing and scaling tomorrow's solutions. Reaching our 2040 ambition will be extremely challenging, but we believe it can – and must – be done.

Maersk has ordered a total of 19 dual-fuel methanol engine vessels.

Natural Climate Solutions (NCS)

As part of our commitment to net zero and positive environmental contributions, Maersk is working with external partners to establish a portfolio of third-party-certified NCS projects. NCS covers nature-based conservation, restoration and improved land management actions that increase carbon storage and/or avoid GHG emissions, while typically also providing benefits to local communities and ecosystem biodiversity beyond direct emission reductions. This is in line with the Science Based Targets initiative Net Zero criteria, which recommends that companies compensate for emissions above and beyond abatement targets to deliver net zero. More details on NCS progress will be shared in 2023.

Maersk's commitments to decarbonise logistics

2030

2040

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.
- Logistics facilities in contract logistics and cold chain: Min. 90% of operations on renewable electricity and/or green fuels.
- Inland transportation: Min. 20% of customer cargo moves on renewable electricity and/or green fuels.

Aligned with a Science Based Targets initiative 1.5-degree pathway

- Ocean ~50% reduction in carbon intensity (EEOI) (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 of GHG per year by 2030.

0

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

- 100% green solutions to our customers (based on green fuels and/or renewable electricity).
- Net zero GHG 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 degrees, resulting in emissions reductions of at least 90% from 2020 levels.

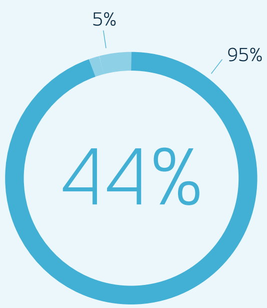
Note: Green is defined as fuels or energy that have low or very low GHG emissions on a life cycle basis. For details, see p. 28

Maersk's GHG emissions footprint for 2022

In 2022, we improved our methodologies for scope 3 calculations, allowing us to report more precise figures which increase the total emissions reported. As a result, our scope 3 emissions exceed scope 1 emissions and we have restated previous year's figures in line with our updated methodology. The sourcing, trading and use of marine fuels remains the primary source of GHG emissions across scopes for Maersk.

The fuels impact both our scope 1 and scope 3 emissions, and part of the improvement is a better way of calculating upstream emissions related to fuel production based on the FuelEU maritime standard. Other key changes include how we report emissions from Vessel Sharing Agreements, now based on the number of containers per trade lane, rather than previously using a spend-based method, and for use of sold products, we developed a method to calculate emissions from external sales of Maersk Container Industry reefer containers.

Scope 3 calculations remain an evolving science, and our footprint will continue to evolve with more accurate data, and due to acquisitions and changes in our business.



SCOPE 1: OWN OPERATIONS

Direct emissions coming from our financially controlled operations.

95% of our scope 1 emissions come from our ocean operations (fuel use). (2021: 94%)

34,150 (1,000 tonnes CO_2e) (2021: 36,596)

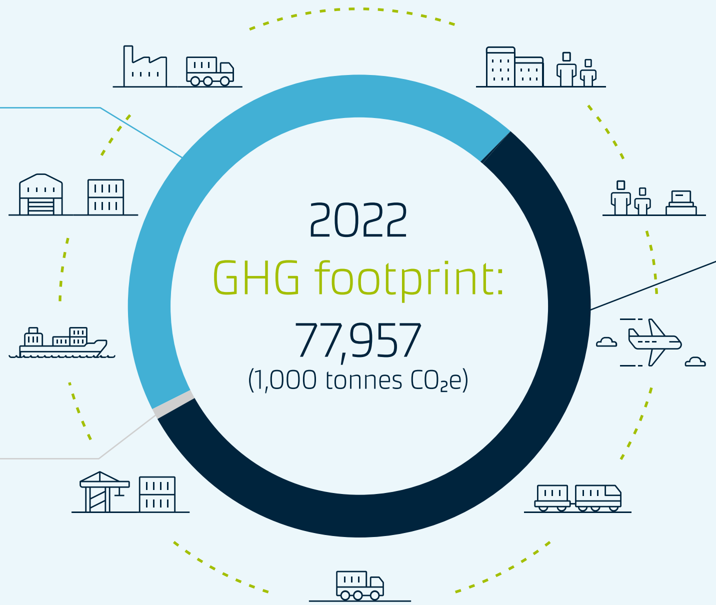
0.5%

SCOPE 2: PURCHASED ELECTRICITY
(location-based)

Emissions from the generation of purchased electricity.

65% of our scope 2 emissions come from our terminals. (2021: 65%)

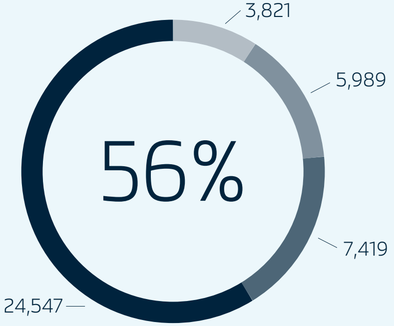
356 (tonnes CO_2e) (2021: 351)



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.

43,451 (1,000 tonnes CO_2e) (2021: 39,436)
The main activities driving our value chain emissions are:



- Upstream transportation and distribution: 24,547 (1,000 tonnes CO_2e) (2021: 16,275)
- Use of sold product (incl. sale of marine fuels and reefer containers to 3rd parties): 7,419 (1,000 tonnes CO_2e) (2021: 10,285)
- Fuel and energy related activities: 5,989 (1,000 tonnes CO_2e) (2021: 6,468)
- Purchased goods and services: 3,821 (1,000 tonnes CO_2e) (2021: 3,158)

See the detailed overview of Maersk's GHG footprint 2022, incl. the breakdown of data across all of the 11 GHG categories applicable to Maersk in the ESG Factbook, which can be downloaded from www.maersk.com

Executing on our roadmap to decarbonise Ocean

In the Ocean business, which is our single largest source of direct GHG emissions, there are two overall decarbonisation levers: improving fuel efficiency and transitioning to green fuels.

Improving fuel efficiency is an area Maersk knows well, and it is how we reduced our carbon intensity by close to 40% between 2008 and 2022. It includes fleet and network optimisation, e.g., by relying on more efficient, larger vessels , and improving network execution such as port productivity and reducing vessel waiting times.

2022 proved to be another challenging year for the industry as a whole to implement efficiency measures due to ongoing post-pandemic port congestions and capacity shortages, and our efficiency performance for the year was below expectations (see chart p. 25). Despite a reduction in fuel consumption, carbon intensity (EEOI) increased by 1% in 2022. Maersk is, however, optimistic that these systemic issues are resolving, and we will be able to bring efficiency gains back with strong momentum in 2023.

We are also looking at retrofitting solutions, such as bow and propulsion modifications, which serve to improve both the energy efficiency and the GHG emissions of the vessels. This includes chartered vessels, accounting for around half of Maersk's annual tonnage. Many charter vessel owners are increasingly open to retrofit investments as part of their own sustainability ambitions, and in 2022 Maersk held workshops covering around half of its 400+ time-chartered fleet. Implementation is underway on around 40 vessels. Technology is also providing opportunities to share operating and emissions performance data with charter owners, leading to greater efficiency gains.

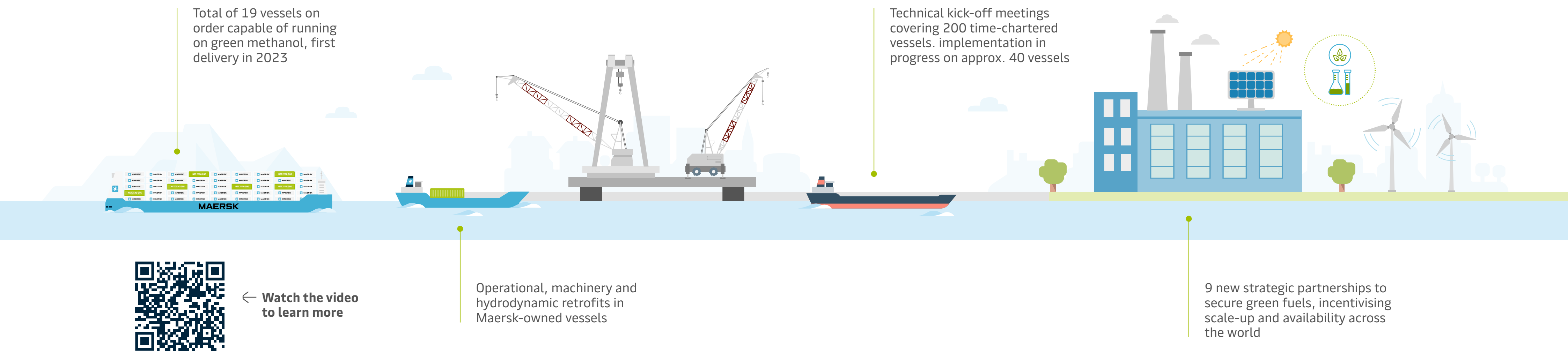
Energy efficiency improvements will continue to help Maersk reduce GHG emissions, but they will not take us all the way to our ambitious net zero target by 2040. Success will ultimately depend on a transition to green fuels.

From a vessel capacity perspective, we will be able to achieve our goals through natural fleet renewal and all newbuilt vessels will be able to run on green fuels. Like our efficiency measures, there are also opportunities to make the green transition through vessel conversions (e.g. converting existing ship engines to run on green fuels), and through use of charter vessels that can run on green fuels.

Maersk was the first container shipping company to order green methanol-enabled vessels in 2021, with the firm intention to show the industry that demand is there for green marine fuels and incentivise the scale-up of production capacity. In 2022, Maersk ordered an additional six large ocean-going vessels that can sail on green methanol, bringing the total number of dual-fuel methanol engine vessels in our order books to 19. The first vessel, scheduled for delivery in 2023, is a feeder vessel with 1,900 TEU capacity. The large ocean-going vessels of 16,000-17,000 TEU capacity are scheduled for delivery in 2024 and 2025.

During 2022, there has been a positive development with several industry peers joining in and also announcing orders for methanol-enabled vessels.

Decarbonisation of Maersk's Ocean business: Highlights 2022



Watch the video to learn more

Sourcing green fuels at scale

Securing the availability of green fuels at scale is the largest challenge to our decarbonisation ambitions, and we are actively leveraging our buying power to accelerate the development of the green fuel market. Through nine newly announced strategic partnerships this year (see table at right), Maersk has been able to sign Memorandums of Understanding that lay the groundwork for our mission to secure ~5 million tonnes of green methanol by 2030 – an extraordinary achievement together with our partners considering the market for these fuels has only existed for a few years. Such partnerships are critical to scaling up new fuels in terms of production capacity, technology and business model innovation, and we are evaluating over 30 additional partner and investment opportunities to further drive the green fuel transition.

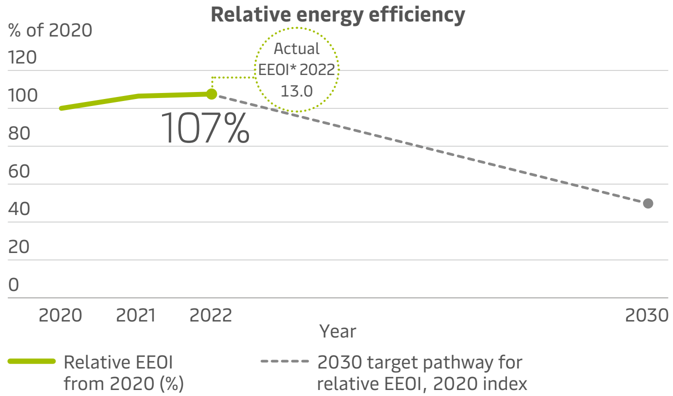
Maersk is also working with governments that are willing to drive innovation and scale through incentives and policy. In March, Maersk signed a partnership with Egyptian authorities to explore the establishment of large-scale green fuel production in Egypt through a feasibility study on hydrogen and green marine fuel production, powered by renewable electricity. In November, Maersk and the Spanish government signed a General Protocol for Collaboration to explore opportunities for large-scale green fuels production in Spain. Covering the full value chain, from renewable electricity sources to bunkering of vessels, the project could deliver up to 2 million tonnes of green fuels annually.

Maersk views methanol as the only scalable green fuel option this decade. It will, however, take time to reach sufficient scale to cover the demand, so an alternative 'drop in' fuel is necessary to fill the gap. Maersk's ECO Delivery Ocean product, which provides independently certified emissions savings, is currently based on biodiesel (see table below).

In 2022, the share of freight transported with green fuels in Ocean was 2%, and over 200 customers are currently testing the product. 35% of Maersk's ECO Delivery volume comes from regions outside Europe and North America, a promising sign that climate change is not only on the agenda of more mature markets.

Although many Maersk customers are willing to pay a premium for green solutions, price predictability is always an important consideration. Facilitating the scale-up of green methanol through long-term offtake agreements will help create a more cost-predictable solution for customers.

Ocean energy efficiency performance, 2022



When launching our ESG strategy in early 2022, we announced a new and more ambitious 2030 target for reducing carbon intensity in Ocean, from a new baseline year of 2020. This new KPI therefore replaces the previous 'Relative CO_2 reduction (percentage vs 2008 baseline)', which is the same metric with a different baseline that Maersk has previously reported on[3].

The 2030 pathway will be updated as part of our work in 2023 to submit targets for SBTi validation and will be disclosed in our 2023 Sustainability Report.

*EEOI: Energy Efficiency Operational Indicator

Priority fuels for green shipping

Biodiesel (from waste and residue feedstock)	Maersk's policy is to only use second-generation bio-diesel. Can be used as a drop-in fuel for existing vessels and engines, and the market already exists. Constrained by the availability of suitable biomass feedstock and subject to fierce competition with aviation and road biofuels. Subject to volatile and unpredictable price swings and therefore not a commercially suitable long-term solution.
Green methanol (bio-methanol and e-methanol)	Methanol is already safely in use on vessels today and is easy to handle. Can be produced as green methanol either as bio-methanol made from sustainable biomass or as e-methanol made from renewable energy and biogenic CO_2. Constrained by limited suitable feedstocks and renewable electricity availability.
Green ammonia (e-ammonia)	Contains no carbon and can be produced at scale with nitrogen, a plentiful resource. However, ammonia is highly toxic and has environmental, health and safety considerations and requires new bunkering and handling methods and special port infrastructure. It will therefore take longer to scale, but could be more promising for the future.

9 strategic fuel partnerships in 2022

Annual capacity in 1,000 tonnes expected by 2025 after incremental phase up

Partner	Fuel	Capacity	Geography
Carbon Sink	Green methanol	100,000	North America
CIMC ENRIC	Bio-methanol	200,000	China
Debo	Bio-methanol	200,000	China
European Energy	E-methanol	200-300,000	N&S America
GTB	Bio-methanol	300,000	China
Orsted	E-methanol	300,000	North America
Proman	Bio/e-methanol	100,000	North America
SunGas	Green methanol	390,000	North America
WasteFuel	Bio-methanol	30,000	South America

3 Please refer to the accounting policies on p. 66 for more information on how the 'Reduction in carbon intensity (Ocean) by 2030 (baseline year 2020)' is calculated.

Strategic pilots for decarbonised inland logistics solutions

Given the rapidly growing needs of our customers for end-to-end logistics solutions and the importance of sustainable supply chains, addressing our Logistics and Services value chain emissions is a key focus for Maersk. For many customers, land or air freight-based GHG emissions are a larger share of their overall emissions than ocean freight. Maersk's goal is to expand the inland network of green solutions across all transport modes, so that by 2040, we can move customer cargo from factory to sofa with only green fuels or energy.

The total emissions of our Logistics and Services business, including landside transportation (medium/heavy-duty transport by truck, rail or barge), contract logistics (warehouses) and cold chain, and air freight and others, account for around 14% of our total GHG footprint. In 2022, we conducted deep-dives on the technical pathways to translate our ambitions into opportunities. This included defining technical and energy standards, testing solutions, and exploring how we can scale them. Based on these insights, we have defined a 2030 target for inland transportation and started strategic pilots and initiatives (see highlights in the graphic below).

Depending on the product, the potential and challenges to scale vary significantly: Logistics facilities and landside transportation depend heavily on local availability of renewable electricity sources, investment needs into infrastructure, regulatory support, and willingness of suppliers to engage. Logistics facilities benefit from existing technology to improve energy efficiency of the buildings and to electrify moving assets and heating, in contrast to landside transportation, where electric vehicles or alternative energy solutions for rail and barge only currently exist at small scale. A significantly larger challenge is decarbonising Air, as it depends on Sustainable Aviation Fuel (SAF) which is currently very costly and extremely limited in availability. We do not expect this situation to change significantly unless even more regulatory support or a technological breakthrough can be achieved, which is challenging for our high ambition of 30% SAF for our customer cargo in 2030. In 2023, we will focus on developing regional roadmaps with clear initiatives, on continuing collecting learnings from pilots and strategic engagements, and developing a commercially viable SAF sourcing strategy.

Decarbonisation of inland logistics and service offerings: 2022 highlights

Electric vans for B2B middle-mile distribution in India aiming to eventually cover 77% of all postal codes

Shifting electric rail to renewable electricity (e.g. Germany and Spain)

Switching to lower impact cold storage refrigerants like CO_2 and ammonia, in Hamilton, New Zealand

Piloting SAF offer to customers in partnership with United Airlines and Air France KLM

← **Watch the video to learn more**

All new logistics buildings aim for LEED Platinum or BREEAM Excellent certification, like Taulov, Denmark, Sao Paulo, Brazil, and Doncaster, UK

29 heavy-duty electric trucks deployed in the US, and +400 on order for delivey by 2025

Terminals and strategic brands

Maersk's commitment to decarbonisation also applies to APM Terminals' network of owned and operated terminals that connect our ocean and landside operations. We have committed to a 70% reduction in absolute emissions by 2030 in scope 1 and 2 (compared to 2020) and net zero by 2040 across all scopes – the port industry's most ambitious target to date. The levers include switching to renewable electricity, direct electrification, battery electric mobile equipment and green fuels when needed and possible. We also deploy an energy optimisation programme that will continue to reduce our emissions.

The challenge in addressing terminal emissions is the fragmented footprint across almost 4000 pieces of equipment and nearly 40 different locations with unique infrastructure, regulatory and concession context. To ensure a successful implementation of our global strategy, we are building local end-to-end net zero roadmaps with our terminals.

As a significant share of our terminal emissions come from purchased electricity (scope 2), our near-term focus is to double down on switching to renewable electricity from onsite and offsite solutions.

During 2022 we took several actions on this front including switching to full operations on renewable electricity for 8 terminals in Europe and Port Elisabeth, USA , based on purchase of renewable electricity from local utilities, and we commissioned a 1 MW onsite solar plant in Pipipav, India. We address scope 1 emissions through a dual equipment electrification strategy, taking advantage of existing mature alternatives and partnering with our suppliers to pilot new solutions for products with less mature options.

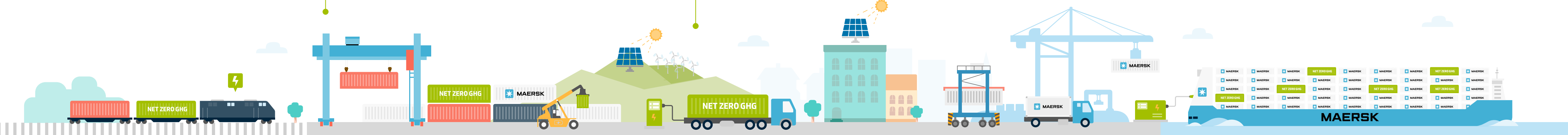
Maersk Supply Service (MSS) is working towards net zero in 2040 by developing offshore solutions for the renewable energy industry and leveraging operational initiatives. In 2022, MSS commissioned a wind installer vessel that will speed up offshore wind turbine installation by up to 30% compared to the conventional jack-up method, and also introduced a commercial biodiesel option.

In 2022, Svitzer became the first tug operator to announce decarbonisation targets including a 2030 efficiency target of 50% improvement in vessel CO_2 efficiency across the tug fleet. Svitzer's efforts focus on improving the way vessels are sailed, developing and investing in new equipment while introducing more efficient tug designs, and identifying fuels for lower emissions towage based on biodiesel.

Decarbonising Terminals: 2022 highlights

Hybridisation of 2 Rubber Tyre Gantry Cranes in Gateway Terminals India, contributing to >50% of fuel and emission savings

APM Terminals Pipavav, India, 1 MW rooftop solar at the terminal



Container volume transported by rail via APM Terminals Gothenburg grew by 13% in 2022, a new high

180+ electric or hybrid container handling equipment ordered in 2022

The commercial pathway to decarbonisation

In addition to the clear technology pathways to decarbonisation in our roadmap, we can also see a credible commercial pathway. This is based on the abatement cost per tonne of CO_2 equivalents (CO_2e), which will likely be a key purchasing criterion for our customers. For now, most green solutions are significantly more expensive than fossil alternatives. As technology and markets mature towards the end of this decade, we expect the picture to be more nuanced. As we assess the commercial viability of our future green products, we work with four categories:

- Negative abatement cost, i.e. decarbonisation is a good business case long term even without a carbon tax. This will, e.g., be the case for warehousing, where electrical equipment powered by renewable electricity and with energy efficiency measures often proves an attractive business case.
- Abatement cost below carbon tax estimates, i.e. decarbonisation is a good business case in a regime with a carbon tax (using ETS as a proxy). This will likely be the case for trucking and rail in many areas in the world, where we expect abatement cost to go below 50 USD per tonne of CO_2e abated by 2030.
- Abatement cost reasonably above current carbon tax estimates, i.e. decarbonisation cannot be fully funded by a carbon price in the range of ETS but requires a willingness from the customer to pay a reasonable premium. This is the case for our Ocean business, and with our 2030 expectations for green methanol and fossil fuel, we expect that the abatement cost will come down to approximately USD 200 per tonne of CO_2e.
- Abatement cost excessively above current carbon tax regime, i.e. decarbonisation will require customer willingness to pay significantly above current ETS level. This is the case for everything based on the limited biomass feedstock available for biodiesel and SAF. Here we expect abatement cost above USD 350 per tonne of CO_2e.

These estimates encompass significant uncertainty and will depend on the future price of oil, renewables and green methanol.

Safeguarding the sustainability of green fuels

As our entire business transitions to using green fuels, it is important to have fuel standards and systematic processes in place to evaluate the potential social and environmental impacts of different fuels over their entire life cycles[4].

We define 'green fuels' for all modes of transport as fuels with low to very low GHG emissions over their life cycle compared to fossil fuels. Different green fuels achieve different life cycle reductions depending on their production pathway. By 'low' we refer to fuels with 65-80% life cycle GHG reductions compared to fossil fuels. This covers, e.g., some biodiesels. 'Very low' refers to fuels with 80-95% life cycle GHG reductions compared to fossil fuels. For commodity biofuels like, e.g., biodiesel for road transport and Sustainable Aviation Fuels (SAF), the minimum GHG savings are typically governed by standards like the EU Renewable Energy Directive (2018/2001), and we align our minimum reduction thresholds for fuels to those standards.

For future fuels like methanol where Maersk is involved in the projects, we strive to achieve even higher GHG savings. For most of the methanol projects we are currently engaged in with partners, higher life cycle GHG savings (up to ~95% compared to fossil fuels) can be achieved by careful selection of feedstocks, electricity and processes.

The importance of a total life cycle approach

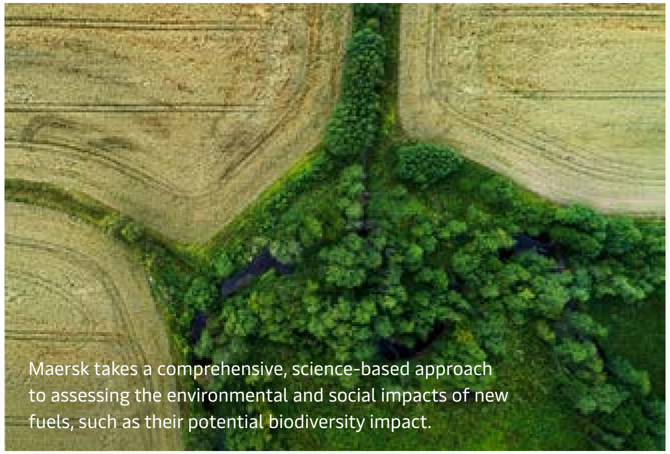
Climate neutrality is only achieved when there is no net addition of GHGs associated with the fuel over its life cycle, i.e. from raw material to end of life. Hence, climate neutral fuels can only be achieved when the complete fuel supply chain has been fully decarbonised or if carbon is sequestered permanently during the production process of the fuel.

Maersk evaluates all new fuels, e.g. methanol, on a life cycle basis meaning that we assess the environmental impact of the fuel in accordance with the ISO 14040-series standards for life cycle assessment (LCA). This means that we evaluate all fuels from raw material extraction/collection through production, transportation to our vessels, and combustion – 'well-to-wake/wheel' (see graphic on next page).

For the impact on climate change, we include all GHGs in the assessment with their 20 and 100-year global warming potentials. In addition to climate change, we consider a broad range of environmental indicators, such as biodiversity, ecosystem services, resources and materials depletion, human health and ecotoxicity, air and water quality.

The LCA framework can also capture the indirect effects of fuel production and feedstock use. We use consequential LCA, which means that we also consider indirect effects of fuel use such as indirect land use and other marginal effects, which is important to avoid shifting the burden of GHG emissions and impacts from one stakeholder to another. We are developing consequential LCA tools and models for fuels from by-products, wastes or biological origin. We also incorporate an assessment of potential social impacts through a just transition lens (see p. 31). This means that we consider the impacts on people and communities in the supply chains of the future fuels.

For green fuels, Maersk requires third-party certification of the GHG footprint, feedstock and proof of sustainability and recognises the Roundtable for Sustainable Biomaterials (RSB) and the International Sustainability and Carbon Certification (ISCC) standards. Maersk is an active member of both certification systems and engages in the development of certification standards for new fuels and production methods.



Maersk takes a comprehensive, science-based approach to assessing the environmental and social impacts of new fuels, such as their potential biodiversity impact.

4 Please see maersk.com/sustainability for more details on our policies and positions

Evaluating feedstocks: beyond GHG emissions
When it comes to the environmental impact of biofuels, the biggest impact typically comes from the biomass feedstock the fuel is produced from. With rising market demand for biofuels, feedstocks must be selected carefully in order not to create adverse social and environmental effects.

As the global population has now reached 8 billion people, we must avoid using feedstocks that compete with food and feed. Hence, we only accept waste and residues as feedstock and do not accept any first-generation crops such as corn, soy, rapeseed or palm oil, and or other first-generation biomass like wood. This is also to avoid ethical risks due to the increasing amount of fraud associated with environmental reclamation finance and projects. The palm industry is an area of particular ESG concern. The clearing of native tropical forests results in significant plant and animal biodiversity declines, and palm oil plantations are uninhabitable for a majority of forest species. Palm oil also has a high risk of fraud. Hence, Maersk does not accept any feedstocks directly or indirectly related to the palm oil industry.

For typical second-generation/waste feedstocks for biodiesel like, e.g., used cooking oil, a challenge remains that they do not scale (there is only so much used cooking oil in the world). Methanol can be produced from a much wider range of feedstocks available in much larger quantities. For bio-methanol, we can use waste and residues from agriculture and forestry like, e.g., straw as well as the biogenic fraction of municipal waste. Sourcing these feedstock types can also have other advantages in the shape of avoided emissions from feedstocks decomposing on the fields or in landfills.

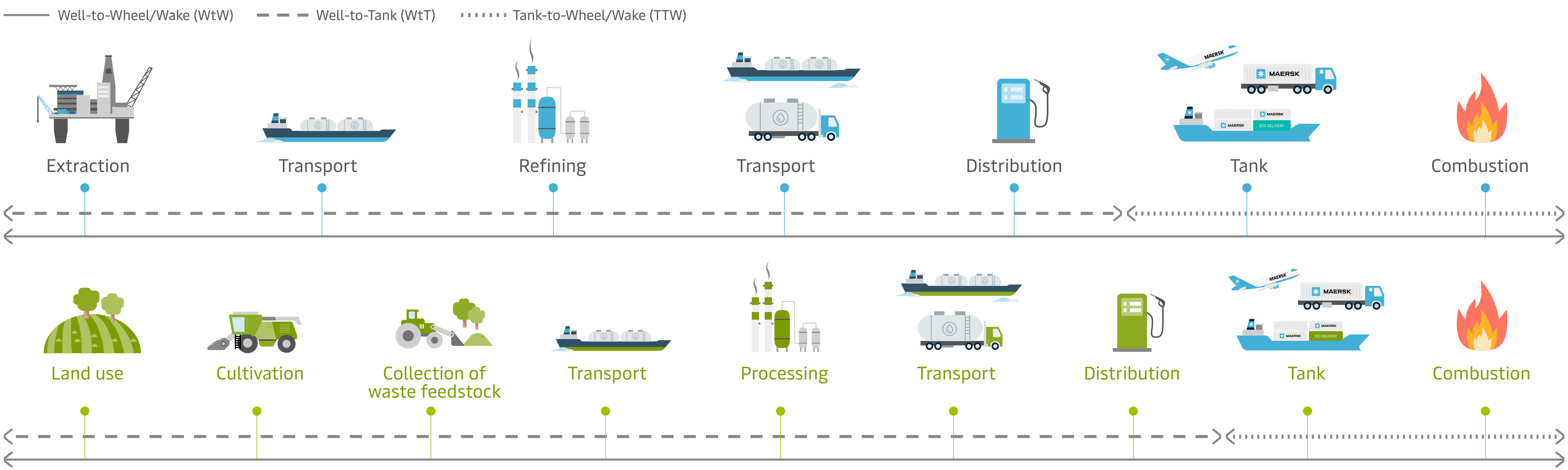
For e-methanol, we will only be using biogenic CO_2 as feedstock and combine it with hydrogen to produce the methanol. Biogenic CO_2 is a waste product from, e.g., upgrade of biogas to biomethane, biomass-fired power plants, pulp and paper mills and ethanol plants and is today otherwise emitted to the atmosphere. The hydrogen must be produced from electrolysis of water using renewable electricity. The electricity demand for industrial-scale production of e-fuels is massive. Hence, Maersk requires that the renewable electricity used for production of these fuels is additional, meaning that new renewable electricity capacity should be added.

Maersk is working on establishing a baseline for our biodiversity impacts, so we can set targets based on scalable best practices. We will work towards consistent methods and indicators across Maersk operations in alignment with emerging regulations and standards, including working more systematically to enhance biodiversity in our many fuel projects. For more on our work on biodiversity, see p. 35.

Learn more about what makes green fuels green

Watch Video →

Maersk evaluates all new fuels on a 'well-to-wake' life cycle basis



Regulatory drivers of progress

Regulation remains a critical lever in the decarbonisation of our industry, and Maersk was pleased to see concrete progress on the development and adoption of both regional and global regulations during 2022. A stable and future-proof regulatory framework not only ensures that liner shipping competes on a level playing field, but also rewards and encourages much-needed investments in vessels, fuels and infrastructure.

Regional measures

We are happy to see the EU and US providing climate leadership through tangible measures and support. In 2021, the European Commission presented the Fit for 55 Package (FF55), the cornerstone of the EU's efforts to combat climate change. Throughout 2022, the European Commission, the European Parliament and the Council of the EU negotiated on several important pieces of FF55, of which the four most important elements from Maersk's perspective are:

1. EU ETS (Emissions Trading System) – the first carbon price on shipping emissions. The inclusion of shipping into the EU ETS has been long-awaited, however it was not easy to strike the right balance between advocating for higher EU ambitions while not jeopardising global progress at the IMO level. Maersk believes that the recently adopted ETS text achieves this balance, and the hope is that EU member states will bring the discussion to the IMO, especially around two fundamental cornerstones - the direct references to GHGs other than CO_2, and the need to look at emissions over a fuel's total life cycle, a 'well-to-wake' approach.
2. FuelEU Maritime proposal, the first fuel standard supporting the use of green shipping fuels. It introduces increasingly stringent limits on GHG intensity on the energy used by vessels from 2025 to catalyse the increased adoption of green fuels. FuelEU has not yet been adopted, however we expect adoption imminently and believe that the standard could have a significant impact on sector emissions. Maersk has supported this proposal throughout the legislative procedure.

   As a completely new proposal without any legacy issues, FuelEU Maritime includes all relevant GHGs and a well-to-wake approach. The EU also adopted a FuelEU Maritime pooling mechanism which rewards vessel owners for getting to zero emissions as soon as possible across their fleets rather than a slower, incremental vessel-by-vessel approach.
3. RED (Renewable Energy Directive) – the legal framework for the development of renewable energy, including e-fuels, across all sectors in the EU. Maersk supports the directive's ambition of raising the EU renewable energy target to 45% by 2030, and hopes the third revision of RED will also include high ambitions for the transport sector.

   The RED 'additionality' principle further sets rules on electricity use for Refined Fuels of Non-Biological Origin (RFNBO) to be counted as fully renewable. Maersk supports this additionality to build more renewable capacity for use in green-hydrogen based production of green maritime fuels, sustainable aviation fuels or to supply the electricity to the grid to power e-trucks, railways and terminals.
4. The US Inflation Reduction Act (IRA) and Clean Shipping Act could enable a step change and we are confident that such programmes will make a meaningful difference for decarbonisation – also beyond logistics. IRA is expected to unlock US $1 trillion in climate-related investments and the Clean Shipping Act sets carbon intensity standards for fuels, and calls for the elimination of in-port ship emissions by 2030 and carbon emissions by 2040.

Maersk participated in the 79th Session of the Marine Environment Protection Committee at IMO's headquarters in December, 2022. Image by IMO

Five critical policy levers for a level regulatory playing field to achieve full decarbonisation

- A market-based GHG price/ carbon tax of at least USD 150/tonne is required
- A well-to-wake approach is required (life cycle perspective to decarbonisation)
- Must look beyond CO_2 and include all GHGs, notably methane and nitrous oxide
- Higher IMO ambitions for 2030 and 2050 and rigorous implementation required
- US and EU measures will only address part of the problem – global rules are needed

Global short and long-term measures
Maersk is a supporter of the EU and US regulations as catalysts for change, however, we continue to strongly call for global solutions through the IMO. In 2022, the IMO finalised the adoption of two important short-term emission-reducing measures to start in 2023.

The first is the Energy Efficiency Existing Ship Index (EEXI), a technical measure for existing ships requiring them to attain a certain energy efficiency. The EEXI will have minimal impact on Maersk, e.g. the need to make a few engine adjustments on our vessels. This is an area where past efficiency investments in our fleet are paying off, as the upgrade costs for us will be relatively small.

The second measure is the Carbon Intensity Indicator (CII), which determines the operational energy efficiency performance of vessels via a rating system from A to E. The tools Maersk need for CII are, in principle, the same to deliver on our decarbonisation roadmap.

The CII marks the first operational global regulation that will significantly curb vessel emissions and, while the regulation is not perfect, it is a significant step in the right direction. Maersk's hope is that several shortcomings can be addressed in the 2026 revision. This includes hard enforcement instead of the current soft enforcement, where compliance requires only a plan to bring vessels to the required rating. CII calculations should be based on the actual cargo a vessel carries, not the vessel's dead-weight – the current calculation does not incentivise cargo optimisation. Lastly, CII rules are based on individual vessel compliance rather than a pooling or fleet approach such as FuelEU Maritime. This means ship owners must focus on incremental smaller energy efficiency gains on all vessels rather than investing in fully carbon neutral vessels that operate on green fuels – the most impactful way to drive the green transition.

During 2023, IMO Member States will work to secure the adoption of a basket of long-term measures including a GHG price and a global fuel standard. Maersk will be actively engaged in this process to ensure needed progress and higher ambitions. Maersk also supports a revision of the overall IMO ambitions and a commitment to achieving net zero in 2050. Finally, Maersk will strongly advocate for a complete modernisation of the IMO's Data Collection System as a solid data framework is required for the proposed regulations to achieve their intended results.

Learn more about the Carbon Intensity Indicator and how it will help decarbonise shipping

Watch Video →

The importance of a just transition

Tackling the global climate crisis and realising the ambition of reaching net zero emissions in time will require massive changes in industry, governance and society. It will affect how people live and work, and the flow of goods.

In line with our Purpose, Maersk is committed to ensuring this is a just transition that improves lives and benefits society, and that our decarbonisation agenda does not have unintended negative impacts on people's rights.

We believe that a just transition should be based on respect for human rights, social dialogue, and stakeholder engagement. In 2022, we mapped our main just transition touch points and assessed expected ESG implications in these areas. Key touchpoints include:

1. Responsibly supporting green fuel supply chains creation
We are committed to ensuring that our green fuels are sourced sustainably, which means looking at both the potential social and environmental impacts in the value chain of green fuels.

We recognise that the development of green fuels should not come at the expense of people, including workers and local communities. In 2022 we started incorporating social indicators into our due diligence procedures on development projects for the new green fuels we are prioritising, connected with our role as off-taker, as part of our sustainability due diligence. This work will continue in 2023 as we mature in our approach and engage further with stakeholders.

2. Preparing the workforce of tomorrow
The green transition will create new job opportunities in the value chain, and we are committed to supporting the shift in workforce skills to enable decent work. As we transition to green fuels, for example, we will be supporting our seafarers with the reskilling/upskilling needed to handle these fuels. We will also be looking into how we can further support the creation of decent jobs in the new green fuels supply chains, together with our partners, so that local communities can also benefit from the transition.

3. Policy advocacy
Whilst our size and position enable us to impact the level of decarbonisation in the shipping industry, we remain dependent on policy frameworks and commitments to further the process. We actively advocate for a low-carbon transition in the industry and promote a human-centred approach to make sure that this transition is just. We will continue dialogue with the regulators and lead the industry in advocating for a global carbon levy on international shipping. We believe that a carbon tax on ship fuel will encourage the transition to cleaner alternatives, but also that it has a potential to accelerate a just transition in less advanced economies.

We have already started integrating just transition elements from these touchpoints into our internal processes, and this work will continue in 2023. To inform our efforts, we engage in multi-stakeholder dialogues and have joined the UN Global Compact 'Think Lab on Just Transition,' launched at COP26 with the International Labour Organisation and International Trade Union Confederation and diverse representation.

EU Taxonomy reporting

The EU Taxonomy is a classification system identifying environmentally sustainable economic activities. As such it provides companies, investors and policymakers with appropriate definitions for which economic activities can be considered environmentally sustainable. The purpose of the EU Taxonomy is to protect private investors from greenwashing, help companies to become more climate-friendly, mitigate market fragmentation and help shift investments where they are most needed.

For the first time in 2022, A.P. Moller - Maersk (Maersk) is, in addition to EU Taxonomy eligibility, reporting on the share of our activities that are 'taxonomy-aligned'. Aligned activities are the share of Maersk's eligible activities that meet both the 'substantial contribution' and 'do no significant harm' criteria outlined in the taxonomy regulation. In addition to screening Maersk's activities against the criteria for substantial contribution and do no significant harm criteria, we have also completed a group-level assessment on how we comply with the social minimum safeguards and documented that we comply with the non-alignment criteria of the EU Taxonomy.

The results of Maersk's taxonomy screening for 2022 confirm that the company has significant opportunity to have a substantial contribution towards climate change mitigation, and that it is in its early stages of the journey to decarbonise its end-to-end value chain. Hence, we see a high share of eligible revenue, Capex and Opex[5] but a significantly lower share of revenue, Capex and Opex related to taxonomy-aligned activities. Over the coming years, we expect to see a low and gradual increase of taxonomy-aligned revenue and a bigger and continued steady increase in the taxonomy-aligned Capex in line with our decarbonisation strategy.

Ocean

The eligible activities in Ocean mainly relate to ocean container transport and associated services. The aligned revenue in Ocean is related to 22 existing vessels that meet the technical screening criteria. The aligned Capex relates to 1) capital expenses in relation to existing aligned vessels; 2) expenditures for existing vessels that have undergone retrofitting that meets the technical screening criteria, and 3) milestone payments for the ordered green methanol vessels incurred during the year. Aligned Opex is the repair and maintenance expenditures in relation to aligned vessels incurred during the year. The share of non-eligible activities in Ocean mainly relates to investments in and repair/maintenance of containers and activities in Maersk Oil Trading.

Logistics and Services

The eligible activities in Logistics and Services relate to road and rail freight. The aligned revenue is related to electrical trucking and rail freight. Maersk does not own any trains, and consequently the aligned Capex and Opex in this segment is related to the electrical trucks that came into operation in 2022. The non-eligible activities in Logistics and Services mainly relate to airfreight, warehousing and various services within supply chain management and e-commerce.

Terminals

The eligible activities in Terminals mainly relate to port infrastructure supporting ocean-based transportation. The aligned revenue, Capex and Opex is linked to electrical equipment that are used to operate the terminals, including. cranes, trucks and lifts etc. The non-eligible activities in Terminals relate to terminal concession rights and operational software.

Towage and Marine Services

The eligible activities in Towage and Maritime Services mainly relate to Maersk Supply Services' and Svitzer's operation of service vessels and vessels required for port operations and auxiliary activities. For Svitzer, there are currently no aligned activities. For Maersk Supply Services, revenue from aligned activities include enabling activities relating to installation, maintenance, and repair of renewable offshore wind parks. Aligned Capex relates to 1) existing service vessels that have undergone retrofitting meeting the technical screening criteria; 2) expenditures incurred in relation to an offshore electrical charging infrastructure project; and 3) milestone payments for an offshore wind installer vessel.

A.P. Moller - Maersk taxonomy reporting for 2022

Segment		Taxonomy-eligible activities as share of Revenue	Capex	Opex
Ocean	Aligned	2%	5%	2%
	Eligible but not aligned	71%	45%	44%
	Non-eligible	2%	10%	0%
Logistics & Services	Aligned	0%	0%	0%
	Eligible but not aligned	6%	2%	1%
	Non-eligible	12%	26%	0%
Terminals	Aligned	1%	1%	8%
	Eligible but not aligned	3%	6%	34%
	Non-eligible	0%	0%	0%
Towage and Maritime Services	Aligned	0%	1%	0%
	Eligible but not aligned	1%	2%	11%
	Non-eligible	1%	1%	0%
Consolidated	Aligned	3%	7%	10%
	Eligible but not aligned	82%	56%	90%
	Non-eligible	15%	37%	0%

For a detailed overview of Maersk's eligible and aligned activities, see p. 61-63. For more information on how the numbers have been prepared, see p. 68-69.

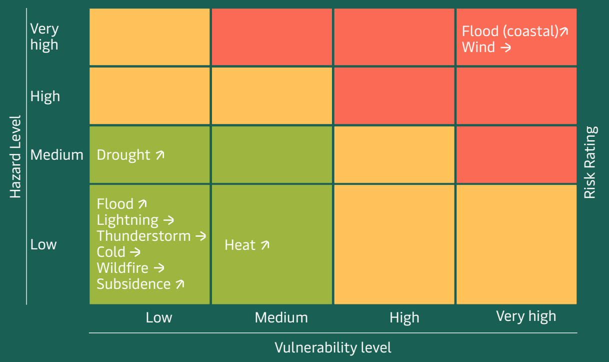
5 The EU Taxonomy uses a narrow definition of Capex and Opex. Hence when referring to Capex, this only refers to Capex additions, and not all capital expenses, and when referring to Opex, this only refers to repair and maintenance costs, and not all operational expenses. Consequently, the operational expenditures associated with green fuels, which is an important lever in our decarbonisation strategy, is currently not reflected in our taxonomy reporting.

Climate-related risk disclosures

A.P. Moller - Maersk (Maersk) recognises that climate change, and government and market actions to mitigate such change will have an impact on our operations and the consumer demand of our products and services. Our understanding of the challenges related to climate change is evolving and we continuously update our plans and actions accordingly, while being conscious of the uncertainties around tipping points that lead to large and irreversible changes in the climate system, once exceeded[6].

Climate change site assessment: Rotterdam

In August 2022, an onsite assessment was performed to assess and develop climate change impact scenarios on operations at our terminal in Rotterdam. Based on this, a climate risk analysis was completed to assess how the terminal is influenced by climate change, including in relation to exposures and climate hazards. The results of this assessment are summarised in the matrix below.



The climate risk analysis shows that the highest physical risks at this location are related to storm surge and windstorm. Subsequently, financial loss estimates were elaborated for these physical risks.

Risk mitigation solutions were identified as an outcome of the analysis. These solutions will be the basis for further investments to increase the climate resilience of the site.

In 2022, we have taken further steps building on the extensive physical risk analysis we conducted in 2021. We have initiated onsite risk and mitigation assessments on our most vulnerable land-based assets, and we further studied the disruptions that climate-related physical risks may have on global trade flows. We continuously do our utmost to abate transition risks by aspiring best-in-class decarbonisation strategies, proactively aligning with national and international regulations, and supporting our leading customers by transitioning our business in a responsible manner.

We use the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to categorise, manage and report on climate-related risks[7]. The risk categories are:

1. Physical risks
a. Acute (extreme weather events)
b. Chronic (changing weather patterns and rising mean temperature and sea level)

2. Transition risks
a. Policy and legal
b. Technology
c. Market
d. Reputation

Maersk uses a range of climate change scenarios, SSP1-2.6 and RCP2.6 to SSP5-8.5 and RCP8.5[8], which are aligned with the IPCC 6th Assessment Report from 2021. These are used to identify financial and operational risks and opportunities linked to climate change that impact the company in both the short and long term. The purpose is to ensure that our assets and operations are prepared and capable of both mitigating climate-related risks and capturing the opportunities.

Adapting our land-based assets to physical climate risks

Our land-based assets around the world and the third-party infrastructure that we depend on are already impacted by extreme weather events such as typhoons and hurricanes, wildfires, droughts and flooding. The high vulnerability to physical climate risks led us to initiate a study in 2021 in which we assessed the impact of physical climate disruption on 107 of our key land-based assets. The study concluded that terminals are the land-based assets most at risk for physical impact of climate change, whereas the following five terminals were identified as having the highest risk of disruption: Rotterdam, Netherlands; Port Said on the Suez Canal in Egypt; Aqaba, Jordan; Port Elizabeth, New Jersey; and Los Angeles, California.

As a reaction to these findings, in 2022, Maersk employed Zurich Resilience Solutions (ZRS) to undertake onsite climate assessments at these five port terminals to assess physical and operational site-level risks. Applying climate science, data and modelling techniques, mitigation solutions tailored to each port will be developed. See box in lower left for details on our ongoing assessment in Rotterdam, Netherlands.

Assessing climate impact on global trade flows

In 2022, Maersk commissioned a complementary study with the purpose to help us understand how climate change, under various transition scenarios, could have broader impact by influencing patterns of global economic activity and trade flows. This study modelled three key scenarios, each reflecting different emission and temperature paths, to assess the economic impacts of climate change and the low-emission transition from 2020 up to 2070:

- **Hot House World (HHW) (>3 degrees)**: The world continues to increase emissions and does little to avert the physical risks
- **Orderly Transition (below 2 degrees)**: Early and coordinated policy changes are coupled with technological improvements to meet climate goals
- **Disorderly Transition (below 2 degrees)**: Unanticipated regulatory responses are disruptive, but early enough to reach climate goals

The result from the study shows, amongst other things, that climate inaction (HHW) over time will impact trade flows with significant impacts in the next 50 years. If the transition happens early and in a coordinated fashion (Orderly Transition), the benefit of transition will start to outweigh the cost in the mid-2050s. If the transition is late and uncoordinated (Disorderly Transition), the benefit of transition will not start outweighing the cost until a decade later.

Given the large scale of Maersk's global networks and activities across a multitude of customer verticals, and the inherent uncertainties of working with climate impact scenarios at a macroeconomic level, we cannot draw definitive conclusions. Rather, we will use the study as a foundation for continuing to explore how these global changes will affect our business model and global trade, and how we best can adapt and respond to these changes.

6 www.stockholmresilience.org/research/research-news/2022-09-08-world-at-risk-of-passing-multiple-climate-tipping-points-above-1.5c-global-warming.html
7 A TCFD reporting index is available in our ESG Factbook, which is available on maersk.com/sustainability.
8 Representative Concentration Pathways (RCPs) are various GHG concentration trajectories which are used to project climate change scenarios until 2100. In contrast, Shared Socioeconomic Pathways (SSPs) are scenarios that project various socioeconomic global changes until 2100. SSPs are used to analyse how each RCP could be achieved within the context of the underlying socioeconomic characteristics and political assumptions of the world.

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.

UN SDGs

3.9 8.8 14.1 14.3 15.5 17.16 17.17

Ambition

We see ourselves as active citizens of the Earth, operating on the oceans and increasingly on land. We are committed to doing as little harm as possible while actively participating in restoring ocean and land health, as well as protecting habitats and biodiversity where we operate. We aspire to be recognised by our stakeholders for our commitment and actions.

Targets

Within the category of Environment and ecosystems, we prioritise four key areas of action: 1) Biodiversity and ecosystem health, 2) Pollution and waste, 3) Efficient resource consumption, and 4) Responsible ship recycling (p. 38).

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.

Environment and ecosystems

As a global business operating across ocean, land and air, our activities at A.P. Moller - Maersk (Maersk) can impact the ecosystems that people and nature depend on. Beyond the impact of greenhouse gas emissions, this includes pollution and waste from shipping and logistics services and facilities, the resources we use, how efficiently we consume them, and how responsibly we manage their end of life. Our customers, regulators, local communities and investors expect us to take responsibility to minimise these impacts and protect the health of ecosystems in which we operate.

The irreparable effects of biodiversity loss - one of the critical planetary boundaries[9] defined by the Stockholm Resilience Centre - are beginning to be recognised as equally as serious as the effects of climate change, and their impacts will be felt for generations to come. This year, we have seen increasing alignment among policymakers, industry, civil society and the financial community around the critical need to reverse global biodiversity loss. The UN COP15 global biodiversity summit resulted in an agreement on key measures including to reduce the risk of species extinction, protect 30% of land and sea, and require companies to contribute and report on their impacts. Similar to climate change, frameworks are developing for companies to set science-based targets for nature (SBTN), and account for nature-related financial risks and opportunities (TNFD). Maersk is engaging in alliances and undertaking collaborative work across a range of corporate and commercial functions to refine our understanding and develop models to manage and account for our potential negative as well as positive impacts on nature, with the aspiration of aligning to science-based targets for nature once universal standards are defined.

The five main global drivers of biodiversity loss[10]: Maersk's impact and key actions

Land and sea use
Maersk ensures that the race for biomass for tomorrow's green fuels does not result in a loss of biodiversity. We do not source any fuels from first-generation biomass – we only source from waste and residues. See Climate Change on pp. 28-29

We take a strong global stand on preventing the shipment of illegal timber.

Over-exploitation of organisms
We are mapping out voluntary whale protection zones and adding digital geofencing to our vessel operations.

Maersk contributes to IMO guidelines for the prevention of wildlife smuggling on international vessels.

Pollution
Maersk is a founding member of the Alliance for Clean Air.

We are implementing a global program to more responsibly manage waste everywhere we operate, and will use a waste audit in 2023 to set targets to eliminate certain waste streams and improve waste management practices in our business.

Climate change
Our ambitious net zero emissions by 2040 commitment defines a clear and actionable roadmap in line with a 1.5°C pathway.

Maersk works in strategic collaboration with its customers, partners and top innovators to drive transformational change. See Climate Change pp. 21-33

Invasive species and diseases
Maersk complies with all international conventions to perform pest control.

In 2022, we completed installations of ballast water treatment systems on 73% of our fleet, with 100% on track by 2024.

9 The planetary boundaries are a set of nine thresholds maintaining a safe operating space for humankind. Six of these nine thresholds have already been officially crossed.

10 As defined by IPBES – the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services.

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

Standards and due diligence support responsible growth

We work continuously to monitor our impacts, transparently report our performance, equip our teams with the right processes, training and resources, and actively engage and collaborate with stakeholders. In 2022, we focused on strengthening environmental standards and frameworks to support growth as well as ongoing operations with a structured environmental and social framework that helps us to 'design-out' impact and issues, and maximise positive effects. We also want to make sure that we fully understand the environmental and social performance, risks and opportunities from our significant inorganic growth – especially in our landside operations. This includes implementation of a robust environmental and social due diligence process to help us understand what would be needed for a prospective acquisition to meet Maersk's ESG standards.

In our own operations, we are standardising our approach through minimum Global Environmental Requirements. During 2022, we issued such requirements across our business for a broad range of areas including waste management, spill prevention, control and response, water and chemical management. We also developed a new global requirement for environmental and social impact assessment (ESIA), to be deployed globally in 2023. These requirements are aligned with the Equator Principles (EP4) and the EU EIA Directive, requiring all projects to be screened and categorised based on their scale and potential for environmental impact.

The fast uptake of decarbonisation at Maersk, particularly the shift from fossil fuels to green fuels and renewable electricity in our landside facilities and transportation, can potentially increase demand for materials such as rare earths, lithium and cobalt. See p. 28-29 for more on the due diligence standards for green fuels and technologies.

Ecosystem health and biodiversity

In 2022, we took steps to deepen our understanding of our most critical impacts on biodiversity and worked to mitigate negative influences on wider ecosystems. Our aim is to establish a baseline for biodiversity impacts, so we can set targets built on scalable best practices. We will develop consistent methods and indicators across our ocean and land-based businesses in alignment with emerging regulations and standards, including working more systematically to enhance biodiversity through investments in a large portfolio of Natural Climate Solutions (see p. 21 – Climate). Our work will continue in 2023 and beyond in collaboration with external partners, and we anticipate that it will form the basis for improvements in how we maintain, restore, and protect ecosystems and biodiversity.

In setting our baseline, we are also exploring state-of-the-art methods for assessing environmental impacts, for example using phylogenetic diversity indicators in LCA to characterise how land use could affect biodiversity. Phylogenetic diversity looks at the evolutionary history of different species and their relationship and closeness to other species to quantify the biodiversity harm from their loss.

Supporting ocean and climate science

An area where we can make positive contributions is in supporting ocean health and climate science, often leveraging our assets and expertise in the initiatives and partnerships. For example, 50 vessels are equipped with automated weather stations, enabling live sharing of weather data with the National Meteorological Service of Germany to assist with weather forecasts and climate research. We also continue to support The Ocean Cleanup with offshore and logistics support in their efforts to clean plastics from the oceans. See p. 54.

Preventing invasive species in ballast water

While our vessels carry goods across the world, we are working hard to ensure we minimise the risk of moving invasive species between ecosystems. Maersk complies with international conventions to perform pest control and are making good progress in the installation of ballast water treatment systems on our vessels. This is regulated through the Ballast Water Management Convention which requires shipowners to have treatment systems installed on all their vessels by 2024. In 2022, we completed installations on 73% of our fleet and are on track to achieve 100% by September 2024 in line with regulatory requirements.

Protecting whales and ocean habitats

Our vessels sometimes operate in sensitive and protected marine areas. We follow all mandatory speed reduction schemes at sea and have also implemented several voluntary schemes, reducing speed or avoiding transit in restricted zones to reduce the risk of whale strikes or disturbing whales during breeding. Effective whale protection requires industry-wide collaboration and support. In 2022, we increased our engagement with the World Shipping Council to map out additional voluntary whale

APM Terminals Apapa, Nigeria's largest container terminal, is using paving blocks produced from recycled tyres for exterior paving.

← **Watch Video**

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

protection zones and added these to our digital route planning tool. Our aim is to implement geofencing across our shipping routes to ensure compliance and safe navigation for our vessels. Further work will be done in this area in 2023.

To gain more insight into the underwater noise created by our vessels, we launched an Underwater Radiated Noise study which will be a foundation for further work enabling us to consider new build designs and fleet activity, and providing input for marine regulations. We will engage with experts and academia to learn more about the link between underwater noise and marine life and develop an action plan that will alleviate underwater noise and the risks it poses to ocean habitats.

Uniting to combate illegal wildlife trade

Trade in endangered species, banned timber and illegal wildlife is often organised crime that needs to be combated on demand and supply levels as well as in the supply chain. Like corruption, banned goods must be fought through collaboration across industries and with authorities. As a signatory to the Buckingham Palace Declaration and a member of the United for Wildlife Transport Taskforce, Maersk takes active part in the fight against illegal wildlife trade. Our zero-tolerance policy towards such trade is available online here. In 2022, we worked with the World Shipping Council to provide input and feedback to IMO Guidelines on prevention of wildlife smuggling. We are committed to avoiding such transport and will continue to work with stakeholders, including NGOs, authorities and customers to eliminate the risks. We are continuously developing our screening tools to stop or prevent the transport of banned goods.

Pollution and waste

Our commitments to reduce pollution and waste cover impacts to land, air and oceans. We focus in improving our management systems and methods for accounting and reporting on air emissions, waste and environmental incidents (spills and containers lost).

No significant spills

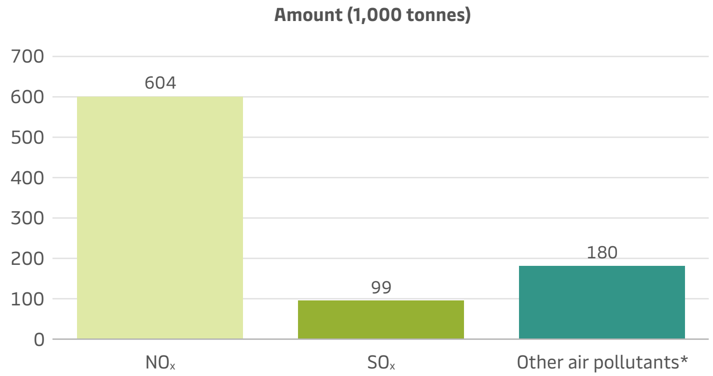
In 2022, there were no uncontained hydrocarbon spills above 10 m^3 to the environment. We plan to expand and align our spills reporting with upcoming regulatory requirements in the EU to include more types of chemical spills. This year, we have focused on rolling out the definition of chemical spills across the organisation. This will enable us to start reporting on chemical spills from next year.

Enhancing reporting on emissions to air

Air pollution, with the broad ranging effects of fuel combustion and related emissions, has the potential to significantly impact public health and permanently disrupt earth's natural balance. It is essential that we continue to generate robust and increasingly detailed emissions data on SO_x, NO_x and particulate matter (including black carbon) to help better understand and mitigate these impacts.

Through our membership of the Alliance for Clean Air, in 2022 we have contributed to the development of a pioneering methodology for measuring corporate emissions across value chains. This work means that we are able to report on particulate matter emissions (see below) and develop more granular air emissions inventories, baselines and mitigation strategies. In piloting the methodology, developed by the Stockholm Environment Institute (SEI), we have calculated our emissions associated with electricity generation, fuel combustion and industrial processes. Our first emissions inventory shows that our ocean business is currently the largest emitter, contributing heavily to Maersk's nitrogen oxide (NO_x) emissions. However, our expansion into landside transportation will entail further increase in our air emissions.

Air emissions



*Other air pollutants are carbon monoxide, non-methane volatile organic compounds, particulate matter (10 and 2.5), and black carbon. See more details in the ESG Factbook on maersk.com/sustainability.

Lost containers at sea

Maersk reports on the loss of containers to all relevant authorities and salvage where possible. In 2022, 118 containers were lost from three vessels: Laust Maersk lost a single container, while the chartered vessels Marcos V and Dyros lost 26 and 91 containers, respectively.

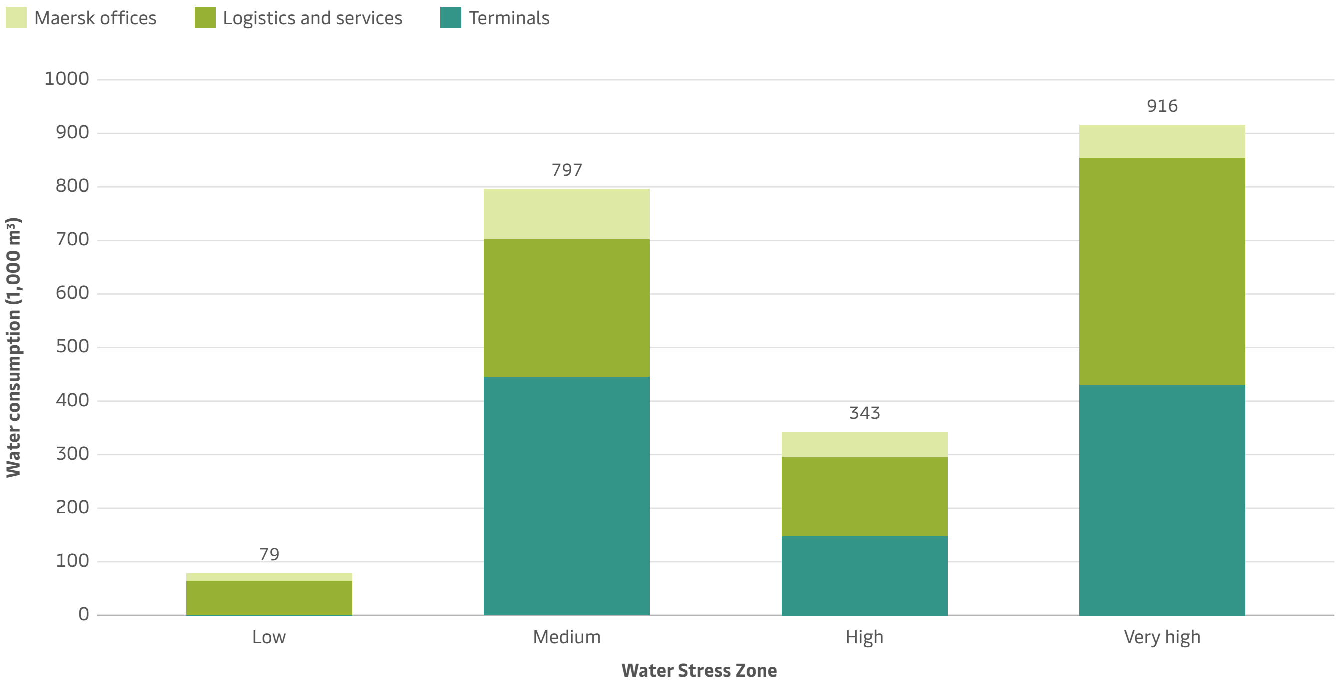
To prevent such losses in future, we are pursuing many different initiatives, both internal and in collaboration with external partners. Among others, Maersk is taking an active role in the TopTier project, a joint industry collaboration which aims to address the root causes of container losses from large container vessels.

Improving waste management

In 2022, a key goal was to develop a baseline understanding of waste generation and management across our organisation. For 2023, we are commissioning a global waste audit to provide further details on the waste we are producing and how it is being managed, so that we can strengthen our waste policies and enable target-setting. We are also rolling out new global waste management requirements in our growing landside footprint of warehouses, distribution centres and over truck and rail networks. New environmental awareness training for our landside operations, covering waste management, is being developed for 2023 delivery.

In 2022, we generated a total amount of nearly 459,877 tonnes of waste, an increase from 357,252 tonnes in 2021. The increase is driven mainly by a significant increase of non-hazardous waste in Terminals and a general increase in waste generation in Logistics & Services and Ocean. Of the 459,877 tonnes, 222,161 is hazardous waste and 237,716 is non-hazardous.

Water consumption in water stress zones, by landside operation type



Efficient resource consumption

Reducing impacts of resource consumption is of vital importance to Maersk and essential to delivering on our ESG agenda. Our expanding landside footprint has the potential to put even greater stress on available water resources where we operate.

In 2022 our consumption of freshwater increased ~16% from 2.15 to 2.5 million m^3. This increase is driven by a number of factors including improved reporting processes, acquisitions, and operational reasons, and highlights the potential impact we could have on water resources.

As part of an initiative started in 2021, we continue to analyse, interpret, and report our data within relevant environmental and social contexts. In 2022 we expanded the use of this contextual data to our water consumption reporting.

Using Aqueduct 3.0 data from the World Resources Institute (WRI), we have been able to provide water stress context to ~2.13 million m^3 of our total 2022 consumption. Starting with 2022, we are reporting on water consumption across all our landside operations (office sites, Logistics & Services, and Terminals, see table on left). This approach helps us to better understand our water use and target water resource management measures in the locations with the greatest environmental pressures.

One example is the use of this type of water stress assessment in the design of our new facilities and operations. With a commitment to achieve BREEAM / LEED sustainability accreditation, our process now prioritises water efficiency measures in areas assessed as High and Very High water stressed.

Nearly 60% (~1.25 million m^3) of Maersk's assessed water consumption occurs in High and Very High water stress zones, with 42% in Very High stress zones. Of our global landside footprint, APM Terminals is the largest contributor to our Very High water stress zone consumption.

In addition to identifying improvement priorities, these WRI-based contextual insights allow us to better measure the impact of our current efforts. They also allow us to better plan for the future, for example projecting how climate change over the coming years could impact our potential water consumption risks.

In 2023 we will work to apply this same context-based methodology to air emissions (NO_x, SO_x, Particulate Matter), waste management and physical presence / land use.

Why it matters

Only a small share of all vessels globally is recycled responsibly. The projected growth in demand for recycling capacity of large vessels add to the urgency of creating new responsible practice-driven, financially viable solutions. While leveraging these volumes, shipping can contribute towards decarbonisation of the global steel value chain. As a leader in the shipping industry, we have a responsibility to use our leverage to make a positive impact.

UN SDGs

8 DECENT WORK AND ECONOMIC GROWTH — 8.8
13 CLIMATE ACTION — 13.1
14 LIFE BELOW WATER — 14.1
17 PARTNERSHIPS FOR THE GOALS — 17.16

Ambition

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

Targets

- Create global opportunities for responsible post-Panamax ship recycling
- Work with stakeholders to support EUSRR compliance and the Ship Recycling Transparency Initiative
- Continue wider Alang area development
- Identify Maersk's role in decarbonising the global steel value chain

Responsible ship recycling

Since 2016, A.P. Moller - Maersk (Maersk) has responsibly recycled sixteen vessels at seven yards in Alang, India, and this engagement has been a catalyst driving a transformational change in the ship recycling industry. As global ship recycling volumes are set to quadruple by 2033, there is an urgent need to ensure that demand is met by suppliers with responsible environmental and social practices. A key focus for Maersk is to increase the global capacity and capability for responsible ship recycling. We continue working to better understand our role in decarbonising the global steel value chain, these efforts helped us affirm and sharpen the focus of our 2023 ship recyling goals, with more precise targets.

Creating supply for unprecedented demand

A significant share of the anticipated rise in global recycling volumes comes from the largest vessels in the so-called post-Panamax category. Few recycling yards today have capability and capacity to handle these vessels. In 2022, we sent clear demand signals and strengthened our support for creating new opportunities via dialogues with under-utilised or defunct ship repair yards, as well as potential new industry entrants, to identify and build cases, and execute due diligence. While pursuing solutions globally, we are also aware of the fact that 98% of global ship recycling is carried out by the top five ship recycling nations: Bangladesh, India, Pakistan, Turkey and China, owing to the inherent steel demand in these countries with minimal last-mile costs and high commercial feasibility.

Activities in Alang in 2022

2022 continued to be another strong year for the container shipping business as we deployed all available capacity to serve our customers' global supply chains. We completed the recycling of one vessel in Alang in the first quarter of 2022, and no additional vessels have been sent for recycling during the year. However, our commitment to Alang stands and our hinterland engagement continued uninterrupted throughout 2022. Our mobile health unit, which we have supported since 2018 to improve healthcare access in Alang, reached a significant milestone of 75,000 out-patient department services this year.

A training programme for shipyard workers, funded since 2019, continued raising awareness on personal hygiene, substance abuse, sexually transmitted diseases, material handling and ergonomics. In response to the community's evolving needs, several health services were introduced at scale, including screening nearly 600 workers for oral cancer, another 4900 for diabetes, and supporting about 1750 people at specialised skin care camps.

As we have started witnessing the normalisation of market volumes, we anticipate increased ship recycling activity from 2023.

Regulatory developments

Recycling options within European Union member states are limited for shipowners, as an industry study confirms[11]. Capacity for ship

The mobile health unit offers complementary health care services to ship recycling workers at Alang.

11 https://safety4sea.com/wp-content/uploads/2022/10/BIMCO-Report-on-the-EU-List-3rd-Edition-2022_10.pdf

recycling within EU countries remains strained, with only a very few yards on the EU list capable of handling post-Panamax vessels (i.e. too large to go through the Panama Canal). Even fewer yards are willing to accept commercial vessels for recycling as they prefer ship repair, conversions, decommissioning and offshore recycling, which are far more lucrative. To address capacity and capability challenges, we continue to work actively with industry stakeholders to have yards in non-OECD countries included on the EU list of approved yards to recycle vessels registered in EU countries.

The legal overlap between the EU Waste Shipment Regulation (WSR) and the Ship Recycling Regulation (SRR) is still in process of being clarified. Maersk fully supports the proposal that SRR will take precedence over the WSR when it comes to European-flagged vessels that become waste outside of EU territory.

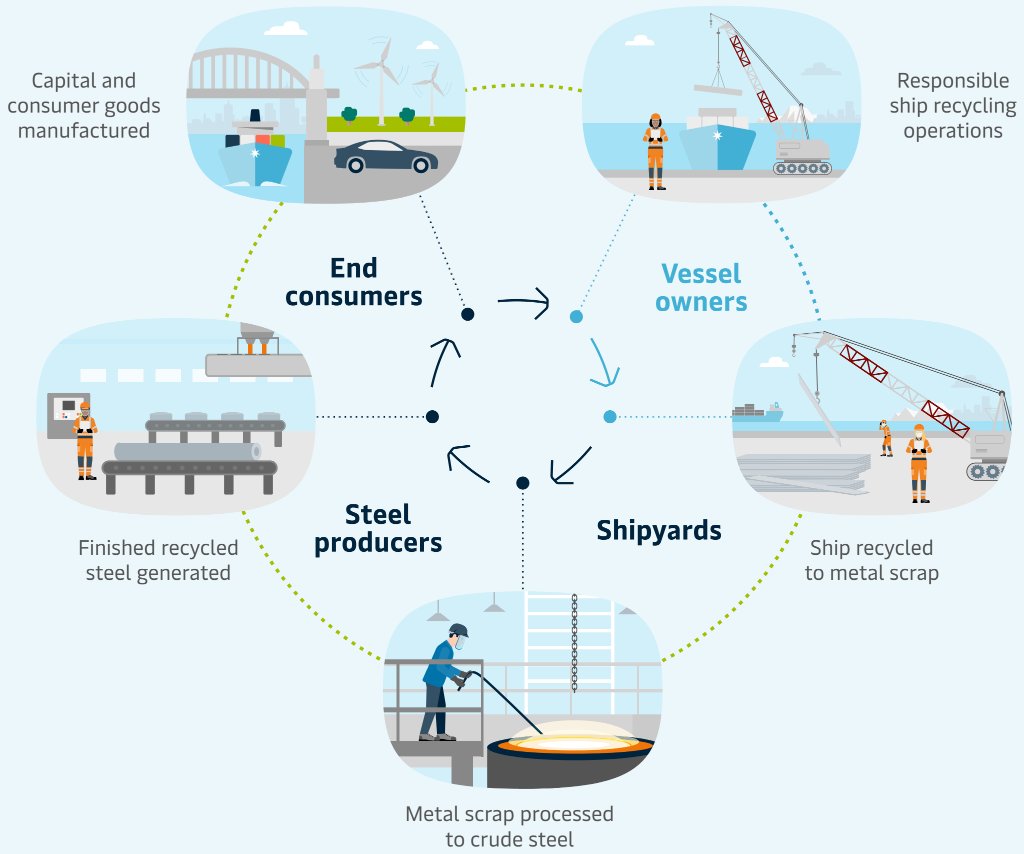
Meanwhile, work has begun in the EU to revise the SRR. Maersk participated at an initial hearing by the European Commission in June, where we highlighted the fact that the auditing and inclusion of non-EU yards on the approved list has been lacking in practice. The fact that yards located within the EU are not audited does not raise the standards at those yards. We further pointed out that a revision of the SRR should be tied more closely to the EU circular economy action plan to leverage the potential for re-use of steel from ship recycling. More details on Maersk's position can be found here[12].

Transitioning the transparency initiative

The Ship Recycling Transparency Initiative (SRTI), to which Maersk was a founding signatory in 2018, is a collective effort to bring together different players across the shipping industry value chain to drive transparency and improve ship recycling policy, practice and performance.

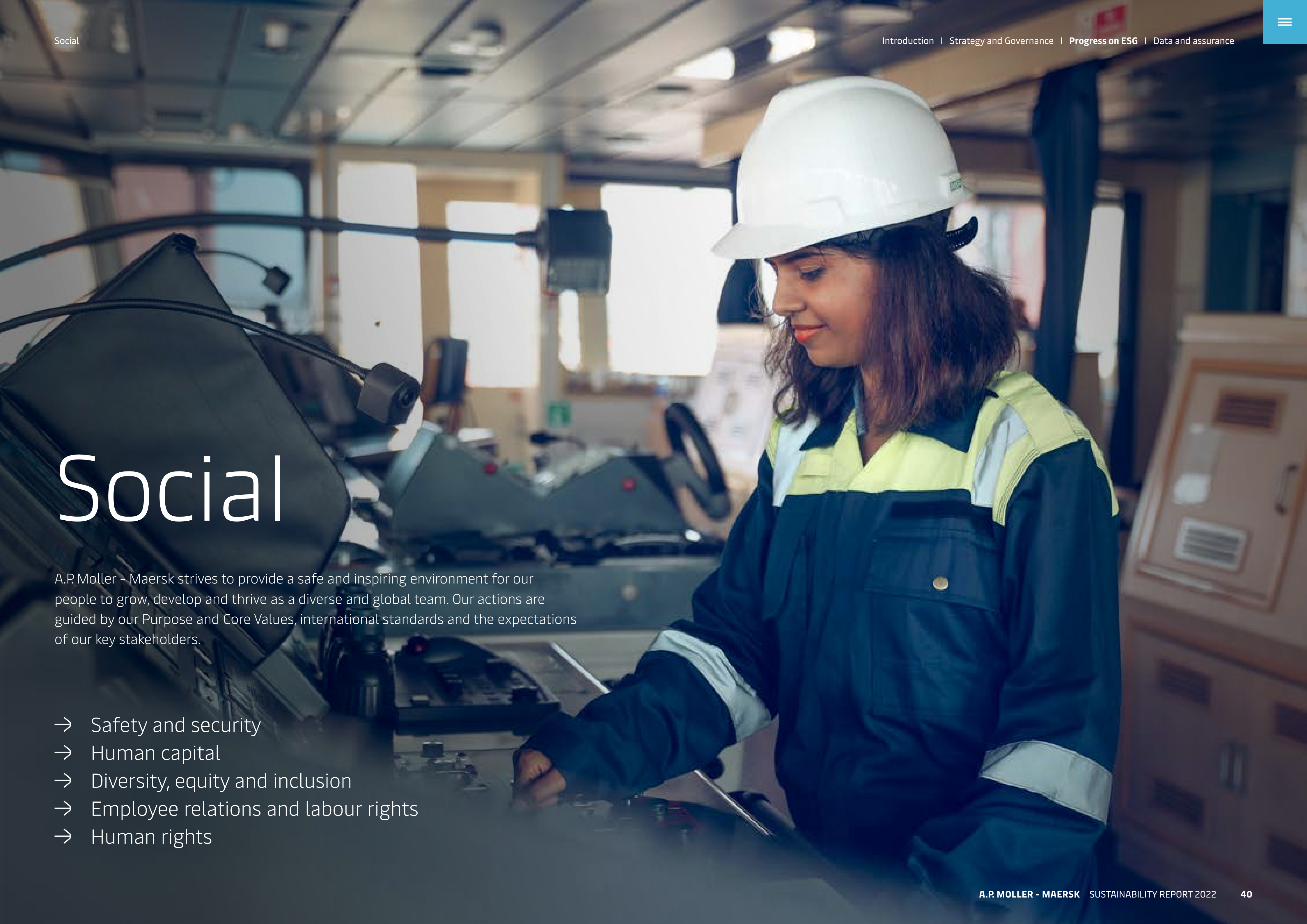
Today, 31 companies are signatories, and 14 shipowners across various vessel types and geographies share information on their ship recycling policies and practices, allowing lenders, investors, cargo owners, and others to make informed decisions and reward good practices. In 2022, the Sustainable Shipping Initiative decided to withdraw from hosting the SRTI, whereas Smart Freight Centre has agreed to host from January 2023. We remain steering group members of SRTI and have assisted in ensuring a smooth transition.

How ship recycling can support the decarbonisation of steel



Steel is the world's most widely used material, from buildings and infrastructure to transportation and household goods. It is, however, a hard-to-abate industry that accounts for around 7% of global annual greenhouse gas emissions. Recycled steel has potential to become a valued raw material for steel consumers with net zero emissions targets, such as automobile and wind turbine manufacturers. In 2022, Maersk engaged with stakeholder groups to better understand the global steel value chain and our potential role in supporting circularity as a steel purchaser and supplier via recycled vessels. We also joined the Climate Group's SteelZero, a global initiative that brings together leading organisations to accelerate the transition to a net zero steel industry.

12 https://www.maersk.com/-/media_sc9/maersk/corporate/sustainability/files/our-approach/policies-and-positions/responsible-ship-recycling-position-paper.pdf



Social

A.P. Moller - Maersk strives to provide a safe and inspiring environment for our people to grow, develop and thrive as a diverse and global team. Our actions are guided by our Purpose and Core Values, international standards and the expectations of our key stakeholders.

→ Safety and security
→ Human capital
→ Diversity, equity and inclusion
→ Employee relations and labour rights
→ Human rights

Why it matters

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

UN SDGs

8 DECENT WORK AND ECONOMIC GROWTH

8.8

Ambition

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

Targets

2023

- 100% of Learning Teams completed following a High Potential Incident
- Global Leadership (top 1,200 leaders) upskilled in Maersk Safety & Security Principles

Progress indicator

Safety and security

In A.P. Moller - Maersk (Maersk), ensuring the safety and security of our people is not just a legal requirement. It is a moral and ethical obligation deeply rooted in our company values of Constant Care and Our Employees and codified in our corporate HSSE Policy.

We are determined to keep every employee safe and secure while they perform their work duties, whether at sea or on land. Our unequivocal ambition is to eliminate fatalities and life-altering injuries from our operations, and to this end we are continually building our capacity to operate safely and securely, integrating HSSE into our systems, processes and ways of working.

Enhancing safety, mitigating risk

Over decades, we have developed industry-leading standards and a strong safety and security culture in our marine and terminal businesses. Yet, as we transform into a leading global logistics operator, we are moving quickly into new landside business areas and operations and working with new partners every day.

This reality significantly changes and expands our frontline risk exposure, and highlights the need for adapting our safety and security measures. Our responsibility also extends to third-party contractors, when they operate under our duty of care, and we expect and require these partners to comply with Maersk safety and security standards.

To keep our employees and partners safe from severe and fatal injury, we are strengthening our risk assessments, confirming that critical safeguards are in place and accelerating the implementation of our global safety and security standards.

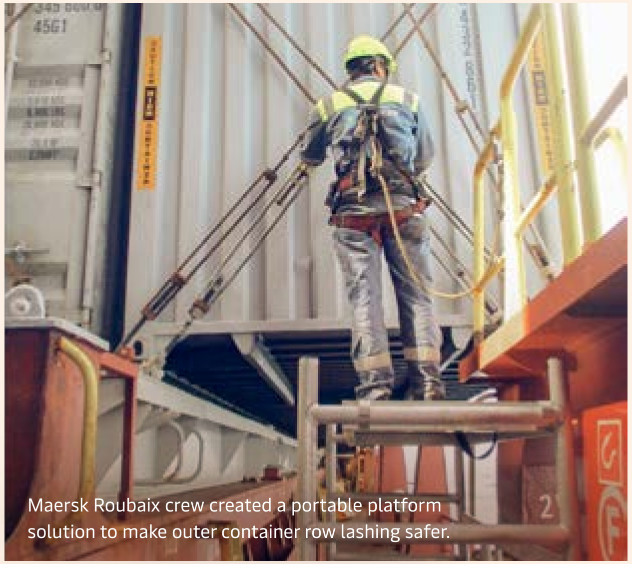
We continue to build work environments that have the capacity to fail safely. This means that even if accidents or incidents occur, our safety culture, processes and mitigating actions are robust enough to ensure that no significant harm occurs. To support this, we have set targets on leading indicators for safety capacity. Reaching these targets requires us to invest and commit resources to building leadership capabilities and improving our safety culture.

The first target focuses on High Potential Incidents as predictors of where there is a heightened risk of fatal and life-altering accidents. By the end of 2023, all High Potential Incidents will trigger a frontline Learning Teams assessment. For 2022, we recorded 83% completion rate. The second strategic target is that by the end of 2023, Maersk's 1,200 top leaders will have gone through comprehensive training in the Maersk Safety and Security Principles. We will report progress on this target in the 2023 Sustainability Report.

In addition to these global targets, we are also addressing specific risks within our business areas:

- Ocean & Logistics: Growth across multiple regions in 2022 meant we rapidly expanded our landside safety and security risk surface,

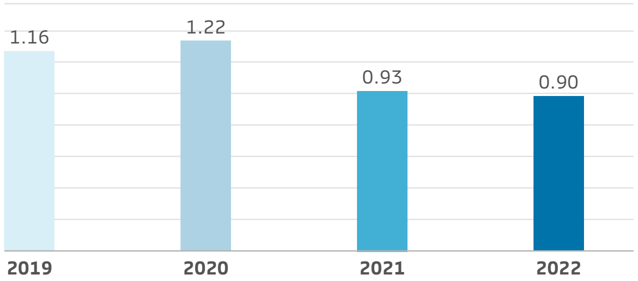
Engaging employees on safety



Maersk Roubaix crew created a portable platform solution to make outer container row lashing safer.

One of the key tenets of our safety approach is that frontline employees are our true safety experts. We are proactively rolling out initiatives that improve employee engagement and empower them to share their knowledge. In 2022, we held Maersk's first Global Safety Awards, which recognised 240 innovative safety improvement projects across all our businesses and regions.

Driving down the injury frequency rate



In 2022, we improved our lost-time injury frequency rate from 0.93 to 0.90. The lost time injury frequency rate expresses the number of lost-time injuries per million exposure hours of our employees.

Safety leadership

From January 2023, all leaders in Maersk will have access to a new safety and security leadership training programme Leading With Care. The training will be mandatory for our current top 1,200 leaders, and will be part of standard training for all new leaders. The programme will ensure our leaders are fully enabled and personally involved in creating and maintaining safe workplaces.

During 2022, our leaders participated in more than 18,000 safety walks, or 'Gembas', on our operational frontlines to ensure our employees have what they need to operate safely. By the end of 2023, every High Potential Incident (HiPo) will be followed by a Learning Team. These are sessions designed to review any safety incidents and implement effective changes to avoid future risk and improve our safeguards.

How do Maersk leaders engage with our front line safety experts?

← **Watch Video**

prompting a new focus on Warehouse and Distribution safety and security risk management, with particular focus on separating people and machines (trucks and forklifts).

- APM Terminals: New ways of working and increased automation are also changing the frontline risk landscape. We are responding with new risk assessment tools, training and frontline risk mitigations to meet evolving challenges head on.
- Fleet & Strategic brands: To ensure continuous improvement in our offshore safety and security, we have implemented new safety and security initiatives, including Safety Behaviour training, a Briefing & Debriefing Project, and the 'Respect Radar' initiative as part of our overall cultural transformation programme.
- We also progressed on a number of process and governance topics in 2022, including data reporting improvements, a new leadership training platform (see box on left), embedding safety and security requirements in our capital investment proposals, and a strengthened HSSE Management Framework for our businesses. In 2022, we continued our review of safety certification needs and requirements, aiming to conclude in 2023.

Emerging security risks

As Maersk expands into new industries and new markets, there is also an increased need to fully understand and stay ahead of emerging security risks – especially considering the war in Ukraine, increasing geopolitical tensions, local armed conflicts and civil unrest.

In line with our values, Maersk actively monitors the security conditions of all its operating sites and responds quickly to threats in often dynamic and challenging environments. In 2022, this included risks associated with the war in Ukraine and risks associated with our operations in Myanmar and other locations which have seen unrest. To manage the risks to people and supply chains, we have in 2022 strengthened our security protocols for operations in high-risk countries.

Tragic losses underscore our reality of risks

Building on the strong safety culture practised by our marine and terminal businesses, we have over the past two years set shared HSSE standards for all Maersk business areas. We have come a long way by consolidating our approach and continue exploring new ideas and technologies to embed safe working practices across all businesses.

Despite this progress, the tragic loss of nine lives in 2022 underlines that we still have a lot of work to do in order to deliver on our stated ambition of eliminating loss of life from our operations. Six of the nine 2022 fatalities involved third parties, which is leading us to revisit the control of contractors who enter our facilities, as our duty of care extends to anyone wokring under Maersk's operational control.

While we can never bring loved ones back, we have a solemn obligation to fully learn from such tragic occurrences and take action to prevent them from recurring. We must continue to embrace and improve safety across our entire business; much work still needs to be done.

Fatalities in 2022

Business segment	Location	Employed by
APM Terminals	United States	Third-party contractor
Logistics and Services	Indonesia	Maersk
APM Terminals	United States	Third-party contractor
Svitzer (two fatalities)	Morocco	Maersk
Logistics and Services	United States	Third-party contractor
Logistics and Services	Vietnam	Third-party contractor
Logistics and Services	United States	Third-party contractor
Logistics and Services	United States	Third-party contractor

Why it matters

To deliver on the ambitions of our Global Integrator business strategy, Maersk is dependent on highly engaged employees and significant new capabilities within, for example, technology, data analysis, leadership and sales and marketing. These are all areas where the global competition for talent is fierce.

A highly engaged workforce is also essential to delivering on the aspirations of our ESG strategy. Conversely, establishing ourselves as a leader in ESG can be a key enabler to attracting talent in these areas.

UN SDGs

4 QUALITY EDUCATION

4.4

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.

Targets

2025

- Employee Engagement Survey score in the top quartile of global norm

Progress indicator

Human capital

Our people are the foundation of our success as a company, and our People strategy is designed to create the right environment for all employees to contribute to improving life for all by integrating the world. In this challenging post-pandemic environment, where we operate in a market driven by global socio-economic trends, an engaged workforce is critical to deliver on our Purpose and our Global Integrator strategy. Our People strategy outlines a range of key initiatives to drive engagement; to attract, develop and retain our employees; and to ensure this is done with diversity, equity and inclusion in mind.

People priorities to attract, develop and retain talent

Launched in 2021, the People strategy aims to nurture a knowledge-driven organisation capable of reliable execution and made effective by the power of empathy. In 2022, we progressed on supportive strategy initiatives for Purpose & Values, leadership, onboarding, upskilling, career building and talent attraction.

A revitalisation of our core values and new articulation of our Purpose was one of the most critical milestones this year. Our growth ambitions require thousands of new employees, which in turn requires more leaders – in 2022 we added 300 new people leaders to our management team. To ensure they are equipped to drive performance and engagement, we piloted a programme for these new leaders, with a particular focus on leading with empathy and care. And to support the many employees we will add in the coming years, we delivered an onboarding programme in 2022 with face-to-face and virtual training on relevant topics including purpose and values, safety and resilience and compliance.

To help our people build meaningful careers, we launched a new Performance Management approach in 2022, moving away from traditional ratings to continuous performance conversations, with the goal of improving performance, alignment and career growth. This will continue in 2023 with refreshed talent review and succession planning.

Our Talent Acquisition team is working on improving candidate and leader experiences, while increasing talent pools, especially for specific talent groups. This includes focusing on frontline skilled trade workers who are critical to supporting our rapid logistics and services expansion.

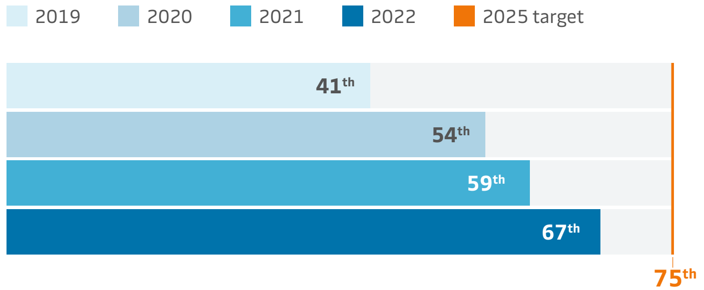
Driving engagement

We continuously evaluate our progress on engagement through two key metrics – our biannual global employee engagement survey and our voluntary attrition rate.

In 2022, Maersk demonstrated a high participation rate of 89% in the engagement survey (well above Gallup's benchmark 82% average). Our year-end 2022 survey showed continuing steady progress in our ambition to reach the top quartile, with an aggregate score in the 67th percentile – an 8-point year-on-year improvement over 2021. For the first time, we were above the global average for all 12 Gallup survey questions and 9300+ colleagues said they are more engaged than a year ago.

Target and performance on engagement

Employee Engagement Survey score in the top quartile of global norm



The consistent improvement of engagement scores is a result of our day-to-day actions that Maersk is taking to build a culture where people know that their opinion counts, and that they are supported by management and peers.

Our voluntary attrition rate is another important measure of our ability to retain talent. Our current resignation rate is 9%, which was within a stable +/- 0.25% range over the last 12 months. This is ahead of the current external benchmark (PwC Saratoga) for the Transport & Logistics industry of 10.9%.

In 2023, we will maintain our focus on delivering our People strategy and continuing to improve recruiting and onboarding processes, as well as upskilling, career building and leadership development, and investing in our culture by further embedding our Purpose and refreshed values.

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. Facilitating a culture where everyone feels comfortable and is treated fairly, will help us gain access to a larger, more diverse pool of talent.

UN SDGs

5.1
5.5

10.2
10.3

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 and leadership (job level 4+)
- >30% diverse nationality (non-OECD) of executives (job levels 8 and 9)

Progress indicator

Diversity, equity and inclusion

We launched our new People strategy at the beginning of 2022 with diversity, equity and inclusion (DE&I) at its core. The goal was to create an inclusive workplace with diverse teams across all career levels and many dimensions including diversity of thought, culture, and gender - among others. Measuring our near and long-term DE&I progress is a key part of this approach, so we can understand our performance and address any gaps.

Across every area of our business, from employee engagement to performance and talent reviews, we monitor gender and nationality statistics to ensure we keep a sharp focus on maintaining a diverse and equitable workforce. What's more, we embed clear inclusivity standards into our Leadership development programmes. This enables us to lead with care and empathy and provides our leaders with the tools to drive our DE&I agenda.

As a result, our leaders take full responsibility for the People Strategy's DE&I agenda. They continue to set the highest standards for DE&I and champion its importance in our organisation's culture.

Global inclusion survey

As an outcome of the first edition of the 2021 Inclusion Survey and to support a Human Rights assessment that prioritised action to mitigate any harassment at work, we launched a global Anti-Discrimination, Harassment and Bullying Policy followed by mandatory training to strengthen A.P. Moller - Maersk's (Maersk) commitment to a Zero Tolerance Code of Conduct.

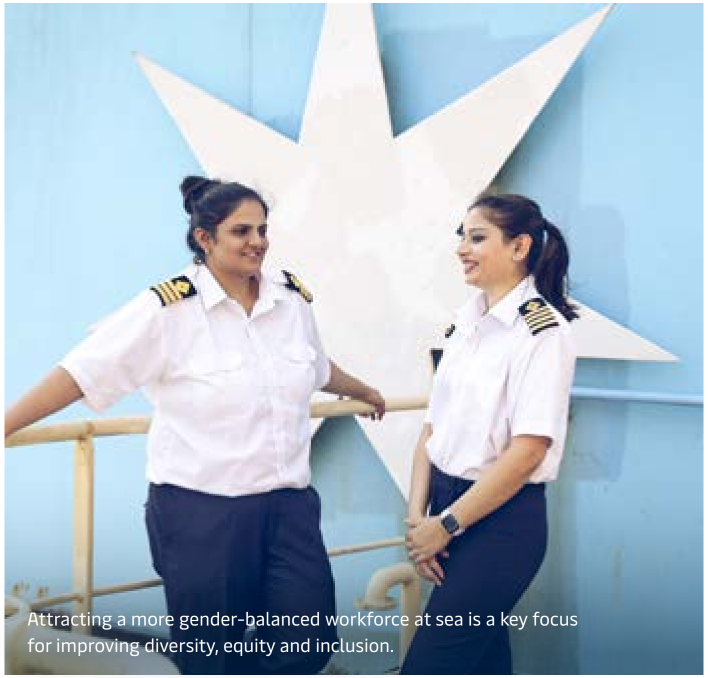
The survey also revealed the importance of equity in our DE&I agenda and how it can be affected by internal procedures. This insight is being used to drive equity awareness in our leadership training and process changes to ensure that all employees have fair access to opportunities, fair treatment and fair decision outcomes.

Progress on gender diversity in leadership

We worked towards our women in management and leadership target in 2022 by strengthening the pipeline of women leaders and engaging women earlier in their careers. This includes dedicated programmes for all levels of seniority to provide the skills, tools and techniques to maximise the potential of our underrepresented talent pool. Our programmes provide women with opportunities to develop key leadership skills in a unique environment that supports networking and builds career paths. In 2022, around 800 women employees participated in these programmes.

Acting on retention and improving transparency

One of the ways we aim to proactively address employee retention is by ensuring our values and DE&I commitments are transparent to all. In 2022, we also revamped our career site with the goal of sharing credible data and DE&I actions.



Attracting a more gender-balanced workforce at sea is a key focus for improving diversity, equity and inclusion.

Addressing attraction challenges

As Maersk continues to grow, it is important that our employee diversity grows with us as part of our journey to become the global integrator of container logistics. Our goal is a workplace where everybody can thrive and bring their best selves to work, regardless of gender, nationality, religion or sexual orientation.

This means that we proactively address attraction challenges that stem from male-dominated working environments in new activities like warehousing and trucking. We are working on creating toolkits and programmes to equip our leaders to integrate DE&I throughout our People processes, from hiring, onboarding to career development.

Attracting female seafarers is a particular challenge, and building a more gender-balanced workforce at sea is a key focus to unlock an even broader talent pool and help retain our employees. We are working to improve gender diversity among our seafarers by taking part in dedicated maritime organisation events aimed at attracting more women. We are also building equity into our recruitment and retention efforts through a series of projects that include seafarer Pride, Personal Protective Equipment in women's sizes, and vessel design improvements such as dedicated female crew accommodations.

In markets like India, where female Indian seafarers at Maersk make up just 0.5% of the workforce, we launched the 'Equal at Sea' campaign which aims to achieve equal gender participation in its cadet pool in India by 2027. Maersk will work towards this ambitious goal through awareness sessions in schools and local NGO support programmes. This includes the launch of a Maersk Women Cadet Program in collaboration with AMET University, Chennai, which will provide skill training and a psychologically and physically safe environment with maternity benefits and 'speak-up' channels.

Direct action on harrassment at sea

Creating the right environments on our vessels to attract and retain female seafarers, and all colleagues at sea, requires a culture of zero tolerance for discrimination, assault, harassment or bullying of any kind. We continue to commit ourselves to eliminating sexual assault and harassment – including cases which came to light in 2022.

By increasing awareness through 'speak-up' campaigns and allyship, we have created increased openness related to harassment issues throughout Maersk. This has allowed us to take the necessary actions to improve our approach to dealing with workplace harassment, together with new training, reporting and accountability, with zero tolerance for inappropriate behaviour.

During 2022, Maersk settled two sexual assault and harassment cases involving cadets on a US-flagged Maersk Line, Limited vessel. Over the past year, we have significantly ramped up our efforts and initiated a cultural transformation programme to support a speak up culture and ensure a safe work environment in our global fleet, but we are aware the work here has just begun.

In addition to these common measures, in the US specifically we are working across the ecosystem with labour unions, the Maritime Administration, maritime academies and the US Coast Guard. More needs to be done to prevent sexual assault and harassment in our industry. Maersk is fully committed to being part of the solution and welcomes all industry partners to work together on this critical issue.

Leveraging employee reference networks

Internally, we have several affinity groups dedicated to different DE&I areas, like the Maersk Inclusion for Excellence networks, Pride@Maersk, and Maersk Power Women's Network. Beyond employee connections, these groups work as brand ambassadors and sounding boards, providing input and feedback on DE&I topics and initiatives to help us understand what we are doing well and how we can continue improving.

These groups have created strong momentum through awareness campaigns like International Women's Day, Summer of Pride, Mental Health Month, and International Day of Persons with Disabilities. They also create opportunities to partner with our customers on activities based on our shared values.

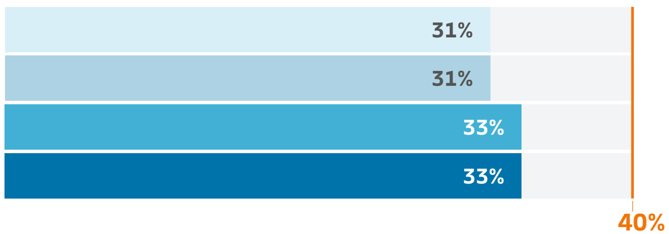
Representation of women on the A.P. Møller - Mærsk A/S Board of Directors (2022)

3 women out of 8

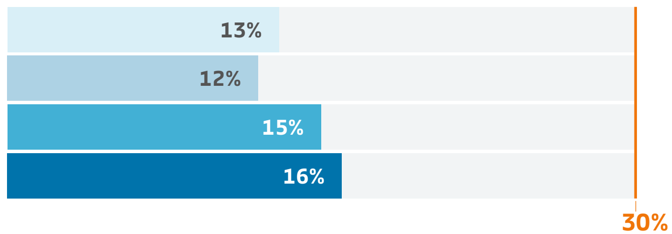
Targets and performance on diversity

2019 2020 2021 2022 2025 Target

>40% women in management and leadership
(job level 4+)



>30% diverse nationality (non-OECD) of executives
(job levels 8 and 9)



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.

UN SDGs

8.5
8.7
8.8

16.3

Ambition

Employee relations and labour rights are an essential part of Maersk's Social ambition. We offer decent, fair and equitable working conditions for all our people. We identify risks for employees and third-party labour, and implement mitigating and preventive actions to ensure that our growth adequately considers our full social responsibilities.

Targets

2023

- 100% of employees within Maersk trained in employee relations and labour rights

Progress indicator

Employee relations and labour rights

A.P. Moller - Maersk (Maersk) is committed to respecting fundamental labour rights and constructive employee relations. We align with core ILO conventions and internationally accepted UN and OECD frameworks and comply with relevant local legislation. Our organisation respects the rights to freedom of association and collective bargaining, supports trade union and work council engagement, the rights to not be subjected to forced labour, child labour or discrimination in respect of employment and occupation and standards on working hours and the safety and health of workers.

We uphold our employee relations and labour rights commitments through our Commit Rule on employee relations, a dedicated guideline on automation, collective bargaining negotiations, and company-wide employee training. Our Global Employee Relations Council shapes our approach by discussing issues on global scale, gathering evidence and making proposals for global solutions.

Growing responsibly

Maersk's growth ambitions mean that we are adding thousands of new colleagues every year, also through acquisitions. As our portfolio of warehousing and other land-based logistics services continues to grow, we are committed to ensuring that we manage all new areas of business with full respect for labour rights. In 2022, we created a playbook for our new warehousing businesses that outlines onboarding best practices and explains the fundamental employee relations and labour rights concepts of our company.

As a high-level strategic target for this category, we provide face-to-face training for managers in key areas such as managing employee relations in daily operations and negotiations and conflict management. Employee relations is part of our standard onboarding programme and we have annual refresher training for all employees. We also track overall training progress of our employee relations and labour rights training, and in 2022, the completion rate was 83%, which is on track to meet our target of having a 100% completion rate by 2023.

Strengthening labour rights due diligence processes

We continue to strengthen our labour rights due diligence process, gathering actionable insights on critical issues in our business. Every two years, we conduct a company-wide labour rights self-assessment to review areas of risk as well as internal policies and procedures. In the latest assessment, completed in 2021, working hours, workplace discrimination and harassment, and compensation were identified as significant labour rights risks. We are addressing the challenges by direct engagement with local management, with training and tools for managers, strengthened workplace harassment incident processes, and with mechanisms such as the Maersk whistleblower system and Ombuds function for employees to feel safe when speaking up about harassment.

Progress on key labour rights risk areas

Following a review across APM Terminals in 2022, we worked closely with local businesses and third-party suppliers to improve working conditions for contracted labour in our terminals. We acted to resolve issues found in the review, specifically working hours, overtime, health and safety, and workers' accommodation. In 2022, we developed updated Maersk Global Standards on Third-Party Labour to offer clear guidance and manage our expectations on suppliers of Third-Party Labour. We will begin rolling out the Maersk Global Standards on Third-Party Labour in 2023.

Automated processes are rapidly changing the way we are working across our business. Since 2018, we have had principles in place outlining how to communicate to employees about changes to working practices, and with a specific focus on retraining in new areas of work. In 2022, we developed a playbook to further support our terminals in ensuring these transformations happen in a responsible way.

In 2022, we developed our Fair Pay Program to ensure employees are rewarded fairly in line with their contributions to Maersk. We target equal pay for equal work, ensuring that any differences are due to objective factors such as experience, skills, knowledge and performance, and not due to gender or any other characteristics such as ethnicity, race, nationality, age, disability, religion, beliefs or sexual orientation. Fair Pay develops continuously, and we have and will over time expand the considerations we apply.

Why it matters

Many aspects of our business touch on human rights, including our employees' working conditions, health and safety, how our vessels are recycled, 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.

UN SDGs

5 GENDER EQUALITY — 5.1

8 DECENT WORK AND ECONOMIC GROWTH — 8.5, 8.7, 8.8

16 PEACE, JUSTICE AND STRONG INSTITUTIONS — 16.3

17 PARTNERSHIPS FOR THE GOALS — 17.16

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.

Targets

- Capacity building on human rights, including targeted trainings for human rights issue owners
- Continued integration of human rights into key due diligence processes

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 the role of companies is frequently being put in the spotlight, both in terms of their powerful potential for positive impact and in terms of responsibility to avoid or minimise negative impacts, the UNGPs are a north star in navigating complex dilemmas involving impacts to people. Increasing regulation on companies to implement responsible business conduct due diligence is formalising the requirements. This development is reinforced by increased customer and investor interest in how we conduct business responsibly. Maersk supports increased harmonisation and alignment on responsible business conduct due diligence aligned to existing international principles.

Addressing our salient human rights issues

In 2022, we followed up on our 2021 corporate-level human rights assessment by consolidating our overview of salient human rights issues (see box below) and defining action plans. We have prioritised progress on three human rights issues this year: (1) working conditions in the supply chain (read the sections on Employee relations and Labour rights, p. 46, and Sustainable Procurement, p. 50, for more on this topic), (2) violence and harassment at work, in particular offshore working conditions for our seafarers (read more on p. 45), and (3) impacts of climate change and decarbonisation – including the importance of a just transition to more sustainable supply chains (read more on p. 31).

We also focused on strengthening key processes that support our human rights due diligence framework. In 2022, we further embedded ESG risk analysis into our Merger & Acquisitions due diligence processes, and made progress on further integrating ESG risk management in the Sustainable Procurement process (see p. 50).

Human rights governance framework

Human rights updates are provided to the Executive Leadership Team as part of regular ESG strategy progress oversight. In addition, as human rights is an overarching topic, responsibility for managing particular human rights issues lies with the respective functions with support by specific governance forums. Building a strong human rights governance structure is an imperative as we prepare to meet increased regulatory requirements.

Internal capacity building

Responsibility for making decisions with respect for human rights lies with all Maersk leaders, and therefore capacity building is a key enabler of our commitment. Our ambition is to support and equip leaders with the knowledge and tools to handle dilemmas in a manner sensitive to potential human rights impacts. In 2022, we developed tailored, face-to-face human rights training and rolled this out to several key functions and human rights issue owners. We will continue this training in 2023 and beyond.

Operating in conflict-affected countries

We are conscious of our responsibility to conduct heightened human rights due diligence when operating in conflict-affected areas. During 2022, this has particularly been relevant in connection with ceasing our activities in Russia (see p. 8), and continuing our operations in Myanmar. Since the coup in Myanmar, working in a cross-functional team, we have closely monitored the situation as well as our activities and business relationships to ensure that our presence is not contributing to human rights abuses. In this dynamic and sometimes challenging environment, we retain strong and open communication with our employees, prioritising supporting their health, safety, well-being and decent work conditions.

Maersk's prioritised salient human rights issues

- Health and safety in the supply chain
- Working conditions in the supply chain
- Access to remedy
- Violence and harassment at work
- Impacts of climate change and decarbonisation (just transition)

Governance

At A.P. Moller - Maersk, high standards of responsible business practices are foundational for the services we deliver to customers and the value we create for the communities where we operate. Learn more about how we earn the trust of our customers and partners every day, and act as a responsible member of the global communities we call home.

- → Business ethics
- → Sustainable procurement
- → Data ethics
- → Responsible tax
- → Citizenship

Why it matters

Corruption is a key compliance risk and it is illegal. 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.

UN SDGs

16 PEACE, JUSTICE AND STRONG INSTITUTIONS — 16.3, 16.5

17 PARTNERSHIPS FOR THE GOALS — 17.16

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 stay best-in-class, meeting the highest international standards in particular when operating in jurisdictions with high exposure to corruption, sanctions and export controls.

Targets

2023:

- 100% of employees (in scope) 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 identified risks

Progress indicator

Business ethics

Our work on anti-corruption, sanctions and export controls is about more than compliance; we see it as part of our commitment to responsible business conduct and business ethics. This commitment underscores our responsibility to promote sustainable trade and a more equal society. We are consistently improving our approach to business ethics to better navigate evolving market conditions and geopolitical tensions, which were very dynamic and challenging in 2022.

Our ambition is to continue implementing and enhancing our compliance programme to prevent, detect and correct behaviour that is not aligned with our Core Values and Commit Rules on business ethics. We benchmark and measure our performance against the UN Global Compact Goals, the US FCPA guidance, the ISO standards, and the OECD guidelines, and our programme is audited regularly by A.P. Moller - Maersk's (Maersk) Group Internal Audit.

Governance of business ethics

Commit, Maersk's internal governance framework, encompasses the business ethics rules for responsible business conduct – see p. 14 for details. Implementation is supported through a dedicated Compliance team of 50+ specialised experts and 65+ dedicated Business Compliance Ambassadors that monitor and manage risks across Maersk's compliance programme.

Managing impacts and risk

Facilitation payments when interacting with authorities in ports and at border controls are one of the primary corruption risks faced by our ocean and logistics businesses. In terminals, a key risk is related to negotiations with governments to build or operate terminal infrastructure. Similar risks such as permits for building or operating warehouses also exist in our logistics infrastructure projects.

To manage these risks and further strengthen Maersk's compliance programme, business ethics was named as a prioritised category in our ESG strategy. This demonstrates the top leadership commitment to business ethics, and includes regular reporting to the Executive Leadership Team and Audit Committee on Business ethics through the enterprise risk and ESG frameworks.

In 2022, we focused on monitoring the application of the business ethics rules through internal compliance controls, spot checks and transaction testing. This was supplemented by a mapping of business ethics risks by a functional risk assessment for group functions supporting the business.

We also improved third-party management processes in 2022 – especially for vetting third parties interacting with government officials or those acting on our behalf, intermediaries, or business partners. We rolled out Maersk's first compliance e-learning for third parties, and also manage third parties through our Sustainable Procurement (see p. 50).

Annual training is rolled out across our workforce to raise awareness of important business ethics topics, and we track training coverage as a prioritised KPI towards the target of all relevant employees completing annual training on our Code of Conduct. In 2022, the completion rate was 83%, which is on track to meet our target of having 100% completion rate by 2023. In 2022, we also restarted in-person training for high-risk locations and functions for the first time after the pandemic.

In 2023, we will continue strengthening our compliance programme by focusing on rolling out our Code of Conduct training to all targeted employees, and digitalising our compliance reporting and internal compliance controls.

Maersk continues to be an active member of the Maritime Anti-Corruption Network (MACN), a network working to eliminate corruption in the maritime and port industry. MACN includes over 165 companies globally, and exemplifies taking collective action to tackle corruption.

Compliance with sanctions and export controls

As a Danish company and global leader in ocean and logistic services, Maersk complies with all applicable sanctions and export controls laws. The increased complexity and growth of this area resulted in Maersk exiting Russia and strengthening our processes and controls when dealing with highly sanctioned or high-risk countries and parties.

Sanctions and export controls are a part of Maersk's Code of Conduct to ensure appropriate awareness and training on applicable restrictions and prohibitions. These restrictions extend to other illegal practices such as illegal wildlife trade, see p. 36.

Why it matters

Our operations and purchasing decisions have an impact on social, environmental and economic conditions in our industry and global supply chains. We rely on more than 60,000 suppliers, including 5,300 high-risk suppliers, in our global supply chains. Addressing sustainability risks in our supply chain strengthens stakeholders' trust in our brand and prepares us for regulation of due diligence in supply chains.

UN SDGs

12 RESPONSIBLE CONSUMPTION AND PRODUCTION — 12.6

17 PARTNERSHIPS FOR THE GOALS — 17.16

Ambition

To live up to our commitment to procure sustainably, we will integrate ESG as a strategic topic across supplier life cycle 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.

Targets

2024:

- 100% of suppliers (in scope) 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

Progress indicator

Sustainable procurement

Integrating sustainable procurement into our ESG strategy ensures that we remain mindful of the impact our product and service buying decisions have on the environment and society, along our full value chain.

Throughout 2022, we worked to establish end-to-end visibility on supplier ESG performance through digitisation and process standardisation, with a prioritised focus on decarbonisation, safety and security, and labour and human rights. With targeted training on ESG in procurement, we are building capabilities to ensure that both our own and our customers' sustainability goals are always factored into our procurement activities.

A governance model was established by means of the Sustainable Procurement SteerCo, which meets quarterly to review progress and discuss emerging risks. Regular progress updates are provided to the Executive Leadership Team, and an annual review is overseen by the Risk and Compliance Committee.

Setting a course for sustainable procurement

The Sustainable Procurement Roadmap outlines how we aspire to achieve industry leadership in supply chain sustainability. The Roadmap is divided into three phases with a focus on building the foundation in 2022, strengthening execution in 2023-24 and pursuing best-in-industry practices in the medium to long term. See below.

Sustainable procurement roadmap

2022 progress

Building the foundation

- Operational model established
- ESG integrated into procurement objectives
- Supplier ESG process mapping and platform initiated
- Initial focus on 3 ESG areas: Decarbonisation - safety and security - labour and human rights

2023-2024

Driving execution

- Scale up supplier engagement
- Initiate actions to integrate other ESG categories in procurement
- Prepare for regulatory due diligence requirements
- Embed Source-to-Pay process with ESG requirements
- Implement procurement ESG platform
- Integrate ESG into procurement training

Medium to long-term goals

Aspiring to best-in-industry

- High-quality supplier ESG data on sustainable procurement metrics
- Customised end-to-end supplier ESG overview through the ESG platform
- ESG* fully integrated in assessments and supplier engagements for high-risk categories

*The ESG topics in focus for supplier engagement are Climate change, Environment and Ecosystem, Safety and Security, Human rights, Employee relations and labour rights, Diversity and Inclusion, Governance, Business ethics/Anti-corruption, Sustainable procurement, Data ethics

Sharpening – and digitising – our approach to due diligence

In 2022, we improved visibility into supplier ESG compliance status for high-risk categories to monitor progress at the category and region level for supplier code of conduct acceptance, ESG assessments conducted and closing improvement plans. Sustainable Procurement, along with category managers, is engaging with suppliers to drive improvement and provide guidance as needed.

To ensure that Maersk is able to meet supplier due diligence requirements and effectively contribute to business accountability, Sustainable Procurement is working to embed ESG into our end-to-end procurement process. This includes new trainings aligned with ESG topic experts to build our procurement capabilities, so appropriate ESG decisions are taken into consideration in all procurement activities.

Technology is also helping enhance our sustainable procurement due diligence, increasing reach and transparency and supporting higher assurance on supplier data reporting through a single source of supplier ESG information. The roll-out of a supplier ESG risk assessment tool was initiated in 2022. A supplier ESG data management module will be rolled out in 2023, enabling us to progressively implement a single overview for supplier ESG data.

Securing standards on third-party labour

Ensuring that people who work for us on our sites have decent working conditions is a fundamental priority. In 2022, we continued to strengthen our requirements towards third-party labour providers, and are engaging with external human rights specialists to support this work, for example in developing company-wide minimum requirement on third-party labour standards, aligned with international standards. Recognising that changing local practices and influencing suppliers will require behavioural change, the implementation plan for these will incorporate stakeholder engagement to a high degree and rely on feedback mechanisms to adjust and improve.

Advocacy and collective action through partnerships

In 2022, ESG was included in the Strategic Extended Partnership Agreement (SEPA) between Maersk, Carlsberg, Danske Bank and Friesland Campina. The SEPA partnership, which allows joint purchasing of indirect goods and services, allows Maersk to connect subject matter experts from leading corporations and strategically discuss all aspects of ESG, beyond simply meeting compliance requirements.

Together with the SEPA companies, we are currently focusing on building the foundation of a systematic ESG approach across the consortium with a special attention to sourcing projects and supplier relationships. Our SEPA participation creates an additional market leverage when approaching suppliers, and supports us in enhancing the importance of ESG in supplier relationships. Maersk's long-term vision with SEPA is to make this systematic approach accessible to all member organisations and to establish joint ESG standards across the consortium that benefit SEPA partners and our suppliers.

In addition to SEPA, we engage with industry associations to advocate and establish sector-level ESG standards for supplier assessments and evaluations, such as the Responsible Trucking initiative run by CSR Europe. Our participation in this initiative has allowed us to gain information about social risks in landside transportation such as safety and working conditions.

2022 performance towards our strategic targets

Achieved in 2022 | 2024 target

100% of suppliers (in scope) committed to the Suppliers Code of Conduct by 2024

>85% of strategic suppliers undergoing ESG assessment by 2024

>80% of high-risk category suppliers with Improvement Plan successfully closed by 2024*

*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).

Maersk integrated ESG into its 2022 procurement objectives, with a focus on safety and security, decarbonisation, and human and labour rights.

Why it matters

Responsibly managing data from stakeholders, including customers, is a critical issue in today's societies where the undue influence and abuse of data are growing.

Maersk is increasingly reliant on data as a key enabler in more digitally integrated offerings. We manage and control the storage and use of data ethically and proactively, to avoid abuse and privacy infringement. We must continually safeguard our position from legal, business and reputational risks.

UN SDGs

16.6

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.

Targets

2023

- 100% of employees (in scope) trained on data ethics

Progress indicator

Data ethics

Our customers, business partners and employees' data must be protected and treated with respect. , A.P. Moller - Maersk (Maersk) is committed to high data ethical standards and being a trusted partner in a world where the controversial use of data has become more common, driving greater scrutiny and increased regulation.

We want to provide great products and services to our customers as we leverage our own and partners' data in an ethical manner. They can trust that we live our data ethics policy and that Maersk's strong values also apply to our use of data.

In the fourth quarter of 2022 Maersk launched a global digital training journey, with the commitment that 100% of all relevant employees are trained in data ethics by the end of 2023. By January 17 2023, over 38,000 employees (67% of employees in scope) had completed the training. The training introduces the four principles of Maersk's data ethics policy and provides guidance on how to identify and mitigate the risk associated with providing data-driven innovations to customers and employees while ensuring the responsible use of data throughout the data life cycle.

In 2023, more training will be offered to Maersk's data professionals to ensure data ethics are always embedded and governed as we develop artificial intelligence-powered solutions to support our customers' businesses and fulfil our company purpose. Additionally, we will make it easy for our employees to adhere to our data ethics policy by implementing automated, preventive measures to control access to data. Finally, our data ethics risk management procedures will ensure that risks are identified and mitigated early, so our customer, partners and employees can trust us to swiftly respond during times of change and rapid technology development.

Data ethics in practice

Managed by Maersk – our customers can trust us

Many customers want to outsource all or part of their supply chain management to a trusted expert, so they can focus on their core business. Our Data Ethics policy, processes and systems ensure that sensitive information about our customers' supply chains is only accessible to specific, appropriate people and teams within Maersk.

Computer Vision – keeping our terminals safe

While computer vision technology helps to keep our employees and business partners safe from the potential dangers of heavy moving equipment, our data ethics policy ensures that we mitigate potential bias in the AI by governing the data sets used to train the model's detection accuracy.

Maersk's data ethics policy

The use of data is core to Maersk's Global Integrator vision, where technology simplifies and connects supply chains and unlocks new ways of creating value for our customers. In the future, the use of data will only increase and the associated technologies will become more sophisticated.

In 2021, Maersk launched a data ethics policy aimed at ensuring that data is collected, stored and used responsibly across the organisation, and that Maersk employees act in accordance with the four principles of transparency, security, respect, and innovation. Oversight of the initiatives for ethical use of data is anchored with a cross-functional committee, which reports into Maersk's Executive Leadership. Learn more about our data ethics policy on maersk.com/sustainability.

Learn more about the importance and role of data for Maersk, and our commitment to use data ethically.

Watch Video →

Why it matters

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

UN SDGs

16 PEACE, JUSTICE AND STRONG INSTITUTIONS — 16.6

17 PARTNERSHIPS FOR THE GOALS — 17.1

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 while balancing our obligations towards our shareholders.

Targets

2023

- Full public country-by-country tax reporting

Ongoing:

Ensure full compliance with tax regulations in all countries where we operate and continue to engage in dialogue with stakeholders on tax matters.

Progress indicator

Responsible tax

Given the increased public focus on the taxation of international shipping income, it is ever more relevant to continue to ensure transparency on the taxation of our business activities.

The total tax charge for A.P. Moller - Maersk (Maersk) in 2022 was USD 910 million, compared to USD 697 million in 2021, while our profits increased by 62%. For more information, see the 2022 Annual Report and the 2022 Tax Report on Maersk.com.

As the global Integrator of container logistics, we generate profits from ocean, air and land-based activities. Our land-based activities, which are subject to regular domestic corporate income tax, include terminals, logistics, services and shipping agencies, through which we operate one of the world's most comprehensive port and integrated logistics service networks. Our portfolio of 59 terminals handles around 30,000 vessel calls and 37 million containers (TEUs) per year.

Ocean carries close to 12m FFE per annum and operate 707 vessels delivering cargo to every corner of the globe, including dry cargo commodities, refrigerated cargo and dangerous cargo. During 2022, our ocean activity, which makes up about 94% of our current group profit, has been subject to unprecedented circumstances due to protracted global supply chain congestions following the COVID-19 pandemic, resulting in abnormally high revenue and profit from international shipping activities. This international shipping income is subject to special shipping tax rules, including tonnage and freight taxes.

International shipping activities and global tax reform

Maersk is subject to the Danish Tonnage Tax Regime, an EU state aid approved regime, designed to encourage ship registration in Europe and ensure global competitiveness of the European maritime industry. This means that the tax base for Maersk's global income derived from international shipping is calculated based on the fleet's net tonnage operated from Denmark. Regular Danish corporate income tax rate (22%) applies to the tonnage income.

Maersk supports effective tax reforms for avoidance of base erosion and profit shifting and is in dialogue with the OECD to ensure that tax reforms consider the industry specifics for international shipping. We are also engaging with other key stakeholders such as the World Shipping Council, Danish Shipping and governmental bodies.

A Group is considered in scope for the OECD Base Erosion and Profit Shifting (BEPS) Pillar one where, in any fiscal year, the revenue of the Group exceeds EUR 20 billion and the pre-tax profit margin is greater than 10% on average across five years and, also, in two out of the four prior years. Residual profits which exceed this 10% profit margin will be eligible for taxation in market jurisdictions on allocated income basis. If thresholds are reached and Pillar one applies, it will result in additional tax payments on international shipping income for Maersk because any credit methods for avoidance of double taxation will be limited, due to the tonnage income calculation methodology.

OECD BEPS Pillar two model rules are designed to ensure that large multinational enterprises pay a minimum effective tax rate of 15% on income arising in each jurisdiction where they operate. Maersk will be covered by the future OECD Pillar two regime, together with A.P. Moller Holding A/S, with a partial exclusion for international shipping income. For further details, please see the 2022 Tax Report on Maersk.com.

Tax principles and transparency

Our tax strategy is to conduct and manage our tax affairs in accordance with our Tax Principles. These are updated and approved by the Board of Directors annually and are closely aligned with the Group's core values, Code of Conduct and business strategy, and are prepared in line with the B Team's Responsible Tax Principles .

As part of our annual Tax Report, we have since 2020 publicly disclosed the tax we pay in key countries per region, in accordance with the OECD Country by Country Reporting (CBCR) principles. We will continue updating this document annually. We also provide full country-by-country reporting to the Danish tax authorities in accordance with our legal obligations.

The EU maintains a list of non-cooperative tax authorities. In 2022, this list comprises nine countries, of which Maersk has activities in Panama where we paid USD 1.9 million withholding taxes on a profit of USD 6.4 million. In Trinidad & Tobago, we paid USD 53,000 taxes on a loss of USD 23,000. In Bahamas we paid zero taxes on a profit of USD 8.2 million[13].

13 APMM activities in the Bahamas consists only of towage operations, carried out by Svitzer Bahamas Ltd, and, in accordance with domestic legislation, no corporate tax is either due or payable there.

Why it matters

Maersk takes active responsibility to support the societies where we operate by partnering with communities and non-profits on social and environmental causes. It is grounded in our Core Values and also an expressed expectation to us from our key stakeholders. We prioritise six causes: Humanitarian relief, empowering for trade, protecting the natural environment and oceans, education, safety, and health (incl. COVID-19).

UN SDGs

3.8 11.5 14.1

Ambition

We engage in global partnerships and support local communities and initiatives in areas where we can leverage Maersk assets and expertise to make an impact aligned with Maersk's business and sustainability goals. Donations and social investments are 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

Citizenship

Helping those most in need

Humanitarian relief efforts were catapulted into acute priority following the Russian invasion of Ukraine[14]. As a member of the Logistics Emergency Team, A.P. Moller - Maersk (Maersk) supported humanitarian aid relief with large-scale in-kind logistics assistance. Maersk worked with, and through, UN partners and other humanitarian organisations, with a team of 40 specialists from Maersk devoted to the efforts. This included working with authorities to coordinate a smooth flow of humanitarian support to Ukraine and establishing a major aid warehouse in partnership with WFP, the UN World Food Programme and UNHCR, the UN Refugee Agency. This hub was a main transit warehouse to deliver humanitarian assistance into Ukraine and was provided to UNHCR and WFP on a pro bono basis during the first half year of the crisis.

A central donation facility was set up through which Maersk employees donated nearly USD 72,000 to the Danish Red Cross to support Ukraine. Maersk matched this for a combined donation of DKK 1 million (USD 144,000). A donation of similar size was made by Maersk to the Sheltersuit Foundation to support the supply and transportation of sheltersuits to an NGO in Ukraine. This foundation makes garments and sleeping bags to protect vulnerable people from the elements, using repurposed materials and creating employment opportunities.

← Maersk employees regularly engage in ESG activities such as Go Green Week. Teams from Algeciras, Spain (top) and Lazaro Cardenas, Mexico (bottom) participated in 2022.

14 In response to the Russian invasion of Ukraine, Maersk has exited business operations in Russia. See p. 8.

In Pakistan, Maersk provided humanitarian relief for 2022's unprecedented monsoon floods, which swept away infrastructure and left millions homeless. Maersk supported UNICEF with logistics and customs expertise and warehouse capacity near Port Qasim, the country's second-busiest port, to rapidly distribute over 2.7 tonnes of cargo including mosquito nets, tents and hygiene kits. We helped deliver urgently needed water purification modules donated by the Danish Emergency Management Agency, and we were able to leverage our local network to distribute essential food items to 450 families.

Continued support for The Ocean Cleanup

Since 2018, we have partnered with The Ocean Cleanup to provide offshore and logistics support for their cleanup systems to rid the world's oceans and major rivers of plastic pollution. By the end of 2022, the larger System 002 in the Great Pacific Garbage Patch had cleaned a total of close to 200,000 kg of plastic. Maersk also supported the transport of the collected plastic to certified recycling facilities in Europe.

Engaging our employees in citizenship

In our annual 'Go Green' week, local Maersk teams are encouraged to take action in support of the natural environment. 2022 focused on ocean health and sustainable resource use. To make it easier for employees to support citizenship activities in their own communities, we initiated streamlining of our guidelines and processes for local donations in 2022. When complete in 2023, this work will align our donation framework with our organisation, ESG priorities and best practices of corporate giving.

Working around the world

We are proud that our engagement programme in in Alang, India won recognition in the Indian CSR Health Impact Awards for making a meaningful difference in the lives of workers in the ship recycling industry. See p. 38.

Together with the A.P. Moller Foundation, Maersk makes an annual contribution of a combined DKK 2 million to the national donation drive 'Danmarks Indsamling'. This year, the funds benefitted children impacted by COVID-19 in developing countries.

How Maersk's logistics helped support humanitarian aid for Pakistan flooding victims.

Watch Video →

Data and assurance

Summary of targets and progress

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 2022, and how the issues are governed.

Issues	**Climate change** (p. 21)	**Environment and ecosystems** (p. 34)	**Responsible ship recycling** (p. 38)	**Safety and security** (p. 41)	**Human capital** (p. 43)	**Diversity, equity and inclusion** (p. 44)
UN SDGs	7.3 13.1 15.2 17.16	3.9 8.8 14.1, 14.3 15.5 17.16, 17.17	8.8 13.1 14.1 17.16	8.8	4.4	5.1, 5.5 10.2, 10.3
Ambition	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.	We see ourselves as active citizens of the Earth, operating on the oceans and increasingly on land. We are committed to doing as little harm as possible while actively participating in restoring ocean and land health, as well as protecting habitats and biodiversity where we operate. We aspire to be recognised by our stakeholders for our commitment and actions.	Ensure safe and responsible ship recycling globally to the benefit of workers, environment, responsible yards and shipowners.	We ensure everyone gets home safe by preventing fatal and life-altering incidents.	We aspire to create an engaging environment for all colleagues and to become a company where our employees can develop and have thriving careers.	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	**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.	We set targets and measure our progress through KPIs and relevant metrics for priority areas: Ecosystem health and biodiversity (incl. ballast water, operations in sensitive areas, ocean health, and transport of illegal wildlife and endangered species). Pollution and waste (incl. spills, air emissions, accidental loss of containers to the sea, and environmental management systems). Efficient resource consumption (incl. resource efficiency and freshwater consumption).	Create global opportunities for responsible post-Panamax ship recycling Work with stakeholders to support EUSRR compliance and the Ship Recycling Transparency Initiative Continue wider Alang area development Identify Maersk's role in decarbonising the global steel value chain.	**2023** 100% of Learning Teams completed following a High Potential Incident Global Leadership (top 1,200 leaders) upskilled in Maersk Safety & Security Principles.	**2025** Employee Engagement Survey score in the top quartile of global norm	**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 of more members. **2025** >40% women in management and leadership (job level 4+). >30% diverse nationality (non-OECD) of executives.
Progress 2022	Launched accelerated targets and developed roadmaps to 2030 across all business areas. Relative CO_2 emissions grew by 7% since 2020 (new baseline year for updated 2030 target), due to continued supply chain congestion disruptions. Ordered six new large container vessels capable of running on green methanol, bringing our total on order to 19. Entered 9 new strategic partnerships to secure green fuels, incentivising scale-up and global availability. Implemented retrofits in Maersk-owned vessels, ordered electric vehicles and electtric container handling equipment, and switched to renewable electricity in 9 terminals. Maersk's ECO Delivery made up 2% of ocean freight transported and over 200 customers are currently using the product.	Engaged in alliances and collaborative work to refine our understanding and manage and account for our potential negative and positive impacts on nature, with the aspiration of aligning to science-based targets for nature once universal standards are defined. Improved methodologies in 2022 for measuring air emissions and context-based reporting of water consumption. We report on actions and performance across our four key indicators of waste, pollution, and water consumption. Strengthened whale protection initiatives and contribution through the World Shipping Council to IMO Guidelines on prevention of wildlife trafficking in 2022.	Continued to actively address and engage on global capacity and capability challenges of handling post-Panamax vessels. Engaged with stakeholder groups to better understand the global steel value chain and our potential role in supporting circularity. Continued to support the Ship Recycling Transparency initiative. Completed the recycling of one vessel in Alang and reached milestone of 75,000 out-patient department services in our mobile health unit.	Leaders participated in over 18,000 safety walks, or 'Gembas', on our operational frontlines to ensure our employees have what they need to operate safely. Strengthened our risk assessments, set targets around leading indicators for safety capacity and strengthened security protocols for operations in high-risk countries. Continued to address specific risks within all business areas.	Improved to 67th percentile in the Gallup organisation's database of global companies. Articulated our Purpose and revitalised our Core Values. Progressed on our People Strategy initiatives including leadership development, onboarding, upskilling, career building and talent attraction.	Met target for representation of women on the Board of Directors. For results on women in management and leadership, and diverse nationality of executives, see p. 45. Embedded diversity, equity and inclusion at the core of our new People Strategy. Continued working to improve gender diversity in our seafarers through dedicated maritime organisation events. Initiated a cultural transformation program and speak up culture campaign to address sexual assaults and harassment.
Governance	Governed by the Decarbonisation SteerCo with executive membership.	Governed through the Commit* rule, policy and management framework on HSSE.	A responsible ship recycling steering committee oversees the Responsible Ship Recycling Standard and programme.	Governed through the Commit rule, policy and management framework on Health, Safety, Security and Environment (HSSE).	Ambitions and targets on human capital are owned by our People function and overseen as an ESG priority by the Executive Leadership Team.	Our Diversity & Inclusion policy and targets are owned by our People function and overseen as an ESG priority by the Executive Leadership Team.

*Commit is Maersk's central governance framework

Issues	Employee relations and labour rights (p. 46)	Human rights (p. 47)	Business ethics (p. 49)	Sustainable procurement (p. 50)	Data ethics (p. 52)	Responsible tax (p. 53)	Citizenship (p. 54)
UN SDGs	8.5 8.7 8.8 16.3	5.1 8.5 8.7 8.8 16.3 17.16	16.3 16.5 17.16	12.6 17.16	16.6	16.6 17.1	3.8 11.5 14.1
Ambition	Employee relations and labour rights are an essential part of Maersk's Social ambition. We offer decent, fair and equitable working conditions for all our people. We identify risks for employees and third-party labour, and implement mitigating and preventive actions to ensure that our growth adequately considers our full social responsibilities.	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.	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-class, meeting the highest international standards when operating in jurisdictions with high exposure to corruption, sanctions and export controls.	To live up to our commitment to procure sustainably, we will integrate ESG as a strategic topic across supplier life cycle 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.	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.	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 while balancing our obligations towards our shareholders.	We engage in global partnerships and support local communities and initiatives in areas where we can leverage Maersk assets and expertise to make an impact aligned with Maersk's business and sustainability goals. Donations and social investments are guided by corporate guidelines.
Targets	**2023** 100% of employees within Maersk trained in employee relations and labour rights.	Capacity building on human rights, including targeted trainings for human rights issue owners. Continued integration of human rights into key due diligence processes.	**2023**: 100% of employees (in scope) 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 identified risks.	**2024** 100% of suppliers (in scope) 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.	**2023** 100% of employees (in scope) trained on data ethics.	**2023** Full public country-by-country tax reporting. **Ongoing**: Ensure full compliance with tax regulations in all countries where we operate and continue to engage in dialogue with stakeholders on tax matters.	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.
Progress 2022	Continued training all employees in employee relations and labour rights and reached a completion rate on 83%. Developed playbooks for rapidly growing warehouse growth and for terminal automation. Continued to strengthen labour rights due diligence processes Updated Maersk Global Standards on third-party labour.	Developed human rights training and rolled out to several key functions and human rights issue owners. Focused on strengthening key processes that support our human rights due diligence framework, including embedding ESG risk analysis into our M&A due diligence processes and strengthening ESG risk assessment in the Sustainable Procurement process. Consolidated an overview of salient human rights risks and defined action plans. Ongoing focus on our responsibility to conduct heightened human rights due diligence in conflict-affected areas.	Reached a 83% completion rate in annual employee training on our Code of Conduct. Additionally, we rolled out Maersk's first compliance e-learning for third parties. Focused on monitoring the application of the business ethics rules through internal compliance controls, spot checks and transaction testing. This was supplemented by a mapping of business ethics risks by a functional risk assessment for group functions supporting the business.	For progress towards our strategic targets, see p. 51. Created Sustainable Procurement Roadmap outlining how we aspire to achieve supply chain sustainability industry leadership. Initiated supplier ESG process mapping and platform and integrated ESG into procurement objectives.	Launched global Data Ethics digital training journey, targeting 100% of all relevant employees by the end of 2023.In 2022, the completion rate was 67%.	Total tax charge of USD 910 million. Published 2022 Tax Report, including disclosure of taxes paid, in accordance with the OECD Country by Country Reporting principles. We continue to update this document annually.	Supported Ukraine with humanitarian relief efforts, such as large-scale in-kind logistics assistance, through the Logistics Emergency Team, and donations. Continued collaboration with The Ocean Cleanup. Provided humanitarian relief for 2022's unprecedented monsoon floods in Pakistan. Indian Health Impact Award for making a meaningful difference in the lives of the ship recycling workers. Conducted GoGreen week for employee engagement.
Governance	Governed through the Commit rule and policies on Global Employee Relations and the Global Employee Relations Council, overseen by the Risk and Compliance Committee.	Anchored as a cross-cutting topic in our ESG governance framework, under the oversight of the Executive Leadership Team. Overseen by the Risk & Compliance Committee.	Governed through the Commit rule on Anti-Corruption, and overseen as an ESG strategic priority by the Risk and Compliance Committee.	Governed through the Commit rule on Responsible Procurement and overseen as an ESG strategic target by the Sustainable Procurement SteerCo.	Governed through the Data Ethics Committee and overseen as an ESG strategic priority by the Executive Leadership Team.	Governed through the Maersk Tax Principles and overseen by the Executive Leadership Team.	Governed through internal SOPs and guidelines for global engagement and local donations.

ESG performance data

Climate and environmental Performance			Unit	2022	2021	2020	2019	Comments on 2022 ESG performance data
Energy consumption								
1.1	Climate change	Fuel oil	1,000 tonnes	10,320	11,083[1]	10,368[1]	11,173	Fuel oil consumption decreased by almost 7% in 2022 compared to 2021. This is mainly related to a reduction of heavy fuel oil consumption in Ocean.
1.1	Climate change	Gas fuels	1,000 tonnes	21	21[1]	21[1]	10	The consumption of gas fuels remains at a similar level as last year.
1.1	Climate change	Other fuels (excl. biofuels)	1,000 tonnes	207	230[1]	134[1]	130	The 10% decrease in other fuels consumption in 2022 compared to 2021 is mainly related to a 10% decrease in diesel consumption.
1.1	Climate change	Biofuels	1,000 tonnes	354	82	32	8	The significant increase in biofuels consumption, which has more than trippled in 2022 compared to 2021, is driven by the increased uptake of Maersk's EcoDelivery ocean product by customers.
1.1	Climate change	Electricity	1,000 MWh	695	739[1]	682[1]	656	We recorded a 6% decrease in electricity consumption from the grid. This is mainly driven by increased sourcing of renewable electricity in Terminals and decreased container production in Maersk Container Industry. Reduction partly offset by increased electricity consumption in Logistics & Services.
1.1	Climate change	Renewable energy consumption	1,000 MWh	207	165	125[1]	2	In 2022, we recorded a 26% increase in renewable energy consumption compared to 2021, which is mainly driven by an increased sourcing of renewable electricity in European Terminals.
1.1	Climate change	Total energy consumption	Total, TJ	447,345	469,603[1]	434,094[1]	463,815	Maersk's total energy consumption is down almost 5% in 2022 compared to 2021. This is mainly driven by a reduction in fuel oil and other fuels (excl. biofuels).
Greenhouse Gas (GHG) Emissions (1,000 tonnes CO_2e)								
2.1	Climate change	Direct GHG emissions (scope 1 GHG protocol)	1,000 tonnes CO_2e	34,150	36,596[1]	33,973[1]	36,204	In 2022, we recorded a 7% decrease in scope 1 emissions compared to 2021. This is mainly driven by a similar reduction in fuel consumption.
2.2	Climate change	Indirect GHG emissions (scope 2 GHG protocol) - location-based	1,000 tonnes CO_2e	356	351[1]	324[1]	287	Maersk's location-based scope 2 emissions increased by 1% and the market-based emissions decreased by 1% in 2022 compared to 2021. These developments are mainly driven by an increase in consumption of renewable electricity from the grid and a decrease in electricity consumption from the grid generated from fossil sources.
2.3	Climate change	Indirect GHG emissions (scope 2 GHG protocol) - market-based	1,000 tonnes CO_2e	331	335[1]	348[1]	-	
2.4	Climate change	Value chain GHG emissions (scope 3 GHG protocol)	1,000 tonnes CO_2e	43,451	39,436[1]	36,487[1]	-	In 2022, Maersk's scope 3 emissions increased by 10% compared to 2021. This was mainly driven by the inclusion of recent acquisitions in Logistics and Services. Further, the general inflation globally affects the spend based emissions estimates, which notably affect material categories for Maersk, i.e. Upstream Transport and Distribution and Purchased goods and services.
2.5	Climate change	Total GHG emissions (scope 1, 2 - location-based - and 3)	1,000 tonnes CO_2e	77,957	76,383[1]	70,784[1]	-	In 2022, Maersk's GHG emissions increased by 2% compared to 2021. Despite the reductions in Scope 1 and 2 emissions, the increase is owing to scope 3 due to acquisitions in Logistics and Services along with general inflation globally which has affected Maersk's overall GHG footprint.
2.5	Climate change	Total GHG emissions (scope 1, 2 - market-based - and 3)	1,000 tonnes CO_2e	77,932	76,367[1]	70,808[1]	-	
Segment-specific climate change KPIs								
3.1	Climate change	Ocean: Share of freight transported with green fuels*, **	% of FFE	2	-	-	-	In 2022, the share of freight transported with green fuels in Ocean was 2% and we worked with over 200 customers, proving that sustainable supply chains are possible and can be scaled.
3.2	Climate change	Ocean: Reduction in carbon intensity (EEOI) by 2030 (2020 baseline)*	% reduction	-7	-6	0	-	Despite the reduction in fuel consumption, we have recorded a 7% increase in carbon intensity (EEOI) compared to our baseline year in 2020 due to continued global supply chain disruptions, port congestions and capacity constraints during 2022, among others resulting in a decrease in transport work. The carbon intensity is 1% higher in 2022 compared to 2021, which was also a challenging year. This KPI replaces the previously reported 'Relative CO_2 reduction (percentage vs 2008 baseline).
3.3	Climate change	Terminals: Reduction of scope 1 and 2 emissions by 2030 (2020 baseline)*	% reduction	5.4	-	0	-	We have reduced our absolute scope 1 and 2 emissions by 5.4% in 2022 compared to our baseline year in 2020. This is mainly driven by reductions in scope 2 emissions through sourcing of renewable electricity in our European Terminals and in the Port Elizabeth (US) terminal and the divestment of two terminals.

1) Number has been restated in 2022 based on work performed to improve reporting processes and data quality
*New KPI that was introduced as part of the ESG strategy in 2022 and hence comparison year data may not be reported.
** Green means fuels or energy that have low or very low GHG emissions on a life cycle basis. See more on page 28.

Comments on 2022 ESG performance data

			Unit	2022	2021	2020	2019	Comments
Other air emissions								
4.1	Environment and ecosystems	SO_x	1,000 tonnes	99	107[1]	102	569	The 8% decrease in SO_x emissions in 2022 compared to 2021 is related to a similar decrease in fuel consumption.
4.1	Environment and ecosystems	NO_x	1,000 tonnes	604	886[1]	825[1]	888	The significant decrease in NO_x emissions of 32% in 2022 compared to 2021 is partly driven by a decrease in heavy fuel consumption and partly driven by application of updated NO_x emission factors.
Other resource consumption								
5.1	Environment and ecosystems	Waste	1,000 tonnes	460	357[1]	289[1]	299	The 29% increase in waste production has been driven by a number of factors. The first being a systematic improvement in our sustainability reporting process in 2022 combined with the acquisition and inclusion of KGH, Visible and B2C Europe in Maersk Sustainability reporting. We also recorded a significant increase in waste resulting from the recovery operations in Pipavav Port following Cyclone Tauktay in 2021, and failure of a sewage treatment system in another Terminal requiring all sewage to be transported from site for treatment.
5.2	Environment and ecosystems	Water consumption	1,000 m³	2,504	2,156[1]	1,754[1]	1,696	Water consumption increased 16% from 2021 to 2022. We have recorded increased water consumption across all segments due to increased FTEs and office occupancy. In Logistics & Services, we recorded increased water consumption mainly driven by operations in Performance Team, the inclusion of data from Visible for the time in 2022 and the opening of new facilities in Chile.
Environmental incidents								
6.1	Environment and ecosystems	Hydrocarbon spills (>10 m³)	#	0	2	2	0	In 2022, we recorded zero hydrocarbon spills above 10 m3. The reduction in large hydrocarbon spills in our landside operations is in part the result of the continued focus and implementation of Maersk Global Spill Prevention Requirements, which started its rollout in landside logistics in late 2021.
6.2	Environment and ecosystems	Containers lost at sea*	#	118	-	-	-	We recorded 118 containers lost at sea during 2022. The loss of containers was linked to three incidents involving Maersk vessels. Of the 118 containers, 117 were lost due to heavy weather and 1 was lost due to collision.

Social performance

			Unit	2022	2021	2020	2019	Comments
7.1	Human capital	Number of employees	FTEs	104,260	85,375	83,624	86,279	FTE data is taken from Note 2.2 Operating cost in the audited 2022 Annual Report of A.P. Moller - Maersk
7.2	Human capital	Employee Engagement Survey score in the top quartile of global norm*	Percentile rank	67	59[2]	54[2]	41[2]	We have recorded an 8 percentile point increase in our Employee Engagement Survey score ranking on global norms.
7.3	DEI	Gender - female/total	% (headcount)	33	31	28	28	
7.4	DEI	Women in management (Job level 4+)	% (headcount)	33	33	31	31	
7.5	DEI	Women in leadership (Job level 6+)	% (headcount)	26	22	21	20	The share of women in Maersk increased 2% from 2021. The share of women in management (JL 4+) remained at 33% while the share of women in leadership (JL 6+) increased 4%.
7.6	DEI	Target nationalities/total	% (headcount)	67	72	72	71	We recorded a decrease in the share of Maersk employees with a nationality of countries not part of the list of the Organization for Economic Co-operation and Development (OECD), while we saw an increase of 1% among our executive leadership (JL 8 & 9) with a target nationality.
7.7	DEI	Target nationalities in executive leadership (Job level 8 and 9)	% (headcount)	16	15	12	13	
7.8	Safety and security	Fatalities	#	9	4	1	5	Regrettably, nine fatal accidents were recorded during 2022, three Maersk employees and six third-party contractors working on behalf of Maersk.
7.9	Safety and security	Lost-time injury frequency (LTIf)	Rate	0.90	0.93	1.22	1.16	We improved our lost-time injury frequency by 0.03 in 2022 compared to 2021.
7.10	Safety and security	Learning Teams completed following a High Potential Incident*	Completion rate	83	-	-	-	We recorded a 83% completion rate of a Learning Team being completed following a High Potential incident in 2022.
7.11	Employee relations and labour rights	Employee relations and labour rights training*	Completion rate	83	-	-	-	The completion rate of Employee relations and labour rights training among Maersk's white collar employees was 83% in 2022.

1) Number has been restated in 2022 based on work performed to improve reporting processes and data quality
2) Numbers not part of PwC's limited assurance for 2022
*New KPI that was introduced as part of the ESG strategy in 2022 and hence comparison year data may not be reported.

Governance performance

			Unit	2022	2021	2020	2019	Comments on 2022 ESG performance data
8.1	Business ethics	Code of conduct training*	Completion rate	83	-	-	-	Code of Conduct completion rate among the white collar employees in scope was 83% in 2022
8.2	Business ethics	% of operations covered by a risk assessment on compliance and business ethics risks*	%	95	95	-	-	Group-wide risk assessment is carried out every second year with the most recent being completed in 2021 and the next scheduled for 2023. Hence, the coverage for 2022 is the same as in 2021, and work to address identified risks has been embedded and executed on as part of the Compliance Programme in 2022
8.3	Business ethics	Whistleblower cases*	#	735	634	-	-	We recorded an increase of almost 16% in the number of whistleblower cases received in 2022 compared to 2021. We see this as an indication of progress in our efforts to promote a speak up culture.
8.4	Sustainable procurement	Suppliers committed to Maersk Supplier Code of Conduct (CoC)*	%	96	-	-	-	In 2022, 96% of all suppliers with active contracts registered in our Sustainable Procurement database have committed to Maersk's Supplier Code of Conduct.
8.5	Sustainable procurement	Tier 1 high-risk category/ strategic suppliers undergoing ESG assessments*	%	77	-	-	-	By the end of 2022, 77% of Maersk's Tier 1 high-risk category/strategic suppliers with active contracts had undergone an ESG assessment. 69% of the high-risk category/ strategic suppliers assessed and where improvement points had been identified, have had those closed by end of 2022.
8.6	Sustainable procurement	High-risk category/strategic suppliers assessed with Improvement Plan successfully closed*	%	69	-	-	-	
8.7	Data ethics	Data ethics training*	Completion rate	67	-	-	-	Data ethics training completion rate among the white collar employees in scope was 67% in 2022. The relatively low completion rate is due to the roll-out of the training, which happened towards the end of Q4.

Economic Performance

		Unit	2022	2021	2020	2019
9.1	Revenue	USD million	81,529	61,787	39,740	38,890
9.2	Profit/loss before financial items (EBIT)	USD million	30,860	19,674	4,186	1,725
9.3	Capex	USD million	4,163	2,976	1,322	2,035
9.4	Tax for the year	USD million	910	697	407	458
EU Taxonomy						
10	Share of aligned revenue*	%	3	-	-	-
10	Share of eligible revenue*	%	85	-	-	-
10	Share of aligned Capex*	%	7	-	-	-
10	Share of eligible Capex*	%	64	-	-	-
10	Share of aligned Opex*	%	10	-	-	-
10	Share of eligible Opex*	%	100	-	-	-

Financial data is taken from the audited 2022 Annual Report of A.P. Moller - Maersk.
The annual accounts and independent auditors' report can be found at investor.maersk.com

The results of Maersk's taxonomy screening for 2022 confirm that the company has significant opportunity to have a substantial contribution towards climate change mitigation, and that it is in its early stages of the journey to decarbonise its end-to-end value chain.

Hence, for 2022 we see a high share of eligible revenue, Capex and Opex but a significantly lower share of revenue, Capex and Opex related to taxonomy-aligned activities. Over the coming years, we expect to see a low and gradual increase of taxonomy-aligned revenue and a bigger and continued steady increase in the taxonomt-aligned Capex in line with our decarbonisation strategy

Please see a detailed breakdown of the EU Taxonomy KPIs on the following pages.

Revolving Credit Facility KPI performance

		Unit	2022	2021	2020	2019
11	Relative CO_2 reduction (percentage vs. 2008 baseline)	% reduction	39.9	39.8	42.7	41.8

In 2018, Maersk launched a 5-year Revolving Credit Facility that is linked to the efficiency (EEOI) performance of our vessels (vs a 2008 baseline). In 2022, we recorded an improvement of efficiency (EEOI) of 39.9% compared to the 2008 baseline.

*New KPI that was introduced as part of the ESG strategy in 2022 and hence comparison year data may not be reported.

Proportion of revenues from products or services associated with taxonomy-aligned economic activities 2022

Economic activities	NACE codes	Absolute revenue (USD million)	Proportion of revenue (%)	Substantial contribution: Climate change mitigation (%)	Substantial contribution: Climate change adaptation (%)	Substantial contribution: Water and marine resources (%)	Substantial contribution: Circular economy (%)	Substantial contribution: Polution (%)	Substantial contribution: Biodiversity and ecosystems (%)	DNSH: Climate change mitigation (Y/N)	DNSH: Climate change adaptation (Y/N)	DNSH: Water and marine resources (Y/N)	DNSH: Circular economy (Y/N)	DNSH: Polution (Y/N)	DNSH: Biodiversity and ecosystems (Y/N)	Minimum safeguards (Y/N)	Taxonomy-aligned proportion of revenue 2022 (%)	Taxonomy-aligned proportion of revenue 2021 (%)	Enabling activity (Y/N)	Transitional activity (Y/N)
A. Taxonomy-eligible activities		USD	%																	
A.1 Environmentally sustainable activities (taxonomy-aligned)																				
6.2 Freight rail transport	H49.20	**33**	0.0%	100	0	0	0	0	0	N/A	Y	Y	Y	Y	Y	Y	0.0%	N/A	N	N
6.6 Freight transport services by road	H49.4.1, H53.20, N77.12	**3**	0.0%	100	0	0	0	0	0	N/A	Y	Y	Y	Y	Y	Y	0.0%	N/A	N	N
6.10 Sea and coastal freight water transport	H50.2, H52.22, N77.34	**1,560**	1.9%	100	0	0	0	0	0	N/A	Y	Y	Y	Y	Y	Y	1.9%	N/A	N	Y
6.16 Infrastructure enabling low-carbon water transport	F42.91, F71.1, F71.20	**1,190**	1.5%	100	0	0	0	0	0	N/A	Y	Y	Y	Y	Y	Y	1.5%	N/A	Y	N
7.6 Installation, maintenance and repair of renewable energy technologies	F42, F43, M71, C28	**6**	0.0%	100	0	0	0	0	0	N/A	Y	Y	Y	Y	Y	Y	0.0%	N/A	Y	N
Revenue of taxonomy-aligned activities		**2,792**	**3.4%**	100	0	0	0	0	0	N/A	Y	Y	Y	Y	Y	Y	**3.4%**	N/A	1.5%	1.9%
A.2 Taxonomy-eligible, but not aligned activities																				
6.2 Freight rail transport	H49.20	**38**	0.1%																	
6.6 Freight transport services by road	H49.4.1, H53.20, N77.12	**5,000**	6.1%																	
6.10 Sea and coastal freight water transport	H50.2, H52.22, N77.34	**59,347**	72.8%																	
6.16 Infrastructure enabling low-carbon water transport	F42.91, F71.1, F71.20	**2,246**	2.8%																	
7.6 Installation, maintenance and repair of renewable energy technologies	F42, F43, M71, C28	**0**	0.0%																	
Revenue of taxonomy-eligible but not aligned activities		**66,631**	**81.8%**																	
Total aligned and eligible activities (A.1 + A.2)		**69,423**	**85.2%**																	
B. Taxonomy non-eligible activities																				
B Revenue from non-eligible activities		**12,106**	**14.8%**																	
Total A+B		**81,529**	**100%**																	

Proportion of Capex from products or services associated with taxonomy-aligned economic activities 2022

				Substantial contribution						DNSH										
Economic activities	NACE codes	Absolute Capex (USD million)	Proportion of Capex (%)	Climate change mitigation (%)	Climate change adaptation (%)	Water and marine resources (%)	Circular economy (%)	Polution (%)	Biodiversity and ecosystems (%)	Climate change mitigation (Y/N)	Climate change adaptation (Y/N)	Water and marine resources (Y/N)	Circular economy (Y/N)	Polution (Y/N)	Biodiversity and ecosystems (Y/N)	Minimum safeguards (Y/N)	Taxonomy-aligned proportion of Capex 2022 (%)	Taxonomy-aligned proportion of Capex 2021 (%)	Enabling activity (Y/N)	Transitional activity (Y/N)
A. Taxonomy-eligible activities		USD	%																	
A.1 Environmentally sustainable activities (taxonomy-aligned)																				
6.2 Freight rail transport	H49.20	**0**	0.0%	100	0	0	0	0	0	N/A	Y	Y	Y	Y	Y	Y	0.0%	N/A	N	N
6.6 Freight transport services by road	H49.4.1, H53.20, N77.12	**7**	0.0%	100	0	0	0	0	0	N/A	Y	Y	Y	Y	Y	Y	0.0%	N/A	N	N
6.10 Sea and coastal freight water transport	H50.2, H52.22, N77.34	**412**	4.6%	100	0	0	0	0	0	N/A	Y	Y	Y	Y	Y	Y	4.6%	N/A	N	Y
6.12 Retrofitting of sea and coastal freight and passenger water transport	H50.2	**24**	0.3%	100	0	0	0	0	0	N/A	Y	Y	Y	Y	Y	Y	0.3%	N/A	Y	N
6.16 Infrastructure enabling low-carbon water transport	F42.91, F71.1, F71.20	**106**	1.2%	100	0	0	0	0	0	N/A	Y	Y	Y	Y	Y	Y	1.2%	N/A	Y	N
7.6 Installation, maintenance and repair of renewable energy technologies	F42, F43, M71, C28	**89**	1.0%	100	0	0	0	0	0	N/A	Y	Y	Y	Y	Y	Y	1.0%	N/A	Y	N
Capex of taxonomy-aligned activities		**638**	**7.1%***	100	0*	0				N/A	Y	Y	Y	Y	Y	Y	**7.1%**	N/A	2.5%	4.6%
A.2 Taxonomy-eligible, but not aligned activities																				
6.2 Freight rail transport	H49.20	**0**	0.0%																	
6.6 Freight transport services by road	H49.4.1, H53.20, N77.12	**193**	2.2%																	
6.10 Sea and coastal freight water transport	H50.2, H52.22, N77.34	**3,435**	38.3%																	
6.12 Retrofitting of sea and coastal freight and passenger water transport	H50.2	**844**	9.4%																	
6.16 Infrastructure enabling low-carbon water transport	F42.91, F71.1, F71.20	**583**	6.5%																	
7.6 Installation, maintenance and repair of renewable energy technologies	F42, F43, M71, C28	**0**	0.0%																	
Capex of taxonomy-eligible but not aligned activities		**5,055**	**56.4%**																	
Total aligned and eligible activities (A.1 + A.2)		**5,693**	**63.5%**																	
B. Taxonomy non-eligible activities																				
B Capex from non-eligible activities		**3,279**	**36.5%**																	
Total A+B		**8,972**	**100.0%**																	

*In November 2021. Maersk issued green bonds under our Green Finance Framework. The use of proceeds from the green bonds are used to finance the ordered green methanol enabled vessels. Allocation of the use of proceeds have been allocated in 2021 and 2022. The allocation report for 2022 will be available in Q1 2023. Allocation reports can be found on investor.maersk.com/green-finance

Proportion of Opex from products or services associated with taxonomy-aligned economic activities 2022

Economic activities	NACE codes	Absolute Opex (USD million)	Proportion of Opex (%)	Substantial contribution: Climate change mitigation (%)	Substantial contribution: Climate change adaptation (%)	Substantial contribution: Water and marine resources (%)	Substantial contribution: Circular economy (%)	Substantial contribution: Polution (%)	Substantial contribution: Biodiversity and ecosystems (%)	DNSH: Climate change mitigation (Y/N)	DNSH: Climate change adaptation (Y/N)	DNSH: Water and marine resources (Y/N)	DNSH: Circular economy (Y/N)	DNSH: Polution (Y/N)	DNSH: Biodiversity and ecosystems (Y/N)	Minimum safeguards (Y/N)	Taxonomy-aligned proportion of Opex 2022 (%)	Taxonomy-aligned proportion of Opex 2021 (%)	Enabling activity (Y/N)	Transitional activity (Y/N)
A. Taxonomy-eligible activities		USD	%																	
A.1 Environmentally sustainable activities (taxonomy-aligned)																				
6.2 Freight rail transport	H49.20	**0**	0.0%	100	0	0	0	0	0	Y	Y	Y	Y	Y	Y		0.0%	N/A	N	N
6.6 Freight transport services by road	H49.4.1, H53.20, N77.12	**0**	0.0%	100	0	0	0	0	0	Y	Y	Y	Y	Y	Y		0.0%	N/A	N	N
6.10 Sea and coastal freight water transport	H50.2, H52.22, N77.34	**12**	2.1%	100	0	0	0	0	0	Y	Y	Y	Y	Y	Y		2.1%	N/A	N	Y
6.12 Retrofitting of sea and coastal freight and passenger water transport	H50.2	**0**	0.0%	100	0	0	0	0	0	Y	Y	Y	Y	Y	Y		0.0%	N/A	Y	N
6.16 Infrastructure enabling low-carbon water transport	F42.91, F71.1, F71.20	**44**	7.8%	100	0	0	0	0	0	Y	Y	Y	Y	Y	Y		7.8%	N/A	Y	N
7.6 Installation, maintenance and repair of renewable energy technologies	F42, F43, M71, C28	**1**	0.2%	100	0	0	0	0	0	Y	Y	Y	Y	Y	Y		0.2%	N/A	Y	N
Opex of taxonomy-aligned activities		**57**	**10.1%**	100	0	0	0	0	0	Y	Y	Y	Y	Y	Y		**10.1%**	N/A	8.0%	2.1%
A.2 Taxonomy-eligible but not aligned activities																				
6.2 Freight rail transport	H49.20	**0**	0.0%																	
6.6 Freight transport services by road	H49.4.1, H53.20, N77.12	**5**	0.9%																	
6.10 Sea and coastal freight water transport	H50.2, H52.22, N77.34	**310**	55.0%																	
6.12 Retrofitting of sea and coastal freight and passenger water transport	H50.2	**0**	0.0%																	
6.16 Infrastructure enabling low-carbon water transport	F42.91, F71.1, F71.20	**192**	34.0%																	
7.6 Installation, maintenance and repair of renewable energy technologies	F42, F43, M71, C28	**0**	0.0%																	
Opex of taxonomy-eligible, but not aligned activities		**507**	**89.9%**																	
Total aligned and eligible activities (A.1 + A.2)		**564**	**100.0%***																	
B. Taxonomy non-eligible activities																				
B Opex from non-eligible activities		**0**	**0.0%**																	
Total A+B		**564**	**100.0%**																	

*The scope of Opex is defined as the Repair and Maintanance Opex related to Maersk's taxonomy eligible activities. Hence, total Opex is the same as eligible Opex. Consequently, we have 100% eligible Opex and 0% non-eligible Opex.

ESG performance data accounting policies

Basis of reporting

Reporting period
A.P. Møller - Mærsk A/S (Maersk) ESG performance data reporting covers the period from 1 January to 31 December 2022.

Reporting boundaries and use of reporting frameworks
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 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.

Scope and consolidation
Unless otherwise stated, the ESG performance data is reported on the basis of the same principles as the financial statements. Thus, the ESG performance data includes consolidated data from the parent company, A.P. Moller - Maersk A/S, and subsidiaries controlled by Maersk. Data is collected per legal entity per activity, and the figures are consolidated line-by-line. Consolidation of ESG performance data using financial scope implies that:

- data relating to owned and leased-in assets is included.
- data from owned assets that are leased out is 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) data differs from the financial principles described above. Safety data is consolidated using an operational scope approach. This means that Maersk includes all safety data when A.P. Moller - Maersk or one of its subsidiaries has the governing authority and responsibility for health, safety and environmental management of the people, the processes and the facility. This approach excludes safety data from assets that are partly owned by Maersk, but not within Maersk's operational control. Mobile assets are included when operated by Maersk. For vessels, the International Safety Management Code Document of Compliance must be held by Maersk to include the safety data.

The consolidation of greenhouse gas (GHG) 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.

To ensure completeness in reported data from our offices, office standards have been developed, which can be used for offices with no production or warehouses. 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. In 2022, Maersk completed the acquisitions of Pilot Freight Services (Pilot), Senator International (Senator) and LF Logistics. Data from these companies will be included in the Sustainability Report 2023. We have for the first time in 2022 included data from Visible SCM and B2C Europe. Data from MCI is included as MCI remains a Maersk company.

Emission conversions and calculations
GHG emissions are calculated using conversion factors for energy consumption and other GHG gases. Primary schemes used are AR6 (updated 2022), EMEP/EEA air pollutant emission inventory guidebook (2019 database), IEA (updated 2022), GLEC Framework (2022), DEFRA (updated 2022) and CEDA6 (updated in 2022).

The principles for choosing among the schemes for default conversion factors are:

- The most recent and internationally recognised schemes are preferred
- Specific industry schemes can be included when not in conflict with the above.

Changes affecting the ESG performance data in 2022

For the first time in 2022, Maersk is reporting against the ESG strategy and KPIs announced in the 2021 Sustainability Report. Reflecting this, Maersk has included the following new ESG KPIs in the ESG performance data:

Environment:

- Climate change: % of Ocean freight transported with green fuels
- Climate change: Reduction in carbon intensity (Ocean) by 2030 (baseline year 2020). This KPI replaces the 'Relative CO_2 reduction (percentage vs 2008 baseline), which is the same metric with a different baseline that Maersk has previously reported on.
- Climate change: Reduction of absolute scope 1 and 2 emissions from Terminals by 2030 (2020 baseline)
- Environment and ecosystems: Number of containers lost at sea

Social:

- Human capital: Employee Engagement Survey (EES) percentile rank on global norms
- Labour rights: % of employees trained in employee labour rights
- Safety and security: % of Learning Teams completed following a High Potential Incident

Governance:

- Sustainable procurement: % of suppliers committing to Maersk Supplier Code of Conduct
- Sustainable procurement: % of Tier 1 high-risk category/ strategic suppliers undergoing ESG assessments
- Sustainable procurement: % of high-risk category suppliers with Improvement Plan successfully closed

- Business ethics: % of operations covered by a risk assessment on compliance and business ethics risks
- Business ethics: Number of whistleblower cases
- Business ethics: % of employees completing Maersk Code of Conduct training
- Data ethics: % of employees completing data ethics e-learning

Improved scope 3 methodology

In 2022, the following improvements were undertaken to improve Maersk's understanding and overview of its scope 3 emissions:

- Utilised CEDA 6.0 methodology to account for differences in Consumer Price Index (CPI) across countries and industries to improve spend-based estimates.
- Improved estimates of well-to-tank emissions (scope 3.3) for energy use reported in scopes 1 and 2 to reflect Maersk's global energy sourcing activities.
- Improved estimates of emissions from materials purchased for container manufacturing by Maersk Container Industry under scope 3.1 Purchased Goods and Services.
- Included the use phase emissions from MCI containers in scope 3.11
- Improved calculation of emissions from vessel-sharing agreements in scope 3.4 Upstream Transport and Distribution by replacing spend-based estimates with activity data. Emissions are calculated following the GLEC methodology, utilising Clean Cargo factors.

Accounting for these improvements, scope 3 estimates for 2020 and 2021 have been recalculated and restated. This results in increased scope 3 emissions of 36,487 (1,000 tonnes CO_2e) in 2020, 34% higher than previously stated. For 2021, this results in an increase of 39,436 (1,000 tonnes CO_2e), 36% higher than previously stated.

Restatement of data from prior years

In 2022, work to improve Maersk's ESG reporting processes and data quality has been performed. This has led to a restatement of numbers reported in relation to Energy consumption, GHG emissions, Other air emissions and Other resource consumption data for 2020 and 2021.

Accounting policies – environmental performance

1.1 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. Renewable energy consumption 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. This includes both generation on site and purchases from the grid.

2.1 Direct GHG emissions (scope 1)

Direct GHG (scope 1) is the sum of all six Kyoto gasses converted to CO_2 equivalents. Kyoto gasses comprise: CO_2, CH_4, and N_2O, which are calculated based on amount of direct energy (i.e. the fuels stated under 'Energy consumption') that are consumed/combusted and HFCs, SF_6, and NF_3, which are based on direct consumption at Maersk controlled entities/vessels.

2.2 Indirect GHG (scope 2) – location-based

Indirect GHG (scope 2) is the CO_2 equivalents' converted sum of CO_2, CH_4 and N_2O, calculated based on consumed electricity and district heating bought from a third party and using location-based IEA emission factors.

2.3 Indirect GHG (scope 2) – market-based

Indirect GHG (scope 2) is the CO_2 equivalents' converted sum of CO_2, CH_4 and N_2O, 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.

2.4 Value chain GHG emissions (scope 3 GHG protocol)

Value chain GHG emissions (scope 3 GHG protocol) are the CO_2 equivalents' converted sum of CO_2, CH_4 and N_2O from value chain activities. Of the 15 scope 3 categories in the protocol, eleven categories are currently determined as applicable to Maersk's business model and activities. The excluded categories are: Category 9 – downstream transportation and distribution, Category 10 – processing of sold products, Category 14 – franchises and Category 15 – investment. Thus, value chain GHG emissions comprise emissions relating to: Category 1 – purchased goods and services, which are reported based on procurement data and includes Opex goods. Category 2 – capital goods, which is reported based on procurement data and includes our capital investments such as e.g. retrofit of vessels and dry docking. We include the full scope 3 impact the first year of a Capex investment. Category 3 - fuel and energy-related activities, which are 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/includes carrier haulage). Category 5 – waste generated in operations, which is reported based on amounts and types of waste. Category 6 – business travel, which is reported based on activity-data for our direct air travel and procurement data for other business travel related activities. Category 7 – employee commuting, which is reported based on employee headcounts per location, estimated commuting distance and transportation modes. Category 8 – upstream leased assets, which is reported based on operations of assets that are leased and not reported in scope 1 and 2. Category 11 - use of sold products, is based on activity data for marine fuels traded by Maersk to third parties. Category 12 – end-of-life treatment of sold products, which is reported based on activity data for retreatment of sold new and second-hand reefers. Category 13 – downstream leased assets, which is reported based on fuel consumption from vessels, tugs and planes leased to third parties. Please refer to ESG Factbook for a category breakdown of scope 3 emissions.

2.5 Total GHG emissions

Total GHG emissions have been stated as both the sum of reported scope 1, scope 2 (location-based) and scope 3 emissions as well as scope 1, scope 2 (market-based) and scope 3 emissions.

3.1 Ocean: Share of freight transported with green fuels

The share of freight transported with green fuels is calculated as the share of FFE (Forty Foot container Equivalent) containers transported using Maersk's EcoDelivery product out of the total FFEs transported by Maersk in the Ocean segment during the year. Transportation data, both total and EcoDelivery-labelled, is based on registrations in

Maersk's Line of Sight system, which captures all container bookings in Maersk's Ocean segment.

3.2 Ocean: Reduction in carbon intensity (EEOI) by 2030 (2020 baseline)

Maersk's Ocean: Reduction in carbon intensity (EEOI) by 2030 (2020 baseline) covers container vessels under Maersk's operation. We report on reduction in carbon intensity using the EEOI (Energy Efficiency Operational Indicator) methodology. EEOI is defined by IMO in MEPC.1/Circ.684 and is calculated as gCO_2/(Ton cargo x Nm). In practice we calculate EEOI on voyage level and aggregate it in the following way:

$$\frac{(g\ CO_2\ voy1 + g\ CO_2\ voy2 + g\ CO_2\ voy3)}{((Ton\ cargo\ x\ Nm)voy\ 1 + (Ton\ cargo\ x\ Nm)voy\ 2 + (Ton\ cargo\ x\ Nm)voy\ 3)}$$

The data sources are:

1. g CO_2 – based on fuel consumption, from departure voyage 1, to departure voyage 2, multiplied with relevant CO_2 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.

Ocean: Reduction in carbon intensity (EEOI) by 2030 is this years EEOI relative to the EEOI of the 2020 baseline.

3.3 Terminals: Reduction of absolute scope 1 and 2 emissions by 2030 (2020 baseline)

The reduction of scope 1 and 2 emissions from APM Terminals is calculated as the percentage reduction of scope 1 and 2 emissions during the year compared to the scope 1 and 2 emissions from APM Terminals in 2020.

4.1 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 its time.

5.1 Waste

Waste from our landside operations is reported as the sum of all waste types generated from Maersk entities. Waste from Maersk's Ocean fleet is based on actual landing figures from 30 vessels, which have been extrapolated to cover Maersk's entire fleet, including own and time-chartered vessels.

5.2 Water

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

6.1 Hydrocarbon spills (>10 m^3)

Spills are reported as the number of uncontained hydrocarbon liquids spills greater than 10 m^3, resulting from any unintended, irreversible release associated with current operations. Spills from Maersk's Ocean fleet are reported based on the registrations in Fleet Management & Technology's incident databases.

6.2 Containers lost at sea

Containers lost at sea is based on the recorded number of containers (independent of size) lost at sea during the year. This includes containers lost at sea from own and time-chartered vessels, but does not include containers falling overboard in ports and other cases where containers will be picked up. The number of containers lost at sea is reported based on the registrations in Fleet Management & Technology's incident database.

Accounting policies – social performance

7.1 Number of employees

Number of employees includes is the average number of full-time equivalents (FTEs) employed by Maersk during the year. This includes FTEs in aqcuisitions made during the year as the number of employees reported is aligned with what is stated in the Annual Report. 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.

7.2 Employee Engagement Survey score in the top quartile of global norm

The Employee Engagement Survey score in the top quartile of the global norm is calculated as Maersk's aggregated ranking in the top quartile (75% or above) of employee engagement relative to Maersk's survey vendors' global organisational employee engagement norm. Gallup is Maersk's main Employee Engagement Survey provider, covering 97% of employees in scope while one other provider covers the remaining share of Maersk employees in scope. Overall employee engagement percentile score is calculated as the average (mean) of the two respective percentile scores weighted by the total respondents for each survey. 1640 employees in Maersk Supply Services (MSS) are not included in the score as the survey provider used in MSS does not maintain a global norm benchmark. The limited number of employees in MSS does not impact the aggregated results for all of Maersk.

7.3 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.

7.4 Women in management

Women in management is the percentage of women at levels 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 outlined in 7.3 Gender - female/total above.

7.5 Women in leadership

Women in leadership is the percentage of women at levels 6, 7, 8 and 9, corresponding to Leaders, Senior Leaders, and Executives, compared to total headcount of the same levels. Headcounts are defined as outlined in 7.3 Gender - female/total above

7.6 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 outlined in 7.3 Gender - female/total above.

7.7 Target nationalities in executive leadership
Target nationalities in leadership is the percentage of leaders with non-high-income OECD nationalities at levels 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.

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

7.9 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 result 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 during which an employee is exposed to work-related hazards and risks. Leave and non-work-related sickness are excluded from exposure hours.

7.10 Learning Teams completed following a High Potential Incident
Learning Teams completed following a High Potential Incident is calculated as the share of Learning Teams completed following a High Potential Incident has been recorded. The number of High Potential Incidents and Learning Teams completed during the year is based on reporting by Brands and maintained and quality assured by Maersk's Group Safety & Security team. A Learning Team is defined as a group of workers brought together to: discuss their work, identify performance influencing conditions that make safe work difficult and specify suggestions for improvement. A High Potential Incident is defined as a safety incident with a potential severity of 4 or higher Maersk's HSSE Brand-specific risk assessment matrices.

7.11 Employee relations and labour rights training
Employee relations and labour rights training is the completion rate of employees in scope for the Employee relations and labour rights e-learning out of the total employee population in scope. The employees in scope for the e-learning in 2022 is active white-collar Maersk employees. This excludes white-collar employees on long-term leave and employees that have joined Maersk after 31 October in the reporting year. The completion rate is based on registrations in Maersk's Learning Management system as of 17 January 2023, and completion data up until this date.

Accounting policies – governance performance

8.1 Code of conduct training
Code of Conduct training is the completion rate of employees in scope for the Maersk Code of Conduct e-learning out of the total employee population in scope. The employees in scope for the e-learning in 2022 is active white-collar Maersk employees. This excludes white-collar employees on long-term leave and employees that have joined Maersk after 31 October in the reporting year. The completion rate is based on registrations in Maersk's Learning Management system as of 17 January 2023, and completion data up until this date.

8.2 % of operations covered by a risk assessment on compliance and business ethics risks
% of operations covered by a risk assessment on compliance and business ethics risks is the percentage of entities that have completed the risk assessment survey on compliance and business ethics risks during the year. The groupwide risk assessment is carried out every second year with the most recent being completed in 2021 and the next scheduled for 2023. Hence, the coverage for 2022 is the same as in 2021, and work to address identified risks has been embedded and executed on as part of the Compliance Operations programme in 2022. The percentage of operations covered by a risk assessment on compliance and business ethics risks is based on registrations in Maersk's Global Entity Management System.

8.3 Whistleblower cases
Whistleblower cases is the number of whistleblower cases recorded in Maersk's whistleblower system during the year. All cases are recorded in Maersk's whistleblower system irrespective of who makes a misconduct report, or how such a report is received, including via telephone, email, Maersk's whistleblower system or audits. Whistleblower cases do not include cases reported via other channels such as Maersk's Ombuds function.

8.4 Suppliers committed to Maersk Supplier Code of Conduct
Suppliers committed to Maersk Supplier Code of Conduct (CoC) is the percentage of existing valid contracts with active suppliers which include a sustainable procurement clause, a reference to Supplier CoC in the contract or a CoC acknowledgment document out of the total number of valid supplier contracts. The Suppliers committed to Maersk Supplier CoC is based on registrations in Maersk's Sustainable Procurement database, DocuSign Insights.

8.5 Tier 1 high-risk category/strategic suppliers undergoing ESG assessments
Tier 1 high-risk category/strategic suppliers undergoing ESG assessments is the share of Tier 1 high-risk and strategic suppliers that have undergone an ESG assessment out of the total number Tier 1 high-risk category and strategic suppliers with valid contracts.
The suppliers undergoing ESG assessments are based on registrations in database maintained by the Sustainable Procurement team.

8.6 High-risk category/strategic suppliers assessed with Improvement Plan successfully closed
High-risk category/strategic suppliers assessed with improvement plans successfully closed is the percentage of active high-risk category/strategic suppliers with valid contracts that have successfully closed gaps observed within the agreed timelines through an Improvement plan implementation out of the total high-risk category/strategic suppliers with improvement plans. The suppliers assessed with Improvement Plan successfully closed is based on registrations made in database maintained by the Sustainable Procurement team.

8.7 Data ethics training
Data ethics training is the completion rate of employees in scope for the data ethics e-learning out of the total employee population in scope. The employees in scope for the e-learning in 2022 is active white-collar Maersk employees. This excludes white-collar employees on long-term leave and employees that have joined Maersk after 31 October in the reporting year. The completion rate is

based on registrations in Maersk's Learning Management system as of 17 January 2023, and completion data up until this date.

Accounting policies – economic performance

9.1 Revenue
Revenue stated as in Note 2.1 of the Annual Report 2022.

9.2 EBIT
EBIT stated as in Note 2.1 of the Annual Report 2022.

9.3 Capex
Capex (additions to intangible and tangible assets) stated as in Note 5.5 Cash flow specifications of the Annual Report 2022.

9.4 Tax for the year
Tax for the year stated as in Note 5.1 of the Annual Report 2022.

EU Taxonomy

10. EU Taxonomy accounting policies
For the first time in 2022, Maersk reports EU Taxonomy alignment KPIs in addition to the eligibility KPIs, which was first reported in 2021. Maersk has in 2022 applied the climate change mitigation technical screening criteria when assessing its economic activities. The EU Taxonomy regulation is maturing and evolving, as such reporting against the taxonomy is currently subject to interpretaion. We will change and expand our reporting according to the developments in the regulation, which may also impact the taxonomy KPIs previously reported. Key changes from 2021 include not applying a linkage principle to allocate Capex and Opex based on the high-level assessment of whether revenue-generating activity codes are eligible or not as we have in 2022 assessed all Capex and Opex amounts separately to improve the reliability of our screening; application of a narrower scope of Opex to only include expenses related to the repair and maintenance of assets in scope and excluding goodwill, customer relationships and terminal and service concession rights from Capex additions. In relation to Opex, we have chosen to only include expenses related to the repair and maintenance of assets that are assessed as taxonomy-eligible and report those as Opex for EU Taxonomy purposes. This is currently the best available Opex number in our financial accounts that is related to the Opex KPI definition in the regulation according to our understanding. Hence, for 2022, total Opex is the same as eligible Opex and consequently, we report 100% eligible Opex and 0% non-eligible Opex for EU Taxonomy purposes.

The EU Taxonomy reporting is based on the financial accounts and thus includes data from Pilot, Senator and LF Logistics, which is not included in the scope of the Perfomance data.

The taxonomy-eligible KPIs have been calculated as:

- taxonomy-eligible revenue KPI = eligible revenue/ total revenue
- taxonomy-eligible Capex KPI (additions) = eligible Capex/ total Capex
- taxonomy-eligible Opex KPI (repair and maintenance) = eligible Opex/ total Opex

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

1. Defining the economic activities that Maersk is engaged in within each of the segments across the Group
2. Assessing whether said activities are covered by the economic activity descriptions included in the EU Taxonomy Climate Delegated Act
3. Allocating revenue, Capex (additions) and Opex (service and maintenance) 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 activity codes in the financial consolidation system, which also forms the basis for Maersk's external financial reporting. As such, activity codes have been defined as an economic activity.

Secondly, based on the descriptions of what is registered on Maersk's 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.

Thirdly, depending on whether the registrations are related to assets or processes associated with taxonomy-eligible economic activities, the revenue, Capex and Opex registered on these activity codes is assessed to be eligible or non-eligible and allocated accordingly.

The denominator for the eligibility KPIs has been defined as:

- Total revenue as stated in Note 2.1 Segment information of the Annual Report.
- Total Capex (additions) as stated 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.
- Total Opex related to repair and maintenance of eligible and non-eligible assets.

The taxonomy-aligned KPIs have been calculated as:

- taxonomy-aligned revenue KPI = aligned revenue / total revenue
- taxonomy-aligned Capex KPI (additions) = aligned Capex/ total Capex
- taxonomy-aligned Opex KPI (repair and maintenance) = aligned Opex/total Opex

Maersk's process for determining taxonomy-aligned activities (the nominator of the taxonomy KPIs) has been based on screening the identified eligible activities within each of the segments against the technical screening criteria for climate change mitigation.

For Ocean, revenue from aligned vessels has been prepared by applying an allocation key to total Ocean revenue. The allocation key is based on transport work from aligned vessels out of the total transport work during the year. Aligned Capex (additions) is 1) Capex additions in relation to existing aligned vessels; 2) expenditures for existing vessels undergone retrofitting that meet the technical screening criteria, and 3) milestone payments for ordered green methanol-enabled vessels incurred during the year. Aligned Opex is the service and maintenance expenditures in relation to aligned vessels incurred during the year.

For Terminals, revenue from aligned electrified equipment has been prepared by applying an allocation key to total Terminal revenue. The allocation key is based on the carrying amount of aligned electrified equipment out of the total carrying amount of Terminal equipment. Aligned Capex (additions) is the Capex additions in relation to electrified equipment incurred during the year. Aligned Opex, is the service and maintenance expenditures in relation to aligned electrified Terminal equipment incurred during the year.

For Logistics & Services, revenue from aligned activities, which includes electrical trucking and rail freight, has been prepared based on the following approaches:

- Trains: Maersk does not currently own or lease trains, which means that there is no related Capex or Opex. The allocation of revenue is based on the share of transportation work from aligned electric trains out of the total transportation work by train.
- Trucks: The preparation of the revenue, Capex and Opex KPIs is based on the separate accounting that is kept for the electric trucks.

For Towage and Marine Services, there are no aligned activities in Svitzer and other marine services, except for certain activities in Maersk Supply Service. Revenue from aligned activities in Maersk Supply Services, which include enabling activities relating to Installation, maintenance and repair of renewable offshore wind parks, has been prepared based on incurred revenue from those projects. Aligned Capex (additions relate to 1) existing service vessels undergone retrofitting that meet the technical screening criteria; 2) expenditures incurred in relation to an offshore electrical charging infrastructure project; and 3) milestone payments for an offshore wind turbine installer vessel.

For more information and contextual information, refer to the Taxonomy tables on pp. 61-63.

Do no significant harm (DNSH)

We have assessed and documented compliance with the DNSH criteria relating to the eligible activities in scope for Maersk's Taxonomy reporting. Since we only screen for substantial contribution for 'Climate change mitigation', we have screened our eligible activities for DNSH compliance with 'Climate change adaptation', 'Sustainable use and protection of water and marine resources', 'Transition to a circular economy', 'Pollution prevention and control' and 'Protection and restoration of biodiversity and ecosystems'. Only when we have been able to document compliance with all applicable DNSH criteria, we have assessed an activity to be aligned. Consequently, if an activity fail to meet one or more of the DNSH criteria, we have assessed that activity to be eligible but not aligned.

Minimum safeguards

Maersk and its subsidiaries are committed to conducting business in a responsible and upright manner and to respecting human rights across our activities, in line with the Maersk Values. We endorse the principles of the UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises. We commit to respecting all internationally recognised human rights referenced in the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. These rights include core labour rights such as the rights of freedom of association and collective bargaining, the rights to not be subjected to forced labour, child labour or discrimination in respect of employment and occupation, and standards on working hours and the safety and health of workers. We implement our commitment to these via our Code of Conduct, and other internal policies and procedures. Maersk's compliance with the Minimum Safeguards as outlined in the EU Taxonomy regulation has been performed at a Group level and is based on the following assessment:

- **Human rights:** The company is committed to conducting human rights due diligence (HRDD) as outlined in the UN Guiding Principles (UNGPs) and OECD Guidelines for Multinational Enterprises (MNEs). Please refer to Maersk's Human Rights Policy here. Maersk continuously identifies and assesses human rights risks via relevant due diligence processes. In 2021, the company conducted a corporate-wide human rights assessment. Please refer to the Sustainability Report 2021 and the Human rights chapter in this report for more information. Further, there is no indication that Maersk does not adequately implement HRDD resulting in human rights abuses, as the company has not been convicted in court cases on labour law or on human rights. Moreover, Maersk is committed to engaging with stakeholders through the mechanisms stated in the EU Taxonomy regulation, including OECD National Contact Points or the Business and Human Rights Resource Centre (BHRRC) and there are no signals that Maersk does not engage.
- **Corruption**: Maersk has in place an anti-corruption policy and adequate internal controls, ethics and compliance programmes and measures for preventing and detecting bribery. Please refer to the Governance and Business ethics chapters of this report. In addition, none of Maersk's senior management members, including the senior management members of its subsidiaries, have been convicted of corruption.
- **Taxation:** Tax is treated as an important topic of oversight, anchored with the highest governing bodies in Maersk, and the company has put in place adequate tax risk management strategies and processes as outlined in OECD MNE Guidelines covering tax. Furthermore, the company has not been found guilty of tax evasion.
- **Fair competition:** The company promotes employee awareness of the importance of compliance with all applicable competition laws and regulations and trains senior management in relation to competition issues. Compliance with competition laws and regulations is a core part of Maersk's Code of Conduct, which Maersk employees are training in every year. Moreover, none of Maersk's senior management members, including the senior management members of its subsidiaries, have been found in breach of competition laws.

Revolving Credit Facility KPI performance

11.Relative CO_2 reduction (percentage vs. 2008 baseline)

Relative CO_2 reduction (percentage vs. 2008 baseline) covers container vessels under APMMs operation. We report on reduction in carbon intensity using the EEOI (Energy Efficiency Operational Indicator) methodology. EEOI is defined by IMO in MEPC.1/Circ.684 and is calculated as gCO_2/(Metric tonnes cargo x Nm). In practice we calculate EEOI on voyage level and aggregate it in the following way:

$$\frac{(g\ CO_2\ voy1 + g\ CO_2\ voy2 + g\ CO_2\ voy3)}{((\text{Metric tonnes cargo x Nm})voy\ 1 + (\text{Metric tonnes cargo x Nm})voy\ 2 + (\text{Metric tonnes cargo x Nm})voy\ 3)}$$

The data sources are:

- g CO_2 – based on fuel consumption, from departure voyage 1, to departure voyage 2, multiplied with relevant CO_2 factor (3.114 for HFO, 3.206 for MDO, 0.0 for biofuel).
- Metric tonnes cargo – calculated via draft and displacement tables including ballast water and fuel stock, subtracting lightweight.
- Nm – GPS distance from departure voyage 1, to departure voyage 2.

Relative CO_2 reduction (percentage vs. 2008 baseline) is this year's EEOI relative to the EEOI of the 2008 baseline.

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 2022.

The Performance data in the Sustainability Report for 2022 has been prepared in accordance with the stated Performance data accounting policies.

In our opinion, the Sustainability Report for 2022 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, 8 February 2023

Executive Board

Vincent Clerc
CEO

Patrick Jany
CFO

Henriette Hallberg Thygesen

Board of Directors

Robert Mærsk Uggla
Chair

Marc Engel
Vice Chair

Bernard L. Bot

Marika Fredriksson

Arne Karlsson

Thomas Lindegaard Madsen

Amparo Moraleda

Julija Voitiekute

Independent limited assurance report on the ESG 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 ESG performance data included in the 2022 Sustainability Report on pages 58-63 for the period 1 January - 31 December 2022 (the "ESG 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 ESG performance data in the 2022 Sustainability Report are prepared, in all material respects, in accordance with the ESG performance data accounting policies developed by A.P. Møller - Mærsk A/S as stated on pages 64-69 (the "ESG performance data accounting policies").

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 ESG performance data in the 2022 Sustainability Report of A.P. Møller - Mærsk A/S.

Regarding reporting on Art. 8 of the Taxonomy Regulation on pages 61-63 in the 2022 Sustainability Report, we only provide limited assurance on whether the included data have been stated in accordance with the EU Taxonomy accounting policies as stated on pages 68-69, and not whether the data are in compliance with the EU regulation, since the reporting requirements therein are still open to interpretations.

We express limited assurance in our conclusion.

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, ISQM 1, which requires the firm to design, implement and operate a system of quality management including policies or 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 ESG performance data need to be read and understood together with the ESG performance data accounting policies. The ESG performance data accounting policies used for the preparation of the ESG performance data are accounting policies developed by the company, 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 sustainability data 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 ESG performance data. In doing so and based on our professional judgement, we:

- Performed an assessment of materiality and the selection of topics for the 2022 Sustainability Report of A.P. Møller - Maersk A/S,
- Read and evaluated reporting guidelines and selected internal control procedures regarding the ESG performance data in the 2022 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 ESG performance 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 - Maersk A/S is responsible for other sustainability information communicated in the 2022 Sustainability Report. The other sustainability information on pages 2-54 of the 2022 Sustainability Report comprises the sections 'Introduction', 'Strategy and Governance' and 'Progress on ESG'.

Our conclusion on the ESG performance data on pages 58-63 does not cover other sustainability information and we do not express an assurance conclusion thereon. In connection with our review of the ESG performance data, we read the other sustainability information in the 2022 Sustainability Report and, in doing so, considered whether the other sustainability information is materially inconsistent with the ESG performance data, 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 ESG performance data in the 2022 Sustainability Report that are free from material misstatement, whether due to fraud or error;
- Establishing objective ESG performance data accounting policies for preparing the ESG performance data;
- Measuring and reporting the information in the ESG performance data based on the ESG performance data accounting policies; and
- The content of the 2022 Sustainability Report.

Our responsibility
We are responsible for:

- Planning and performing the engagement to obtain limited assurance about whether the ESG performance data for the period 1 January – 31 December 2022 are prepared, in all material respects, in accordance with the ESG 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.

Hellerup, 8 February 2023

PricewaterhouseCoopers
Statesautoriseret Revisionspartnerselskab
CVR no. 3377 1231

Mogens Nørgaard Mogensen
State Authorised Public Accountant
mne21404

Lars Baungaard
State Authorised Public Accountant
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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:

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THE GLOBAL COMPACT
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.

News and Reporting

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MAERSK

UNILABS

The CSR Section from Unilabs' Annual Report for 2022 is enclosed on the next pages.

Statutory statement on CSR in accordance with section 99a of the Danish Financial Statements Act

Business model

We are an European leader of diagnostics, carrying out more than 245 million tests per year and 5 million imaging examinations. Diagnostics plays a critical part in the pressing shift from volume-based to value-based healthcare. A more targeted and accurate treatment provides a better outcome for patients and lower costs for governments and insurance companies, creating value for the society at large. The cost of diagnostics represents only a small percentage of the overall healthcare spend, but the results determine the accuracy of any treatment and drive more than two thirds of healthcare spend. Hence, the efficiency and availability of precise diagnostics is a critical component of the healthcare system.

Founded in 1987 in Switzerland, we have grown rapidly ever since, following a strategy of acquiring high-quality partner laboratories across Europe. As a leading diagnostics company with one of the broadest geographic coverages in Europe, we operate in 12 European countries and is represented in Latin America, Middle East and Australia. Our portfolio of diagnostic services includes laboratory medicine, medical imaging, histopathology, reproductive medicine, and drug development services. We are serving public and private healthcare providers, county councils, the general public, insurance companies, the pharmaceutical industry and Contract Research Organisations.

Our growth stems to a large extend from acquisitions, and our work with the Corporate Social Responsibility (CSR) agenda has been driven by the individual entities in the Group. In the years to come, it is our aim to further integrate and align our CSR work under a uniform Group strategy and set of relevant policies. Come 2024, it is the ambition of Unilabs to set and communicate on CSR targets.

Risk assessment and policies

Environment and climate change: Unilabs impacts related to environmental issues and climate change include emissions from energy consumption from transportation of samples for testing, operation of labs, and generation of biohazardous waste from labs. Maintaining the focus on these impacts are critical from a strategic perspective and to ensure we deliver a sustainable product and service to our customers.

While the Unilabs Group does not yet apply a uniform policy and approach in all the seventeen countries where we do business, our arching purpose is to continuously work towards lowering our impacts from energy consumption and waste generation.

Social and employee conditions: Our employees are our biggest asset, and to be successful as a business we need to focus and promote our business culture and people satisfaction, enhance transparency, all leading to people retention.

Further, we have a responsibility to safeguard our employees' health and workplace safety. The adoption of a health and safety policy:

- helps prevent/minimize accidents in the workplace in the course of day-to-day business,
- describes how to deal with employee health problems and support/reintegrate them after an accident or an illness.

It is important to stress that local laws are key in health matters and that one of our first objectives and priorities is to ensure locally that Unilabs is compliant with each respective country's applicable legislation.

Human rights: For Unilabs, human rights are about diversity and equal opportunities for our employees and about empowering patients through relevant and innovative solutions to healthcare. We have not identified material human rights risks in our supply chain.

Unilabs sees diversity as a key asset for the Group as set out in the Code of Conduct and has a Diversity and Equal Opportunity Policy promoting an equitable, open, and diverse working environment.

Anti-corruption: While Unilabs has not identified or experienced material risks with respect to corruption, the Group has a zero tolerance towards bribery and corruption. Unilabs has an Anti-bribery and Anti-corruption policy and guidelines, covering Unilabs' standards of behaviour. Unilabs is also in the process of improving its specific practices (such as gifts, hospitality and entertainment, sponsorship and donations, and facilitation payments), business partners and record keeping. The Anti-bribery and Anti-corruption policy aims to inform employees about bribery and corruption to avoid any misconduct from them. Our aim for the future is to further develop and monitor awareness-raising activities and training programs to ensure our policy is fully integrated to our daily business and strategies.

Activities, and results for the reporting period of 2022

Environment and climate change: Unilabs has not set Group targets nor has yet a group-wide policy been developed. However, in the entities in the seventeen countries where we operate, activities and results have been completed to lower our energy consumption and ensure proper handling of biohazardous waste.

2022 projects at national level include ongoing planning and optimization of routes when collecting samples for testing as well as use of electrical vehicles or vehicles using LPG. Sorting our waste to minimize the amount which has to be disposed of as biohazardous has been ongoing as well.

Going forward, Unilabs expects to continue its focus on energy saving and waste handling, and to develop a Group approach including a Group environmental policy and Group targets.

Social and employee conditions: Our efforts to improve social and employee conditions are embedded in our CARE BIG program, which enables us to make our customers and employees happy. We continuously try to enhance these programs and implement feedback collected across countries. Key initiatives in place include:

- Act upon insights learned through our People Survey.
- Enhance our CBBs (Culture Building Behaviors) program.
- Streamline our development and induction processes.
- Improve the overall engagement across the business.

Furthermore, Unilabs regularly tracks and monitors each CBP (CARE BIG Program) which contains the non-financial metrics for People and Culture, and we track and monitor our People Survey. A Culture Office was created in August 2022 to further boost Unilabs' CARE BIG culture, strategy, and performance and to prepare the organization for the future.

Further, 2022 activities have included a variety of employee training sessions and development programs within the Group focusing on health & safety, coaching, mentoring and communication.

Our focus on employee wellbeing and development will continue in the years to come.

Human rights: Our position towards human rights is mentioned in our Code of Conduct.

In 2022, a direct e-diagnostics for patients in co-creation with doctors and patients was developed and tested. The development includes self-monitoring devices and home-sampling devices for patients to take their own blood. The goal is to empower patients with innovative solutions.

The first implementation of digital patient-oriented innovations (Result Portal and Homelab) has been carried out in the Netherlands. The next implementation will take place in Norway, after which it will be scaled-up. Self-sampling devices for blood collection have been tested and validated in Slovakia, Switzerland, and the Netherlands. A partnership with a start-up and larger supplier is expected in 2023.

In 2022, we have worked with access to healthcare through our business activities by

- The reduction of Turnaround Time.
- Provision of tele-radiology services through the Unilabs Telemedicine Clinic (TMC), to multiple markets, providing regular capacity as well as surge capacity and on-call/overnight capacity.
- Launch of Unilabs Go, which was the #1 health app in Portugal in 2021 and is being rolled out across the Group.
- Increase in Direct-to-Consumer testing, providing alternative access for patients also in relation to sensitive topics.

Our focus on diversity and equal opportunities will continue in the years to come as Unilabs will be developing a Group strategy on Diversity, Equity and Inclusion.

Anti-corruption: In 2022, key employees and functions have been updated with respect to anti-corruption training to ensure our policy is fully integrated into our daily business and strategy. While the Unilabs whistleblower hotline (Speak Up Hot Line) has been functioning throughout 2022, no breaches of legislation or Group policies on anti-corruption with material effects on the Company have been identified.

In 2022, the Speak Up Hot Line was relaunched with a new external party. The initiative offers a solid tool compliant with the EU Whistleblowing Protection Directive which enables our employees and third parties to report suspected breaches of our Code of Conduct or any other matter of concern. In parallel, Unilabs launched an online training for all employees in the Group on our whistleblowing policy and antiretaliation for the leading employees.

Our focus on anti-corruption will be maintained in the years to come.

FAERCH

The Sustainability chapter from Faerch's Annual Report for 2022 is enclosed on the next pages.

Laying the path for circularity

At Faerch, we focus on obtaining sustainable value creation. We identify the Sustainable Development Goals as our roadmap to align our company goals to serve the long-term goals of society. We do this by balancing short-term and long-term business priorities.

Our environmental, social and governance (ESG) performance is closely connected to our financial performance which is reflected in our four P's framework: **Planet**, **People**, **Principles** of Governance and **Prosperity**.

We will work consistently to integrate these four P's in every aspect of our business and to improve in every dimension to push the bar for sustainable value creation even higher.

Focussing on what matters most

Assessing materiality helps us identify and prioritise the sustainability issues that matter the most to our business and our stakeholders, from customers, consumers, and communities, to owners, suppliers, and employees.

In 2022, we made a double materiality assessment on sustainability related topics. We assessed the most material impacts to Faerch – both where we impact the planet and society the most and where our business is mostly impacted by the world around us. The material risks and opportunities within the areas of ESG have been identified based on universal and industry standards, and from interviews with various stakeholders, both internally and externally.

We have assessed 15 ESG topics as the most material and through our four P's framework, we have prioritized programmes to ensure that we continuously improve on these topics. Some programmes have already started, others are planned to start in 2023.

With the four P's framework, we are highlighting the need to look at sustainable value creation holistically, and work with multiple dimensions to ensure sustainability over time.

Environmental

PLANET

- Climate change
- Energy
- Impact of product materials
- Water usage
- Waste
- Biodiversity and ecosystems

PROGRAMME I

Race to Zero

PROGRAMME II

Support our Planet

Social

PEOPLE

- Human capital development
- Diversity, equity and inclusion
- Work safety
- Product quality & safety
- Human & labour rights

PROGRAMME III

Unlock the Potential

PROGRAMME IV

Protect the People

Governance

PRINCIPLES OF GOVERNANCE

- Sustainable procurement
- Environmental and socio-economic compliance
- Business ethics
- Data security

PROGRAMME V

Act with Responsibility

Profit

PROSPERITY

- Value creation
- Profitable growth
- Investment in new capabilities

Leading a true circular transition

The four P's framework

PROGRAMME I
Race to Zero

PROGRAMME II
Support our Planet

PROGRAMME III
Unlock the Potential

PROGRAMME IV
Protect the People

PROGRAMME V
Act with Responsibility

Sustainability oversight

Governance of sustainability is anchored with the Board of Directors and the Executive Management Team. Ownership and responsibility to drive actions across the various categories are anchored in the business to ensure alignment with priorities and a long-term focus on sustainability. In 2023, we will assign a sponsor from the Executive Management Team to each category, identified as our sustainability priorities from our double materiality assessment.

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

Underlining the commitment to the integrated sustainability strategy, the Board of Directors has committed to linking executive remuneration to key ESG targets from 2024.

As external expectations on sustainability issues continuously develop, and as our efforts progress, we recognise that our priorities will evolve, and our target-setting and reporting will mature.

Direction
Policy

Audit Committee

The Board of Directors
Endorses sustainability as an integrated part of strategy review.

Nomination & Remuneration

Executive Management
Defines an integrated strategy and overseas implementation.

Investment Committee

Strategy
Monitoring
Reporting
Coordination

Group Strategy

Group Sustainability
Facilitates and coordinates while keeping oversight, guiding and enabling category owners.

Group Finance

Responsible
Action Plans

Planet / Environmental

Category	Owner
Energy	Procurement
Climate change	Sustainability
Environment and ecosystems	HSQE

People / Social

Category	Owner
Human capital development	HR
Diversity, equity and inclusion	HR
Employee relations and conditions	HR
Work safety	HSQE
Human rights	Sustainability
Product safety and quality	HSQE

Principles of Governance

Category	Owner
Business ethics	Legal
Sustainable procurement	Procurement
Data ethics and security	IT

Execution

Operations
Business units and operational levels are responsible for execution and to provide bottom up information for management, monitoring and reporting

Evolve by Faerch

AMBITION

Our ambition is to take climate action and reach net zero emissions by creating circular loops, to ensure low-carbon rigid food packaging, and prolong shelf-life through high quality materials lowering emissions by minimising food waste. We want our operations to be powered by 100% renewable energy obtained through Power Purchase Agreements and on-site solar panels to provide additional renewable energy to the electricity grid.

7 AFFORDABLE AND CLEAN ENERGY

13 CLIMATE ACTION

POLICIES

- Sustainability Policy
- Travel Policy

TARGETS

2025
- Signed Power Purchase Agreements (PPAs) for all sites

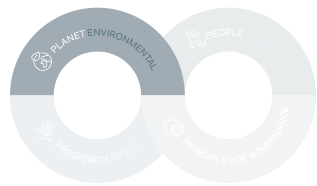
2030
- Reduced absolute scope 1, 2 and 3 GHG emissions 50% from a 2022 base year
- Powered by 100% renewable energy through PPAs and on-site solar panels

2040
- Reached net zero value chain GHGs emissions from a 2022 base year

ENVIRONMENTAL

Race to Zero

SPEEDING UP CLIMATE ACTION



We all have an obligation to contribute to speed up climate action and being a fast-growing global company, the contribution of our decarbonisation actions will only be even more impactful. Faerch is committed to being a frontrunner, within the food packaging industry, to reach net zero emissions as fast as possible.

Our commitments
In 2022, we have committed to the Science Based Targets initiative (SBTi) to align with the most ambitious aim of the Paris Agreement – to reach net zero global emissions by 2050 at the latest.

However, we want to increase the ambition by aiming for net zero across our entire value chain by 2040 at the latest and reducing our emissions 50% by 2030 compared to our base year (2022).

During 2023, we will submit our near-term (2030) and long-term (2040) targets and have them validated by the SBTi.

Our road to net zero
For us to reach our net zero commitment, a full transition into circular low carbon input materials are required. This is a path we have been on for some time already with recycled tray PET from our recycling plant Cirrec, and it is fully aligned with our current business model as an integrated recycler and the foundation of our strategy going ahead in terms of growth and scaling.

Our focus areas and must-win battles are energy efficiency, renewable energy (Power Purchase Agreements and on-site solar panels), recycled input material and supplier engagement. Some initiatives have already commenced, but we expect 2023 to be the year where we accelerate our initiatives on this area, and set concrete interim goals to reach our near-term target of a 50% reduction by 2030.

By using rPET we avoided 138,000 tonnes of carbon emissions, equivilant to approximately

90,000

households'

annual electricity consumption*

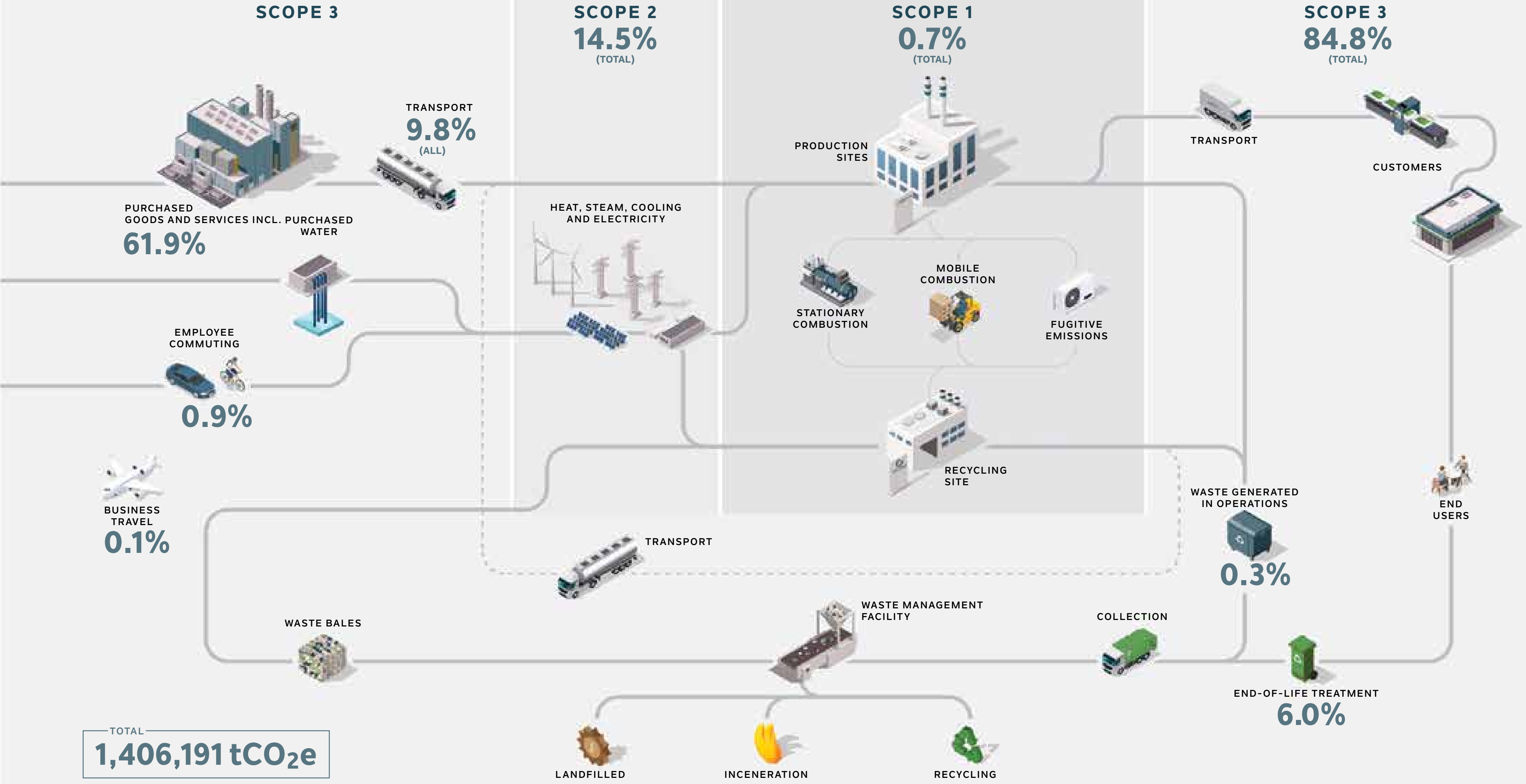
Energy efficiency in the Group platform
To Faerch, the best energy is the energy saved both in terms of emission reductions and costs. We will therefore continue our work to use energy-efficient technologies, and work continuously to reduce our energy consumption with our "Power of Faerch" programme focusing on energy efficiencies. In 2023, we will run a pilot project at a selected site in collaboration with external experts who will examine the portfolio of available solutions to make the site more energy efficient. These solutions will subsequently be rolled out in the Group where suitable and aligned with our Group Platform mindset. This will allow us to set clear guidelines on how Faerch sites should operate to become more energy and cost-efficient.

Scaling our recycling and engaging with suppliers
Over 60% of our carbon emissions are tied to our purchased goods. In line with our business strategy we will scale our recycling business and ensure that we are able to provide low carbon and circular input material into our food packaging business.

In addition we will work with our suppliers to reach our goals and ambitions. This will be done through a comprehensive Supplier Engagement

** Estimation of 1 tonne of CO_2e is equal to 0.65 households' annual electricity consumption in NL - calculated by climateneutralgroup*

GHG emissions across our value chain



Capital goods, upstream leased assets, and fuel and energy related activities not included in scope 1-2 account for 5.9%

The GHG emission calculations follow the GHG Protocol reporting standards. Scope 1 emissions comprise of direct CO_2e emissions from sources that are owned or controlled by Faerch A/S. Scope 2 emissions are based on consumed electricity, steam, heat and cooling. Of the 15 scope 3 categories in the GHG Protocol, only 10 categories are determined as applicable to Faerch's business model and activities. The excluded categories are category 10: processing of sold products, category 11: use of sold products, category 13: downstream leased assets, category 14: franchises and category 15: investment. For more information please refer to note 6.4 on page 103-104.

Programme. We will assess our suppliers and split them into two groups; high emitters and low emitters. Firstly, we will engage with the high emitters, being mostly our resin suppliers, due to their large quantities provided; ensuring they support our targets and are encouraged to set their own Science Based Targets with the SBTi. We will then continue to the low emitters.

Carbon footprint on products

In 2023, we will make a strong effort to ensure further transparency to respond to the increasing customer requests concerning our products' carbon footprint and other environmental impacts. We are convinced that by helping our customers decarbonise and achieving their environmental targets, we will move closer to achieving our circularity ambitions.

We want to unlock low carbon and circular solutions for our customers. Mono-PET is currently the sustainable material of choice being fully circular and naturally lower in carbon emission compared to virgin material.

Furthermore, we expect the emissions for recycled PET (rPET) to approach zero in the coming years through greener waste collection, sorting processes and production of recycled material.

In 2023, we will perform an externally audited Life Cycle Assessment (LCA) of the recycled tray PET material being produced at our recycling plant, Cirrec. The assessment will enable us to demonstrate the environmental benefits of the material to stakeholders and to provide a baseline for systematically making the rPET material even more sustainable over time, as there is always room for improvements until reaching zero environmental impact.

Our roadmap to net zero emissions

☆ = Priorities

SCOPE 1 & 2

Own Operations

- All sites powered by 100% renewable energy through PPAs and on-site solar panels ☆
- Initiate "Power of Faerch" to ensure continuous energy efficiency and reduction in consumption
- Transition to electrical car fleet
- Convert all forklift trucks and other equipment from fossil fuels to electrical/renewable fuel

SCOPE 3

Value Chain Focus

- Convert to low carbon input material by scaling our recycling business and engaging with suppliers ☆
- Begin transition to low carbon transportation using electrical trucks and vans or renewable fuels
- Focus on increasing recyclable or reusable external packaging
- Waste reduction and segregation for reuse and recycling

Delivering Net Zero

Together with our partners and customers, we will support and further develop a net zero food packaging sector of the future, with a wide array of low carbon and circular products. Active partnerships supporting circularity are essential to lower carbon footprint and to measure and manage the sustainability impacts of our value chain. We will balance any remaining emissions through trusted third party verified climate solutions that benefit society as whole.

Committed to Science Based Targets initiative (SBTi) Net Zero Standard

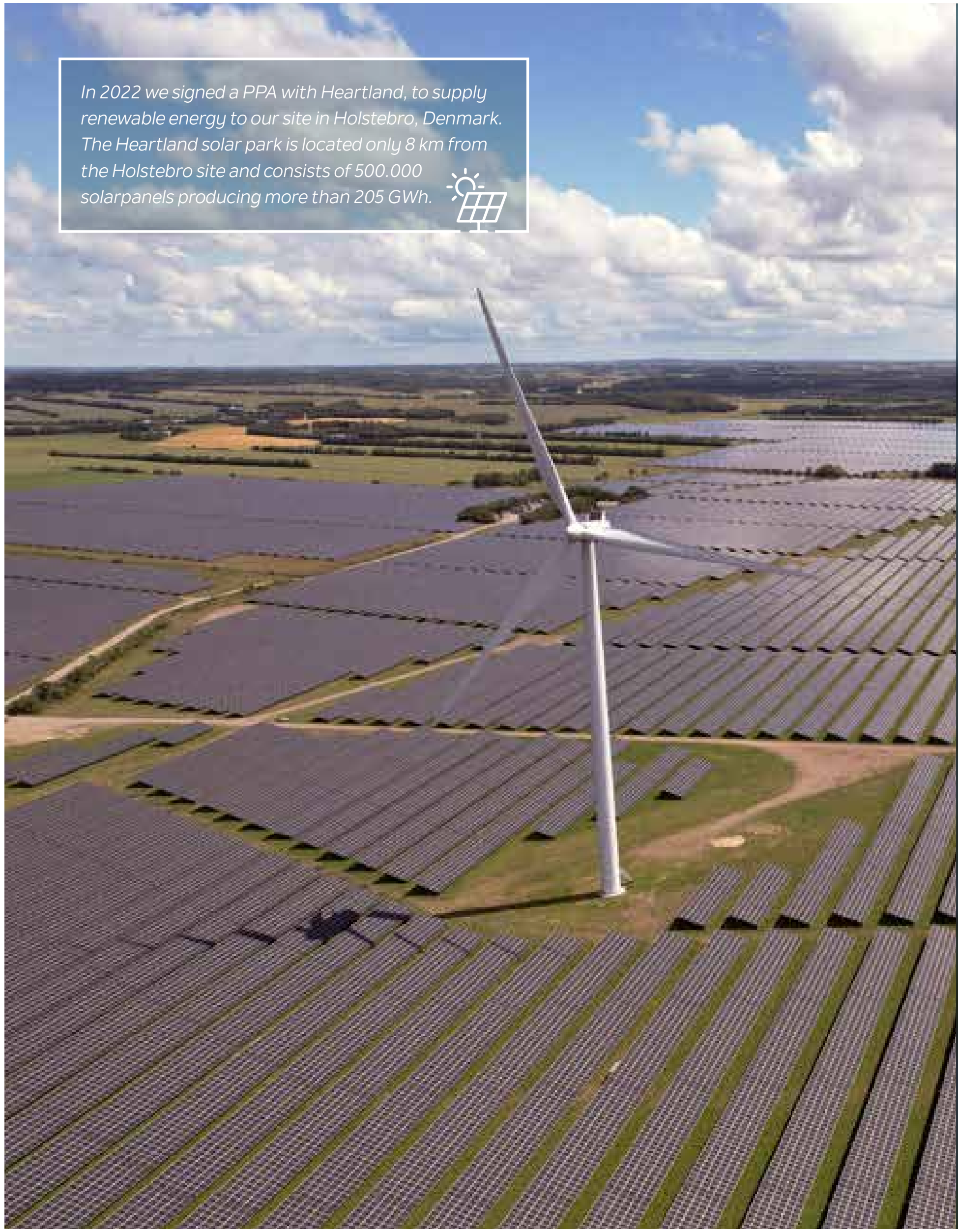
BY 2040 WE WANT TO REACH

net zero

2022 BASELINE

2030 50% REDUCTION

2040



In 2022 we signed a PPA with Heartland, to supply renewable energy to our site in Holstebro, Denmark. The Heartland solar park is located only 8 km from the Holstebro site and consists of 500.000 solarpanels producing more than 205 GWh.

Higher standard for renewable energy

Faerch Group's energy consumption is spread across 32 locations in 15 countries, and our annual consumption is currently reaching over 560 GWh.

Previously, Faerch Group had bought guarantees of origin (green certificates) to secure the use of 100 % renewable energy. However, with the recent developments in the market it has become clear that guarantees of origin are not an effective tool for ensuring 100% renewable energy. Therefore, we have initiated a more ambitious plan focusing on contributing with additionality to the electricity grid. This will be through Power Purchasing Agreements (PPAs) and on-site solar panels, as we believe it is a more legitimate wayto help accelerate the transition to a society powered 100% by renewable energy.

"As part of our commitment to secure 100% renewable energy, we are launching a new renewable energy procurement strategy focusing on long-term Power Purchase Agreements (PPAs) and on-site solar panels. Moving our focus is a major step towards achieving our goal to ensure 100% renewable energy consumption through additionality, where possible, by 2030. At the same time, we are actively helping to increase the amount of renewable energy in society and thereby reducing emissions", says Thomas Peter Vikkelsø Tranders, Group Category Director, Sourcing and Procurement and continues:

"With PPAs, we are ensured a long-term and attractive price agreement which will help secure long-term input price certainty at Faerch. The same goes for renewable energy developers and their lenders, where PPAs can help make new renewable energy projects financially viable."

We expect to have entered into PPAs for all sites no later than the end of 2025 and for all PPAs to be fully implemented 1-2 years later for solar and 2-3 years for wind. This will bring Faerch in line with the overall 1.5°C ambition of the Paris Agreement for our scope 2 emissions. When fully implemented, the PPAs will cover 80-100% of our energy consumption with on-site solar panels covering the rest. Our goal is to ensure renewable energy consumption and to achieve the best possible terms and attractive prices for electricity in the long run, being a sustainable solution both in terms of climate and finances. We also commit to transparent reporting on our progress made and will work to align our CO_2e-reporting with the 24/7 carbon-free energy principles.

CASE

AMBITION

Our ambition is to support our planet by minimising waste and create circular loops to decouple natural resource use from economic growth, reduce carbon emissions and protect our ecosystems, as no waste should ever end up in our water or nature regardless of material. We want to turn waste into value.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

POLICIES

- Sustainability Policy
- Environmental, Health & Safety Policy

TARGETS

2025

- All sites to take the Operation Clean Sweep Pledge

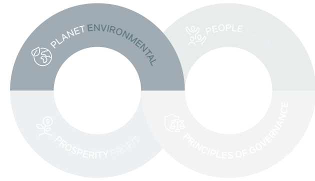
2030

- All packaging solutions designed for circularity
- Recycle more plastic than we sell
- Our food packaging operations becomes “circular to zero”

ENVIRONMENTAL

Support our Planet

CIRCULARITY IS KEY



Waste should never end up in nature or oceans, not plastic, nor any other material. We aim to clean up waste streams by transforming tray waste into new trays, creating a circular loop – turning waste into value. We want to unlock the potential but recognise that much is still to be done in improving the eco-design of food packaging on the market, waste infrastructure and the culture around waste handling throughout in the world.

Material choice and design are essential to fully close the loop in food packaging. To transition into a circular economy, we need to see positive changes in product design from producers, waste management infrastructure from governments and littering behavior from end-consumers.

Eco-design is fundamental

In order for us to lead the transition to a circular economy within rigid food packaging, the availability of post-consumer household waste is crucial. However, this is one of our greatest challenges, as demand is significantly increasing, and plastic packaging collection rates are generally stagnating. This makes it difficult to source sufficient household waste material of the right quality. However, we are seeing tailwinds from legislation with commitments to circularity, which is being rolled out in the coming years through taxes and Extended Producer Responsibility schemes This will incentivise the use of circular materials when designing packaging products.

To encourage circularity and support the availability of tray waste, it is important that we interact directly with retailers and customers to create closed loops through take-back systems. An example is our Back at Store Programme with UK’s largest retailer, Tesco. The programme sees 2,000 tonnes of retail ready tray waste going into a circular loop each year.

Being reliant on circular, mono-PET input material, we, as a producer have a responsibility and a great incentive to support the loop, with products that can feed into our own recycling plant. Our acquisitions in recent years underline our commitment to lead the transition to circularity in food packaging, as well as our continuous journey to convert into mono-material PET.

With the acquisition of PACCOR in 2022, we went from having 15% Polypropylene (PP) material in our business to 43%. This increase in PP is challenging, but with it comes even bigger opportunities. It allows us to scale up conversions and make a significant impact on the rigid food packaging market, especially in Europe. With that said, we continue to keep a close eye on technological developments that could solve circularity issues related to other resin materials, especially PP, which could become technically and economically feasible for chemical recycling at a large industrial scale. Until then, we continue to support the conversion and increase of PET, being the only scalable circular solution available on the rigid food packaging market.

Reducing waste streams

Our recycling business enabled recycling of around 34,000 tonnes of household waste in 2022. The capacity is expected to grow in coming years in accordance with our business plan to scale up tray recycling.

In 2023, our new tray wash line will be installed at our recycling plant Cirrec in the Netherlands. This will increase capacity to around 55,000 tonnes and more than triple our PET tray recycling capacity, as we discontinue our current bottle wash line to accelerate tray-to-tray recycling.

Striving for less

Not all materials processed in our recycling plant meet the quality standards required for Faerch's products. Some are not even suitable as recycled content in our products. The input waste bales processed in our recycling plant reflect how well household waste is sorted. The current waste stream is challenged by mixed materials that cannot be separated in the recycling process, counteracting circularity.

Upcoming EU regulation, will make the future waste streams cleaner as a result of improved sorting, higher demands for eco-design and a harmonisation in product development. This will reduce the output waste stream from our recycling business significantly.

However, the regulation may be a long time coming. In the meantime, we will focus on partnerships to secure that everything that can be recycled, is recycled. For the non-recyclable materials called "waste-of-waste", we will ensure that they are used as alternative fuels instead of being landfilled. This will substitute fossil fuels and function as a stepping stone to minimise fossil-fuel dependency.

Environmental management

We want our food packaging operations to be circular to zero, meaning zero production waste is landfilled or incinerated, zero pollution going into air, soil or water and zero waste of water by reducing water use and reusing water whenever possible at our production sites.

Waste and water strategy

In 2023, we will outline a waste and water strategy and identify waste and water reduction initiatives and establish more partnerships to make sure that our production waste is recycled.

Operation Clean Sweep

In 2019, Faerch joined Operation Clean Sweep, a dedicated program to help every plastic resin handling operation achieve zero plastic resin loss. With our recent acqusitions we will ensure that all of our sites commit to this and implement the initiative as soon as possible, making sure we take all necessary measures to prevent plastic pellets, powder and flakes loss to the environment.

The Faerch Circularity Ratio

Currently, an estimated **1 bn pieces** of Faerch's products are fully circular out of our total **22 bn pieces** sold. We call this ratio the **"Faerch Circularity Ratio"**. The 1bn pieces are estimated based on the output of tray rPET from our Recycling Division and using an average APET tray weight to make mono-PET trays from tray rPET.

In Europe, around **106 bn pieces** of rigid food packaging are produced p.a. We need to increase the Circularity Ratio in the market. This is why we open up our recycling platform for competitors to establish rPET from trays (PTT) as a global commodity.

For more information on the ratios, please refer to page 105.

Replacing 330 tonnes of virgin plastic with recycled CPET

Material conversion is necessary to achieve true circularity in food packaging. In 2022, in collaboration with Bunzl Catering Supplies, we successfully designed and delivered a new range of innovative CPET bowls into the UK restaurant chain Wagamama. Thanks to the initiative, more than 8 million delivery bowls are now replaced with circular and recyclable food packaging made of 70% recycled content on average.

Output: The overall shift is expected to replace 330 tonnes of virgin plastic from Wagamama's takeaway each year and to reduce carbon footprint of its most popular dish, the Katsu Curry, by 62%. Thereby, getting our customers on the right path towards reaching their net zero emission targets.

David Lucas, Foodservice Sales Director for UK & Ireland says: "Faerch are delighted to be part of this initiative to create a Foodservice industry first. By Wagamama choosing CPET as the base material for this new product launch, they have made the right decision using fact-based sustainability information and ensured the quality of their food will not be compromised".

Fully recyclable into new food grade products

Made from up to 70% recycled content and fully recyclable into new food grade products of the same quality, mono-material CPET allows for true circularity. It is the material of choice for hot meals due to its superior functional properties and unique way of combining food safety and circularity. The Wagamama bowls are manufactured in a lighter creamy sand colour and are NIR detectable in UK recycling plants.

Bowl Bank – a bowl-return initiative

As a bonus to the initiative, Wagamama is introducing a bowl-return initiative called 'Bowl Bank', enabling its customers to bring back used packaging to its restaurants for recycling.

The bowls are collected by Bunzl Catering Supplies drivers while they are making their usual deliveries, utilising existing space on the vehicle. On return to the Bunzl Catering Supplies branches, the waste bags are put into dedicated recycling bins and sent for recycling via its waste management partner. Going forward, Faerch plans to collect this material for recycling, enhancing the closed loop of tray-to-tray in Europe.

CASE

Accelerating material conversion

Evolve by Faerch trays are reliably detected by today's sorting infrastructure and can, after use, be collected and recycled into new food packaging without any loss in quality.

In 2022, the Evolve by Faerch concept continued to increase in sales volumes, and many food producers have moved closer to a closed loop, driving true circularity in food packaging forward. In 2022, Evolve by Faerch accounted for 48% of Faerch's total CPET volume which is an increase of 8% compared to last year.

In Germany, several food producers within the ready meals segment have converted from black CPET to the Evolve by Faerch concept in 2022, allowing them to offer fully recyclable food packaging solutions made from post-consumer recycled material.

CASE

Keeping fresh meat products safe and protected

In partnership with Faerch, Danish beef and veal producer, Himmerlandskød, has launched truly circular mono APET trays for fresh meat made with 84% recycled content. The trays boast superior barrier and sealing properties, extending shelf-life and reducing food waste. With superior uniformity, the trays are designed for a smooth production flow.

CASE

SOCIAL

Unlock the Potential

A PEOPLE BUSINESS

AMBITION

Our ambition is to ensure that everyone can fulfil their potential with dignity and equality. We are committed to building an engaging corporate culture, which promotes diversity, inclusion, and personal development.

5 GENDER EQUALITY
10 REDUCED INEQUALITIES

POLICIES

- Employee Development Policy
- Policy for Gender Balance in Management

TARGETS

2025

- Minimum 27% women on the two management layers below the Board
- Maintain a minimum of two Board members of the underrepresented gender

2028

- Minimum 33% women on the two management layers below the Board

Our primary focus is on developing our organisation to meet the demands caused by the increased size and complexity of our Group. We will further align our structures and processes to ensure that knowledge and ways of working are well-documented.

We will establish a new set of training formats within specific areas to better support the growth of the business. It is a way of developing and institutionalising the Faerch Way of Working. We call it the Faerch Way of Leading and the Faerch Way of Selling. Furthermore, we will develop and implement our own in-house Setter and Maintenance eduction programme focusing on training our employees at the factories.

The People Factor
During 2022, we have implemented the first step in our People Factor Platform within the Faerch Group. In 2023, we will begin implementing the Platform in selected PACCOR sites.

We are a people business, and the People Factor Platform is one of our efforts to protect and develop our values and culture further across all our sites. The aim of the platform approach is to ensure fundamentals are in place to improve employee engagement and retention and increase attractiveness to new employees by operating with a best practice platform across all sites. Focus is on ensuring state-of-the-art factories, a safe working environment, proper on-boarding, equality, and that people enjoy working for us.

In 2023, we will continue the roll out and follow-up on the People Factor Platform implementation across sites to ensure we always stay the local employer of choice. This is part of our values and culture and a natural part of driving our business forward.

Ensuring the right people - feeding system
In 2022, we needed to scale up the organisation and our processes to adapt to our increased size and complexity and the speed needed. This is a focus that will continue into 2023. Developing the organisation therefore represents one of the most important enablers of our strategy.

We have established systematic talent development and an internal feeding system for succession planning, where we systematically identify and prepare potential successors and back-up candidates for all critical roles. We also have a clear development strategy of high potentials.

Our process has shown that the feeding system works as our internal recruitment percentage over the past three years has been at a high level around 40% prior to this year's acquisitions. In 2023, we will recruit a dedicated resource to drive this further as well as integrate the system into our acquired companies to ensure fast integration into our feeding system across the entire Group.

Graduate Programme
In 2022, we established our Future Faerch Generation programme. The programme focuses on developing a graduate programme, recruiting graduates within business relevant areas such as our technical area. The aim is to complement our already existing flow of new talent into our organisation through our trainee and apprentice education programmes.

At Faerch, we are happy to cooperate with students when it comes to case studies and internships. It is a great way to make our presence known and to give students an insight into an international business environment. It also allows Faerch to meet potential future employees and ensure a flow of new talents into the organisation.

Taking on new areas of specialisation

Olga Gammelgaard has been at Faerch since October 2020 where she started in our production as a Thermoform Operator. In August 2022, she was promoted to Planning and Purchasing Assistant. Olga is originally from Ukraine and has been in Denmark since 2014. Like Olga, many of our employees take their career into a new area of specialisation, pursuing greater responsibility and utilising their unique skills and educational background.

From apprentice to working abroad

Benjamin Bernt Jensen has been at Faerch since September 2019 where he started in a position as Sales Apprentice. During his apprenticeship, Benjamin built a strong knowledge about our customers and products. After having completed his apprenticeship, he was offered a position as Sales and Project Coordinator. Shortly after entering his new role, he was given the possibility to travel to the Netherlands for half a year taking on an important role in building a new, local Customer Service Centre. This gave him the opportunity to expand his professional skills, take on greater responsibilities and experience cross-cultural co-operation.

From student to starting a career

Dawid Kucaj is a great example of a graduate who did a case project for Faerch during his studies. Dawid was consequently offered a position as Student worker in our Group Controlling department. From 2023 Dawid will take on a full-time role as Business Analyst in Group Strategy.

CASES

Diversity, equity, and inclusion
We want to see a society where everyone is treated equally, and we are determined to achieve a culture where everyone can develop and thrive. In 2023, we will drive development towards a more diverse and inclusive organisation which is crucial to retain and attract the best people.

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 identity, nationality etc. A company where differences are respected and valued.

Inclusion will be the main driver for diversity going forward. Our policy for gender balance in management 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 equal career opportunities, including hiring procedures and conditions, internal promotion procedures and parental leave conditions.

In 2023 we will be launching a Diversity, Equity, and Inclusion Programme (DEI) to promote and improve these prioritised topics within our workplace.

Statutory gender reporting under Danish law
Large companies are required to set a target for the share of the underrepresented gender on the Board of Directors.

As of 1 January 2023 large companies are also required to set a target as well as a policy for the share of underrepresented gender at the two management layers below the Board[1].

As of 31 December 2022, the Board of Directors is regarded as having equal gender representation and is therefore not legally required to set a gender target for the Board[2].

As diversity remains important for the Board, it has maintained a voluntary 2025 target of having at least two shareholder-elected Board members of each gender.

In 2022, the share of women at the two management layers below the Board of Faerch was 25%, but the low level calls for an evaluation of our ability to attract women to leadership positions and not least to retain women in leadership positions. This will allow us to reach our short-term target of minimum 27% women by end 2025, and reaching at least 33% by 2028. It will be the stepping stones towards our long-term target of minimum 40% women at the two management layers below the Board.

[1] *Cf. the Danish Companies Act, section 139 (c).* [2] *Cf. the Danish Financial Statements Act. section 99(b).*

Attract the potential and become a more inclusive workplace

"Leading the transition of food packing into a truly circular economy and following our strategy of combining innovation and cost leadership has always been demanding. In a much larger Group with a global footprint and operating in changing societies, it has become even more demanding.

To succeed, we need to attract and retain the best people. We cannot afford to leave potentials untapped. Embracing differences, we consistently need to ensure equal opportunities and make our Group more inclusive.

We will put additional focus on systematically establishing a more inclusive workplace – simply because it will make us better and more successful. Regardless of e.g., cultural background, origin, gender, mother tongue, age or nationality, everyone at Faerch needs to feel valued and respected, feel a strong sense of belonging, and all colleagues need be able to be themselves.

We respect the experience of long-serving colleagues, while appreciating the drive and new ways of working younger team members contribute with.

When we see groups underrepresented in specific areas, we spend time to understand the reason for it, systematically remove obstacles, and support them to quickly catch up.

We will always look for the right qualifications, skills and quality of personality because we want more colleagues who can help us promote our Faerch values of being reliable, act with integrity, foster collaboration and always focus on results. We are decent, responsible, and we care. Becoming more inclusive reinforces these fundamental values.

We as an organisation certainly have a way to go. I personally have a journey ahead of me, and I assume everyone has some blind spots. We need to spend time on this, asking ourselves where perspectives are underrepresented and how we drive change towards more inclusion and diversity without compromising on qualification and performance.

We need raise awareness for this important subject and act accordingly. If we are not consciously inclusive, we are unconsciously exclusive.

I expect the top management, all our leaders and colleagues to follow me in supporting the DEI programme which we will be launching during 2023."

Lars Gade Hansen
Group CEO

STATEMENT

PERFORMANCE HIGHLIGHTS

Members of the Board - gender composition

Baseline 2022

33% 67%

Minimum composition 2025

33% 67%

The gender composition of shareholder-elected board members in percentage.

The two management layers below the Board - gender composition

Baseline 2022

25% 75%

Minimum composition 2025

27% 73%

The gender composition in percentage at the the two management layers below the Board, meaning our Executive Management Team (EMT) and people with personnel responsibilities who report directly to the EMT.

SOCIAL

Protect the People

SAFETY FOR EVERYONE

AMBITION

Our ambition is to protect all people in our value chain. Our workforce through a healthy and safe working environment, our customers and end-users with products of the highest quality and by demanding fundamental human and labour rights for the workers in our supply chain.

8 DECENT WORK AND ECONOMIC GROWTH

POLICIES

- Quality Policy
- Sustainability Policy
- Human Rights Policy
- Environmental, Health & Safety Policy
- Health Promotion Policy

TARGETS

2023
- Reduce Lost Time Injury Frequency Rate (LTIFR) to 7.5

2025
- All sites to be covered by an Integrated Management System

We are committed to grow our business responsibly and the health, safety and well-being of our employees, temporary workers, contractors, and visitors is one of our most important priorities. Providing a safe work environment that supports personal growth and optimises well-being, is part of our culture and is deeply embedded in our values and purpose to make a difference in the food packaging industry.

Safety culture
We want promote a culture of safe behaviour that reaches beyond compliance. We work systematically to prevent work-related injuries and monitor our health and safety performance through systematic safety reporting and third-party management certification. In addition to complying with applicable legal requirements and regulations, we comply with prevailing industry standards and the internationally recognised framework for occupational health and safety management ISO 45001. Some of our sites are ISO 45001 certified. The remaining have started to prepare for the certification.

To promote a strong safety culture across our organisation, we have outlined both individual and shared responsibilities for health and safety.

Everyone at Faerch plays an important role in maintaining a safe work environment, spanning from top management to the last person employed. Through active engagement and communication at all levels of the organisation, we seek to promote a strong safety culture.

Integrated Management System
Our health and safety management system aims to support our ambitions, and it contains policies that defines responsibilities and obligations to ensure a systematic approach for protecting the health and safety of our employees and contractors.

The health & safety management system will be included in an integrated management system, which is planned to be implemented. the integrated management system will ensure natural integration of health & safety, quality and environmental ambitions in the daily work.

Leadership commitment
Visible leadership commitment is essential to promoting a strong and positive safety culture. Management at all levels at Faerch is obligated to promote and comply with our policy by:

- Encouraging a workplace culture where employees are committed to and accountable for taking care of themselves and colleagues in a healthy and safe way.
- Ensuring that all our facilities and technical equipment are maintained and meet high safety and appearance standards.
- Continuously developing and implementing risk management to understand risks, eliminate hazards and reduce impact by engaging employees in the planning and execution.
- Encouraging employees to work in a safe and healthy way – and to encourage reporting of unsafe and unhealthy situations and conditions.
- Ensuring that necessary skills and training are available to implement the Health and Safety policy.
- Engaging customers, employees, contractors, suppliers, and other stakeholders through dialogue to meet our health & safety standards.

Employee engagement
Employee engagement is essential to improving our Health & Safety performance. Employees, temporary workers and contractors must be aware of safety risks and committed to taking appropriate action. This requires a culture where people feel safe to raise safety issues and concerns to colleagues.

Improving our safety reporting with Assure

To align our safety reporting across the Group and to remove barriers to reporting, we introduced a new incident reporting system in 2022. The health and safety software Assure provides us with a comprehensive view of health and safety across our organisation by enabling us to report and capture data with ease. The system helps us to report incidents, near misses and unsafe acts without delay, and it encourages employees to think safety into their daily work.

By implementing Assure, we aim to lower the barrier to recording incidents. The system provides our people with simple, intuitive tools for reporting via PC, laptop, or mobile phone. When an incident is recorded through the system, the local organisation is alerted and can assign tasks to the right people. For incidents and near misses, a detailed investigation will be launched, and learnings will be distributed. For a reported hazard, the potential risk is removed, and a risk assessment is made.

Records can be made by everyone entering one of Faerch's sites, including both internal and external personnel. QR codes are placed in tactical locations in every manufacturing site. Simply scan the QR code, click on the link and you are directed to the portal for reporting an incident, near miss or a hazard observation. To overcome language barriers, the system is developed to handle eight languages.

The system includes a task manager providing a comprehensive overview of all tasks related to reported incidents, near misses and hazards. This allows for quick action and effective follow-assessment and follow-up.

Data captured in the Incident reporting system will be available in the Faerch Group Business Intelligence system for reporting and analysis. Incidents, near misses and hazards are categorised, analysed, and managed by Group Health & Safety to make sure that the right safety process improvements are prioritised to make the working environment at Faerch safer.

CASE

Risk assessments
In 2023, we will continue to strengthen the health and safety performance across the Group. We will conduct risk assessments for each individual sites to identify, analyse and control hazards and risks. The risk assessments are essential to preventing potential risks and accidents. The risk assessments will be made in cooperation between the H&S responsible and the employees working on the shopfloor who know the process. This is also a part of the engagement and raising awareness of taking care of your own and your colleagues' safety.

Safety walks
Another action to come is regular safety walks, where various employees in cooperation with the H&S responsible will go through a planned area to follow up on conditions and behaviour. This will be filled into a template for safety walks. The purpose of the safety walks is to improve awareness of the importance of safety but also to encourage safe behaviour.

Lost Time Injuries
Today, we measure the number of lost time injuries per million working hours (LTIFR). Our target is to continue to decrease this number. In 2022, the LTIFR was 9.4. The acquisition of PACCOR and MCP USA makes historical data incomparable, therefore 2022 serves as our base year. Even though we see a movement in the right direction concerning injuries, we continue to intensify our efforts to drive further improvements. In 2023, our target is to reduce LTIFR to 7.5 reflecting our preventive and systematic approach to safety.

Going forward, we will introduce other KPIs based on data captured in the Incident Reporting system (Assure) to show the maturity of the Health & Safety work on each individual site.

Food safety
Food safety is essential to our business, and consumers should always be confident that the food they buy is safe to consume.

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 effort 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 of our products.

PERFORMANCE HIGHLIGHTS

Introduced **safer handheld knives** to decrease the number of cutting injuries

Introduced regular meetings in groups between local H&S managers to **share knowledge** and good practice

Lost Time Injury Frequency Rate **9.4**

The LTIFR is the reported number of accidents with absence per million nominal working hours. For more information please refer to page 106.

Quarterly newsletters to the whole organisation to **increase awareness** of H&S for all employees

Evolve by Faerch

We continuously aim at making the working environment at Faerch safer. Whether you are employed, a temporary worker or contractor...

GOVERNANCE

Act with Responsibility

AMBITION

We are committed to conduct our activities in a financially, environmentally, and socially responsible way with transparent business practices and high ethical standards.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

POLICIES

- Gifts policy
- Anti-corruption policy
- Fair competition policy
- IPR policy
- Procurement policy
- Trade compliance policy
- Human rights policy
- Modern slavery policy
- Whistleblower policy
- Privacy policy
- Supplier Code of Conduct
- Tax policy

TARGETS

2023

- Alignment of the compliance structures with new acquisitions (PACCOR and MCP USA)

2025

- Local compliance risk assessments carried out for each site
- Implement procedures to comply with EU's Corporate Sustainability Reporting Directive and EU's Corporate Sustainability Due Diligence

Responsibility
We are an international organisation committed to act as a proper and responsible group at all times, and we have imposed strict requirements on ourselves, including our employees, officers and directors, as well as our business partners, through internal and external policies and guidelines.

Training in fair competition, anti-corruption and GDPR
We actively support international and national 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.

We have a zero tolerance against corruption and anti-competitive behaviour.

By implementing and sending out guidelines, policies, e-learning courses and conducting on-site training for officers and employees, we actively fights inappropriate business conduct.

In 2022, 134 employees were trained on-site in anti-corruption and fair competition. A total of 398 employees have received on-site training, including the majority of our officers, directors, managers, sales and procurement personnel. To obtain a beneficial face-to-face dialogue, the on-site training of employees is often held in smaller groups of 5-15 employees.

In addition, a total of 666 employees have completed the e-learning training course in anti-corruption law, and 300 employees have completed the e-learning training programme in competition law. Our PACCOR colleagues did not have this training previously, which explains the relatively low number. The training will be rolled out in 2023 to all relevant employees. The training enables our employees to e.g., execute business negotiations, attend meetings and social events with knowledge and understanding of basic competition law and anti-corruption law in order to protect both themselves and Faerch against prosecution while contributing to upholding a fair and healthy market.

At Faerch, we also process personal data in different areas. To support our officers' and employees' understanding of personal data and how to deal with it, Group Legal has implemented a GDPR e-learning course. In 2022, 707 employees have completed the GDPR e-learning course.

Furthermore, Group Legal has prepared several GDPR procedures to ensure basic data subject rights, e.g., the right to access one's own personal data, the right to rectify one's personal data, the right to erase one's personal data. Any such requests from data subjects will be handled and answered by Group Legal.

We have also prepared policies and established technical and organisational measures to ensure i) that personal data is not accidentally or illegally destroyed, lost or changed, ii) that unauthorised persons do not get access to personal data and iii) that personal data is not processed in breach of GDPR in any other way.

Overall, personal data is deleted when storage of such is no longer needed for the intended and legitimate purposes.

In 2023, Group Legal will continue to focus on overseeing and improving Faerch's compliance programmes, including policies and internal guidelines on fair competition, anti-corruption and GDPR as well as sanctions, while also focusing on integrating the same principals to PACCOR and MCP USA.

Whistleblower scheme
Our 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, we have implemented a whistleblower scheme in co-operation with a renowned Danish law firm enabling employees, business partners (such as customers and suppliers) and other third parties to report suspicions or knowledge of unethical and/or criminal conduct (on anonymous basis if so desired). The whistleblower scheme includes whistleblower units on entity level. It is ensured that investigators in whistleblower units are – and remain - impartial. If, during the law firm's and the first whistleblower unit's investigations and assessments, it is ascertained that a whistleblower filing should be further dealt with, such filing will be reported to impartial members of management for further assessment and action.

The whistleblower scheme was launched in December 2018 and was updated in 2021 pursuant to new EU whistleblower legislation that came into force on 17 December 2021. The whistleblower scheme can be found on our websites. Employees have been informed hereof during compliance training sessions, in internal announcements and in introduction programmes. In 2023, we will look into ways of improving the whistleblower scheme due to a relatively low number of cases being reported to make sure it functions properly.

Supplier Code of Conduct

Faerch conducts business in a conscious way and follows the ten principles of the UN Global Compact. To ensure that our suppliers adhere to the same standards and guidelines as we do, Faerch has developed a 'Supplier Code of Conduct'.

The 'Supplier Code of Conduct' thus reflects the same ten principles as the UN Global Compact which covers human rights, labour rights, the environment and anti-corruption and was updated with improvements in 2022.

Each site director and/or relevant group function of Faerch Group is responsible for ensuring that new suppliers sign Faerch's 'Supplier Code of Conduct', while also ensuring that all signed Code of Conducts are stored within Faerch.

Further, we recognize our responsibility to continuously improve the quality and effectiveness of our human rights, labor rights, environmental and anti-corruption due diligence across operations and business relationships.

In 2022, PACCOR implemented a Supplier Onboarding Process with the purpose of obtaining (additional) relevant information for the due diligence which will e.g. help to secure fundamental human rights and labor rights and thereby proctecting workers in the value chain. This will in 2023 be rolled out to the entire Group.

Data ethics

The responsible use of data is an enabler for Faerch's business model. In line with our 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 has been adopted yet due to the strong existing data governance, but in context of the recent acquisitions and as part of the sustainability priorities Faerch will establish a formal data ethics and security policy in 2023, with accompanying governance measures.

PERFORMANCE HIGHLIGHTS

Reported cases about corruption **0**

2018-2021: 0 cases

Reported cases about unfair competition **0**

2018-2021: 0 cases

Reported cases about gifts over EUR 200 **3**

2018-2019: 0 cases / 2020: 3 cases / 2021: 1 case

Reported cases in our whistle-blower solution **3**

2018-2019: 0 cases / 2020: 3 cases / 2021: 1 case

MAERSK PRODUCT TANKERS

The Sustainability chapter from Maersk Product Tanker's Annual Report for 2022 is enclosed on the next pages.

SUSTAINABILITY

The shipping industry plays a critical role in providing the world with a reliable supply of energy. It is an efficient and dependable mode of transportation that enables people and economies to thrive.

The industry, by its very nature, is global with multiple stakeholders in its supply chain. Its impact on people and the planet comes with a responsibility to consider and promote the integration of economic, social and environmental activities into core business practices.

Maersk Product Tankers' business model is focused on the ownership of tanker vessels and the safe, reliable transportation of energy products globally through the partnership with Maersk Tankers as commercial and corporate manager and Synergy Group as technical manager.

As values-led companies, Maersk Tankers and Maersk Product Tankers are committed to the United Nations Global Compact (UNGC) principles on human rights, labour, anti-corruption, and the environment. The health and safety of employees, as well as the safety of vessels and cargoes, continue to be of the highest priority. Both Maersk Tankers and Synergy Group are members of various partnerships that are actively seeking to ensure safe and sustainable shipping. This includes being a committed United Nations Global Compact signatory and member of Getting to Zero Coalition, the Maritime Anti-Corruption Network, and the Singapore Shipping Association.

Maersk Product Tankers depends and relies on the policies, actions and results of Maersk Tankers and Synergy Group. However, this does not diminish the importance of sustainability to Maersk Product Tankers. The various sustainability areas – climate, social and employee responsibility, human rights and anti-corruption – are in the following addressed with references to policies, ongoing work and results within both Maersk Product Tankers and the partner organisations.

CLIMATE

Tackling climate change is a pressing issue. Shipping transports about 90% of world trade and accounts for nearly 3% of the world's CO_2 emissions. There is substantial work ahead of the industry to decarbonise.

It is encouraging to see the industry increasingly mobilising and taking action, and EU legislators agreeing to include shipping within the EU's emission trading scheme (ETS).

Both Maersk Product Tankers and Maersk Tankers are committed to the United Nations Sustainable Development Goal 13 that seeks to combat climate change and its impact. This commitment is turned into action through investment, and the development and deployment of solutions that cut vessel emissions.

In 2022, Maersk Product Tankers' fleet emissions dropped to a level that is 29.8 percentage lower than in 2008 (28.7 percentage in 2021), as measured on the Energy Efficiency Operational Indicator (EEOI). The EEOI is an industry-wide measure of CO_2 emissions per unit of cargo, expressed as g/tonne-mile. We remain committed to our CO_2 emission reduction target of 45% by 2030, compared to 2008, and to ultimately get zero-emission vessels onto the water.

This result was achieved by trading the vessels as part of Maersk Tankers' large-scale set-up with approximately 150 vessels under management, a change in fleet composition with a younger fleet in the MR segment and by using a variety of solutions.

The solutions include the continuous optimisation of fleet deployment and fuel consumption. Examples of the latter are power management, propeller polishing and propeller cleaning. For example, propellers are cleaned above water, so vessels are not stopped when laden, thereby saving voyage time.

During the year, Maersk Tankers assessed all 50 vessels' performance and, when needed, installed energy-saving technologies onboard to prepare for new environmental regulations – the Energy Efficiency Existing Ship Index (EEXI) and the Carbon Intensity Indicator (CII) by the International Maritime Organisation (IMO) – that came into force on 1 January 2023.

Over the last few years, the company has applied 20 different technologies and 300 installations across the fleet to make it more efficient. Together with Maersk Tankers' green-tech business Njord, we will explore new energy-saving technologies as we continue to be part of the solution to decarbonise shipping.

Furthermore, Maersk Tankers is using the ZeroNorth digital platform, across its entire fleet to ensure it sails at the optimal speed to cut fuel consumption.

Maersk Tankers is also using its market position to push for change. As an active member of the Global Maritime Forum and the Getting to Zero Coalition, it is advocating for a carbon tax to close the competitiveness gap between zero-emission and conventional fuels.

Finally, through Maersk Tankers we are providing transparency on the vessels' emissions by reporting these under the terms of the Sea Cargo Charter, of which Maersk Tankers is a signatory.

Innovation is key to reducing the fleet's CO2 emissions. We will continue to benefit from Maersk Tankers' nine decades of knowhow in vessel management and Synergy Group's technical expertise.

SAFETY

Protecting seafarers' health and well-being is of the utmost importance. In 2022, we recorded five incidents (there were eight in 2021), which underlines our commitment to health and safety, and offshore and onshore employees' extraordinary efforts to reduce the number of incidents. We ended the year on 0.55 Total Recordable Case Frequency (0.56 in 2021) and 0.12 Lost Time Incident Frequency (0.42 in 2021).

As the war broke out in Ukraine, the port of Mykolaiv was closed, and Ukrainian authorities did not permit any vessel movements in and out of the port. Consequently, the vessel, Harald Maersk, was held up in the port. We did, however, manage to safely evacuate and repatriate all crew members.

Together with our technical manager Synergy Group, we will continue to work towards incident-free operations. This will build on consideration, communication and campaigns around Human and Organisational Performance.

The industry will see the introduction of a new industry risk assessment regime (OCIMF SIRE 2.0) as well as regulatory and technology solutions aimed at advancing decarbonisation, which means the safe handling of alternative fuels will become important. This will require the understanding and addressing of complex interactions between people and systems onboard our vessels. We will need to equip seafarers to safely use new systems, such as engines or adapted machinery, and support with relevant procedures.

We retain our steadfast commitment to safety, and we will work closely with Maersk Tankers and Synergy Group to achieve our ambition of running zero-incident operations.

RESPONSIBLE BUSINESS

Maersk Product Tankers is committed to promote the integration of economic, social and environmental activities into core business practices. We are working closely with Maersk Tankers and Synergy Group to accomplish this.

Conducting business in a responsible manner is imperative for Maersk Product Tankers. We remain steadfast in our commitment to eliminating corruption and ensuring compliance to sanctions, and laws and regulations, as well as safeguarding human rights. Without human rights, an individual possesses neither freedom nor dignity.

To ensure the fleet is trading in compliance with sanctions, we are working with Maersk Tankers' sanctions team of legal experts. They are monitoring geopolitical developments, so we can respond quickly when sanctions are introduced or changed. The industry saw nine new sanctions packages introduced by the EU in the wake of Russia's invasion of Ukraine. To ensure compliance in our operations, the team is following procedures and using screening tools. In 2022, as a result of the work, the fleet traded in compliance with these complex sanctions landscape.

We are taking measures to eliminate corruption, which undermines social and economic development in society and destabilises business. We take a zero-tolerance stand on corruption of any kind and are supported by both Maersk Tankers and Synergy Group in this.

Maersk Tankers is a member of the Maritime Anti-Corruption Network (MACN); the company works with anti-corruption organisations; its code of conduct for third parties references its stance and expectations on anti-corruption and bribery; and its employees undertake mandatory anti-corruption training. Synergy Group has continued to ensure robust enforcement of its strict anti-corruption policy, including zero-tolerance to facilitation payments.

In 2022, Maersk Tankers adopted the use of MACN's new screening tool and helped to refine the tool by providing feedback to MACN. Moreover, it carried out company-wide training on gifts and hospitality, which have raised awareness and increased knowledge among employees. We will proceed with our work in this important area together with Maersk Tankers and Synergy Group, taking our part in driving positive change in shipping.

As a company that operates globally, we have a large network of suppliers. We work with Maersk Tankers and Synergy Group to ensure suppliers conduct business responsibly in accordance with international and own company standards. Maersk Tankers has, for example, detailed this in its Third Party Code of Conduct, which the company has developed and published. It sets out minimum requirements for the company and direct counterparties on important areas such as human rights. This means doing business in accordance with responsible business principles and in full compliance with laws and regulations.

Maersk Tankers progressed the work in 2022. The company increased its efforts to ensure that new contracts with strategic suppliers include a reference to the Third Party Code of Conduct or to the suppliers' own equivalent if this is, as a minimum, on a par with the company's standards. Together with Maersk Tankers and Synergy Group, we will continue the work to make our supply chain more sustainable, which includes asking suppliers to meet social and environmental requirements and ensuring procurement contracts reflect environmental concerns.

We have an unwavering commitment to sustainability and in close collaboration with our partner organisations we will continue to work to create a positive impact for society and the planet.

You can read about Maersk Tankers' sustainability work at:
https://maersktankers.com/strategy/sustainability

DIVERSITY, EQUITY AND INCLUSION

At Maersk Product Tankers, we are committed to diversity, equity and inclusion. We believe this is the right thing to do. It also mirrors the diverse and global world we operate in, and it is a catalyst for the innovation shipping needs to find new solutions to complex problems such as climate change.

The work our commercial and corporate manager and strategic partner, Maersk Tankers, is conducting in this area is important to us. It works to build a diverse organisation where employees, regardless of their gender, ethnicity, experience, religion, sexual orientation and age, can thrive, develop and feel a sense of belonging.

Maersk Tankers employs a diverse workforce of various nationalities, ages, cultures and experience. It is unstinting in its efforts to go further in creating a diverse, equal and inclusive organisation. During the year, the company has, for example, worked on diverse hiring; building a diverse talent pipeline, which includes a trainee programme to hire and train undergraduates for roles in the frontline; creating an inclusive environment through employee initiatives; and creating awareness internally and externally on allyship.

Maersk Tankers saw good results from the work. At the end of 2022, women made up 37% (25% in 2021) of the workforce; 51% of new hires were women (55% in 2021); and 27.5% of leaders were female (25% in 2021), with a target of 35% by the end of 2023.

At the date of signing the annual report, the following gender balances apply and are in accordance with guidelines issued by The Danish Business Authority in December 2022.

The leadership team of Maersk Tankers consists of two women (29% of the total) and five men, which is in line with the company's 2023 targets.

The Maersk Tankers' Board of Directors has two female directors (33% of the total) among its six members, which is also in line with the company's 2023 targets.

Following the appointment of the new CEO of Maersk Product Tankers on 1 October 2022, Maersk Product Tankers' executive management team was reduced from five to two persons, and the company has no employees. Therefore, no target has been set for the share of female leaders in the company.

The Maersk Product Tankers Board of Directors is composed of one woman (25%) and three men, which is in line with the company's 2023 targets.

DATA ETHICS

Most of Maersk Product Tankers' data is being stored by Maersk Tankers, and we rely on the company's data ethics to safeguard our business.

Data ethics is an area that has been developed in Maersk Tankers through introducing processes, raising awareness and training throughout the organisation. One example is the IT awareness programme rolled out to the company's 300 employees.

Data ethics principles aim to ensure that data is handled in a correct and responsible way. Maersk Tankers continually monitors and updates its data ethics policy and guidelines to protect individuals' privacy, and to safeguard the company from legal, business, and reputational risk.

KK WIND SOLUTIONS

The Sustainability Report for 2022 is enclosed on the next pages.

Wind Solutions®

Sustainability

Report 2022

We innovate to integrate®

Contents

COMMUNICATION ON PROGRESS

UN GLOBAL COMPACT

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.

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THIS SUSTAINABILITY REPORT SERVES AS THE COMMUNICATION ON PROGRESS OF KK WIND SOLUTIONS A/S AND ITS OPERATING COMPANIES AND SUBSIDIARIES.

Letter from **our CEO**

As a leading systems supplier to the renewable energy industry, KK Wind Solutions recognises its responsibility to work actively with sustainability to benefit our customers, employees, and society.

For more than 40 years, we have delivered solutions that promote a future powered by renewable energy, and we have made it an integral part of our company's purpose to deliver a positive climate impact.

Sustainability is deeply ingrained in our organisational culture and reflected in our operations and governance.

This report accounts for our sustainability efforts over the past year, including progress made in different focus areas and new objectives and commitments for the upcoming years.

Renewable energy as the solution
Achieving net-zero targets and transitioning to a low-carbon future means providing accessible, affordable, sustainable, and clean energy sources to citizens across the globe. As a company, we must continue developing innovative technologies that increase the renewable energy supply and reduce reliance on non-renewable energy sources.

Our sustainability journey
This past year, we have made significant progress on our sustainability journey. We continue working to integrate our sustainability efforts and maturing our understanding and how we work with sustainability issues and opportunities. We remain committed to reaching carbon neutrality in our own operations by 2030.

Prioritising our people
Our employees are vital to our success, and we are committed to continuously building a strong culture that promotes our employees' health, safety, and wellbeing. We will continue to foster a strong culture centred around diversity, safety and teamwork, creating an environment where our employees can thrive and, above all, return to their loved ones safely every day.

Continuous commitment
As we strive to contribute to the UN Sustainable Development Goals, we focus our efforts on making a positive impact within our domain of influence. We remain dedicated to advancing initiatives that promote human rights, support our employees, protect the environment, combat corruption, and contribute to society at large.

Mauricio Quintana
Chief Executive Officer

Our sustainability **journey**

Our ambition is to develop our sustainability program. We wish to integrate sustainability into every aspect of our business, involve stakeholders, prioritise action on key issues, and track progress towards a more sustainable future.

Delivering positive impact
KK Wind Solutions is a leading systems supplier to the global renewable energy industry. Therefore, we are responsible for acting socially and environmentally conscious in the countries where we operate.

Since 1981, we have supplied electro-mechanical solutions and products for wind turbines globally, helping to bring renewable energy to the public.

Sustainability is deeply ingrained in our organisational culture, and we strive to make renewable energy the most cost-effective energy source available, enabling clean and affordable energy to the world.

Regarding our specific efforts within sustainability, stakeholders such as customers, employees, owners, authorities, and local communities expect us to address aspects of corporate risk and responsibility.

As such, the Sustainability report is essential for communicating our sustainability progress to our stakeholders.

Our progress
Integrating our sustainability efforts into our company's operations and decision-making processes is critical to our success.

We aim to balance economic, social, and environmental outcomes and create long-term value for our stakeholders.

This includes considering the impact of our business on the environment, promoting ethical and inclusive workplace practices, and ensuring good governance and transparency in our operations.

In 2022, significant progress was made, including:

- Establishing a complete overview of our greenhouse gas emissions (Scope 1, 2 & 3) based on the Greenhouse Gas Protocol (GHG) standard for corporate accounting and reporting
- Completed our first materiality assessment to determine which SDGs to prioritise
- Broadening the range of Sustainable Development Goals we want to work with
- Improve our data foundation, enabling us to strengthen our decision-making

For 2023, the focus will be on further implementing sustainability initiatives and setting measurable targets to monitor progress effectively.

Core **material topics**

At KK Wind Solutions, we identify the most important issues for our company and stakeholders through our materiality assessment. This enables us to prioritise our efforts and focus on a select set of United Nations Sustainable Development Goals, where we can have the most significant positive impact.

In 2022, we conducted an extensive materiality assessment to help us determine and prioritise the ESG issues and opportunities of utmost importance and relevance to our company.

This materiality assessment is crucial to provide the blueprint for our ESG efforts, pinpointing the areas with the highest relevance to our operations.

Additionally, the materiality assessment was conducted using a “double principle”, meaning all material topics were evaluated by their effect on our business and how our business affects each specific material topic.

It is important to note that our understanding of material topics continues to evolve and will be re-evaluated regularly to ensure that it continuously reflects our material topics and informs our ESG efforts.

Following the materiality assessment and an internal process, we identified five Sustainable Development Goals that our business operations can positively influence, expanding our previous focus from two SDGs.

On the following page, you will find the SDGs that were identified in our materiality assessment, and which we will actively work to address.

Core material topics identified in materiality assessment

SDG 7 – Affordable and clean energy

Our offerings play a crucial role in the shift towards green energy, contributing to offering citizens cost-effective and green energy options. We will focus on increasing energy efficiency and advancing clean energy technologies, solutions, and services.

SDG 9 – Industry, innovation and infrastructure

We want to contribute to building resilient and high-quality infrastructure that drives sustainable progress in industrialisation. We will focus on exploring ways in which our research and innovation capabilities can have a positive impact.

SDG 10 – Reduce inequality

Focusing on our people, we recognise the significance of promoting equal opportunities for all, enhancing diversity, and eradicating all forms of discrimination. We will focus on equality from multiple aspects, not just limited to addressing specific inequalities.

SDG 12 – Responsible consumption and production

As a leading systems supplier to the global renewable energy industry with a global supply chain, we recognise our responsibility to develop and promote cleaner production and consumption practices. We must and will take steps to support responsible production and consumption methods.

SDG 13 – Climate action

We will continue to develop products that aid the shift towards green energy and commit to reducing our climate impact through specific initiatives. We seek to become a company that operates with responsibility and consideration for the environment throughout all aspects of our supply chain and understand the importance of mitigating any adverse effects on the climate.

Governing our **sustainability efforts**

Our sustainability governance structure supports us in carrying out our efforts, overseeing progress and reporting, and guaranteeing that the overall responsibility is upheld.

In 2019, we established a cross-functional Sustainability Committee, which reports directly to the executive management team. Its purpose is to develop, govern, and coordinate sustainability issues and initiatives while ensuring progress. Our company regularly adapts to external developments, and we adjust our Sustainability Committee according to these changes.

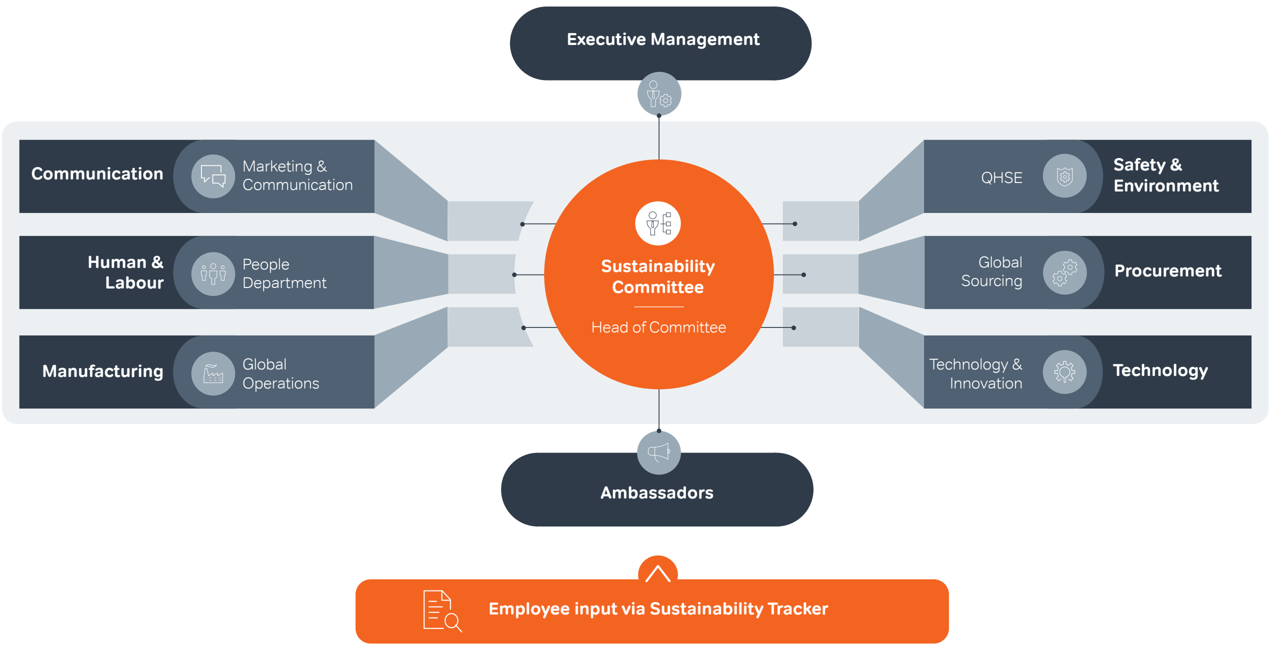
Since its creation, the Sustainability Committee has held meetings once every quarter. As we mature and our sustainability efforts become more anchored in our organisation, our responsibilities have become more evident. Therefore, we have increased our meeting frequency to bi-monthly.

During these meetings, the progress of current initiatives and proposals for new ones are reviewed and approved.

The executive management is updated on the sustainability strategy and approves the annual Sustainability report. The various functions within the company are responsible for ensuring sustainable performance and responsible business practices.

Sustainability tracker
From our perspective, the best way to contribute positively to the sustainability agenda is to involve and empower employees to contribute with ideas and suggestions.

Therefore, our Sustainability Committee developed a *sustainability tracker* to collect ideas and track the progress of ongoing activities and initiatives. Launched at the beginning of 2022, it tracks existing initiatives and harvests new employee ideas and suggestions for changes, assessing whether these ideas can be converted into actual activities.



A guiding **framework**

With a focus on transparency and continuous improvement, we strive to integrate Environment, Social, and Governance (ESG) considerations into all aspects of our operations, addressing opportunities and goals and creating a positive impact on society.

New framework
We have implemented an Environment, Social and Governance (ESG) framework to ensure our stakeholders understand how we seek opportunities, progress and mitigate risk around sustainability and ethical issues.

As our work with sustainability continues to mature, this framework will allow us to report our priorities, target-setting, and, most importantly, track the progress of our commitments.

We will continue to work with the UN Global Compact Goals, aligning our strategies and operations with the Compact's ten human rights, labour, environment, and anti-corruption principles.

Our commitments to the UN principles are still the foundation of our Sustainability report. Therefore, we have embedded these into our ESG framework, which is directly incorporated into strategies, policies and procedures that secure a culture of great integrity.

We will use the term "ESG" as it is used by many of our stakeholders and emphases how we track and present our progress. In this report, you will find that we use "sustainability" and "ESG" interchangeably.

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
As part of the renewable energy industry, we aim to impact the environment positively. We achieve this not only through the products we develop but also by managing our business increasingly sustainably.

Based on the GHG Protocol, we prioritise obtaining a comprehensive overview of our greenhouse gas emissions. This allows us to guide our decarbonisation initiatives effectively and achieve our goal of becoming carbon-neutral in our operations by 2030.

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

As part of our waste reduction efforts, we aim to help our customers produce zero-waste turbines and support a circular value chain. We aim to eliminate waste and promote circularity at every stage of our operations.

Social

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 employees can thrive and feel valued.

Focus areas
We are committed to continuously building a strong culture that promotes our employees' health, safety, and wellbeing.

We will continue to foster a strong culture centred around safety and teamwork, ensuring that our employees are protected not just during their work hours but also mentally and physically after they leave the workplace. We want our employees to thrive and feel empowered and valued.

Our approach involves structured onboarding, annual personal development dialogues, extensive training, consistent follow-up on safety and performance, and wellbeing dialogues.

Focusing on people and development, we are committed to building a diverse and inclusive workplace where people are hired based on their skills and competencies and advance in their job, irrespective of gender, age, ethnicity, sexual orientation, or religious beliefs.

Governance

Corruption undermines development and destabilises the business environment. We are committed never to engaging 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 focus on ensuring that all employees fully understand the importance of following company ethical guidelines despite local culture and practices. We require all new employees to sign our Code of Conduct to ensure commitment.

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 and 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.

Reaching carbon **neutrality in 2030**

Reducing the carbon emissions of our company's operations is a crucial and necessary step towards meeting our goal of reaching carbon neutrality. To achieve this, we focus on minimising carbon emissions in Scope 1 and 2 and maximising resource efficiency across our operations.

Status
We are focused on delivering products and services that contribute to providing clean energy and improving our operations by reducing our carbon footprint.

Our company is certified under the ISO14001 international environmental standard, establishing a systematic and documented approach to internal environmental procedures.

In 2022, we further progressed on our sustainability journey by completing vital development activities and delivering CO2e target reductions.

Progress
As reported last year, we are committed to achieving carbon neutrality in our operations (Scope 1 & 2) by 2030, relative to our 2019 baseline.

In 2021, we set the important objective of reaching a 10% reduction in CO_2 emissions for 2022. We have successfully accomplished this goal and reduced our COe by 33% in 2022, compared to our 2019 baseline.

Regarding maturing our waste cycle and waste reduction activities, we constantly strive to reduce the waste in our supply chain and ensure that materials can be recycled.

We are focused on increasingly reusing and recycling materials and eliminating materials that will end up as landfill waste. Moreover, we have started informing customers about the waste generated.

We have begun defining key performance indicators, which help ensure progress in our sustainability efforts.

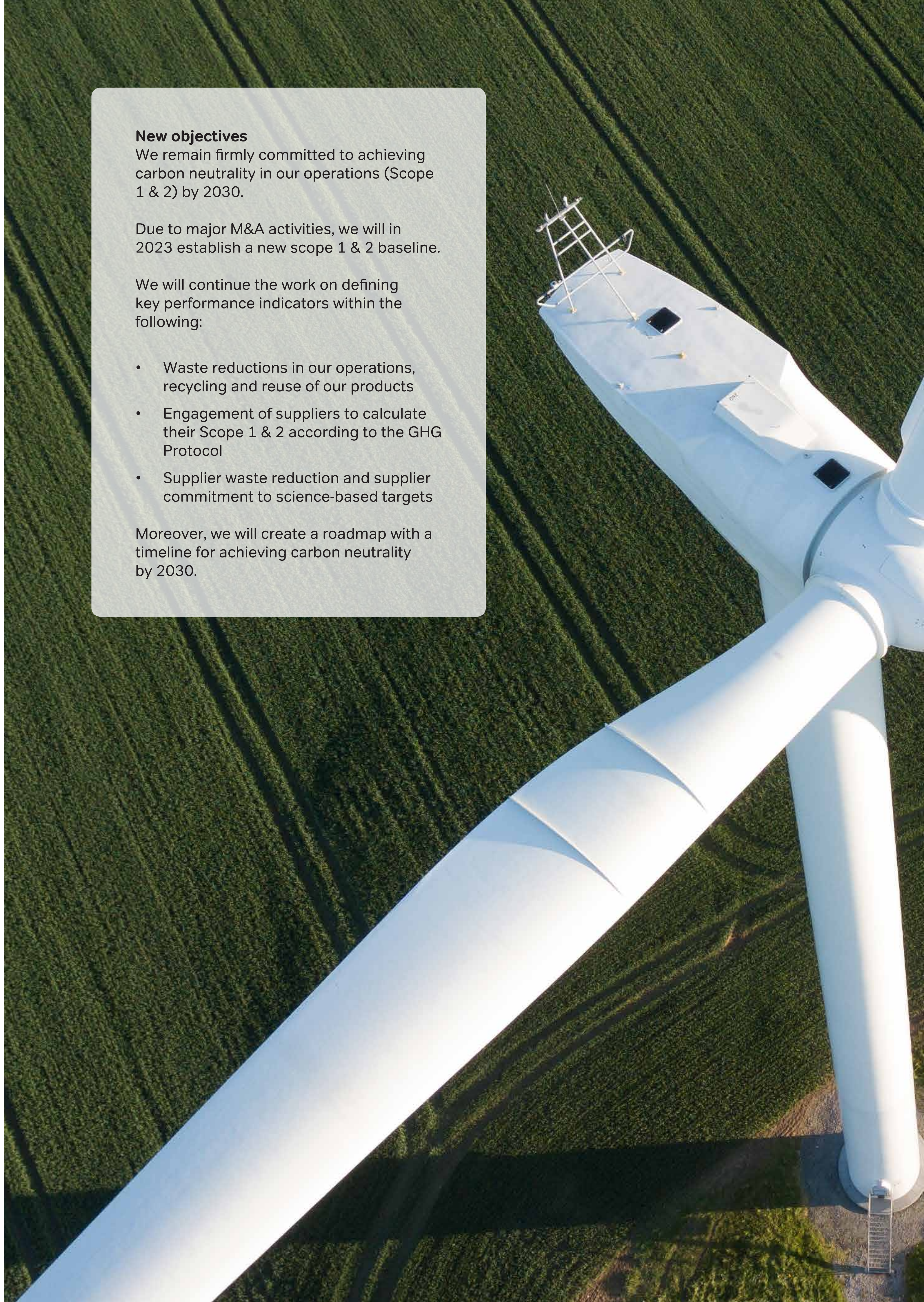
These areas include waste reductions in our operations, recycling and reuse of our products, engagement of suppliers to comply with GHG Protocol, supplier waste reduction and supplier commitment to science-based targets.

Using a market-based method by the GHG Protocol, we have mapped four initiatives across our entire business to help us achieve this carbon neutrality:

- Purchasing renewable energy certificates and power purchase agreements across all sites
- Phasing out the use of gas for heating in owned and rental buildings in Denmark and Poland
- Electrification of our company car fleet–both owned company vehicles and leased company vehicles
- Replacing diesel generators with battery backup in India

Moreover, to support our business strategy and plans for future growth, we have developed a framework for identifying and planning how to reduce carbon emissions concerning acquired businesses.

From an early stage, this framework will allow us to identify the carbon emissions we are acquiring and how to minimise these through various initiatives.



New objectives
We remain firmly committed to achieving carbon neutrality in our operations (Scope 1 & 2) by 2030.

Due to major M&A activities, we will in 2023 establish a new scope 1 & 2 baseline.

We will continue the work on defining key performance indicators within the following:

- Waste reductions in our operations, recycling and reuse of our products
- Engagement of suppliers to calculate their Scope 1 & 2 according to the GHG Protocol
- Supplier waste reduction and supplier commitment to science-based targets

Moreover, we will create a roadmap with a timeline for achieving carbon neutrality by 2030.

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.

Status

Our CO2e baseline is calculated following the Greenhouse Gas Protocol (GHG) standard for corporate accounting and reporting. CO2e (carbon dioxide equivalent) describes 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.

Our CO2e baseline calculation for Scope 1 & 2 was recorded in 2019 and amounted to 1,496 tonnes CO2e. The calculation is market-based per the GHG Protocol.

Progress

In 2022, we finalised the baseline calculations for Scope 3. The baseline is recorded in 2020 as 110.681 tonnes of CO2e and accounts for 98.7% of our total CO2 emissions (market-based).

As most of our CO2 emissions come from Scope 3, we have decided to work with the Supply Chain Engagement Strategy outlined by the GHG Protocol.

This work includes selecting suppliers, engaging procurement staff, and developing a method for managing supplier data.

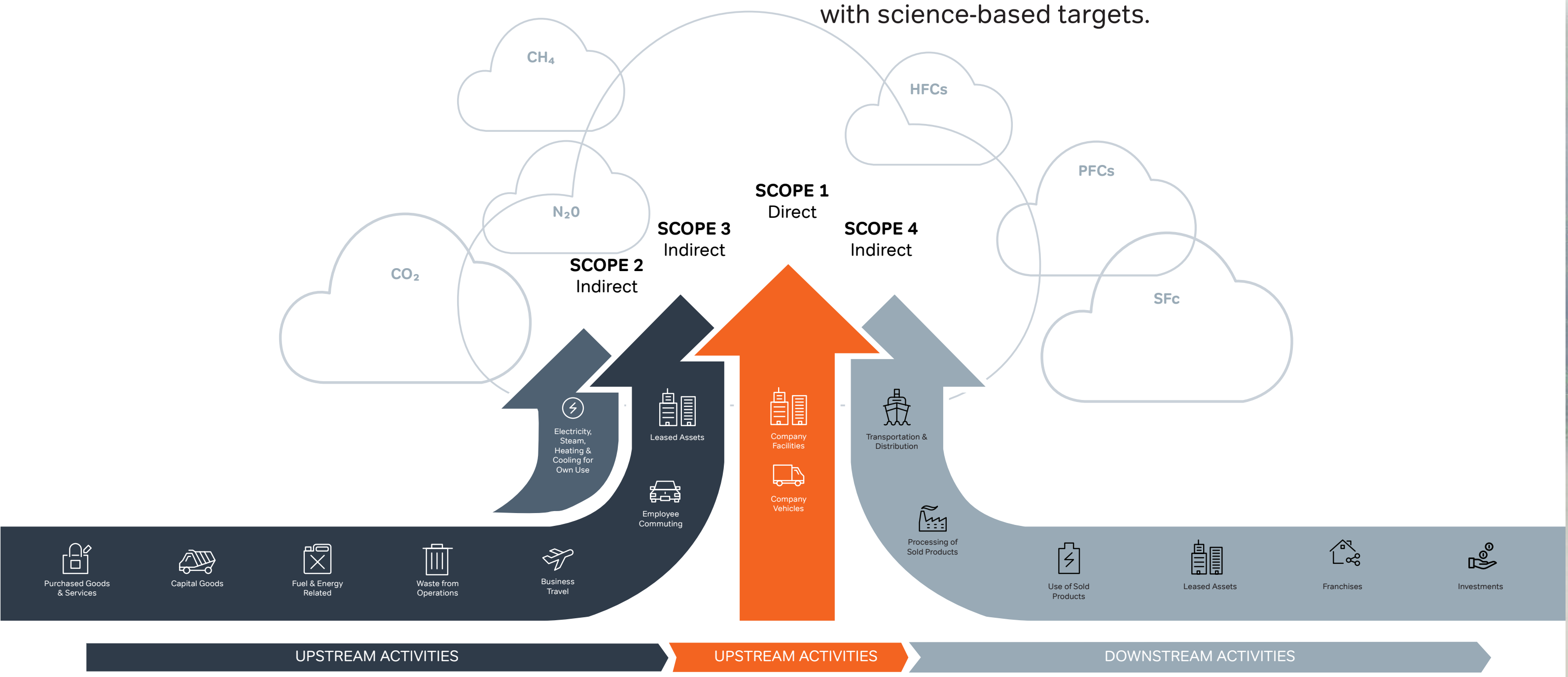
We aim to continuously engage our suppliers to join our sustainability journey, encouraging them to calculate their Scope 1 & 2, so we can quantify the impact of our products and services.

New objectives

In 2023, we are committed to establishing key performance indicators within supplier compliance with the GHG Protocol, supplier waste reduction and supplier commitment to science-based targets.

Based on the Scope 3 baseline calculation, we will begin scoping suppliers covering most of our Scope 3 emissions. After defining key suppliers, we will initiate an engagement program to support them to start calculating their Scope 1 & 2.

Correspondingly, we will educate and support our supply chain for the next steps, including calculating and defining reduction targets aligned with science-based targets.



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.

Case story

3D-printed busbars

Utilising the latest technology and innovation in 3D printing, we have designed a new conductive busbar together with the Danish Technological Institute - a busbar is an essential component for power distribution in a wind turbine.

Innovating an important component
At KK Wind Solutions, we promote a sustainable future through innovative products and solutions that pave the way for renewable energy. We demonstrate our ability to design and develop more sustainable production practices by developing our new, innovative busbar.

Conductive busbars are essential components in many wind turbine subsystems, including the converter.

Traditionally, busbars are made from copper, which provides lower power loss, voltage drop and electrical resistance than most metal types. However, the traditional busbar forming process relies on subtractive manufacturing, which has a higher CO2 impact.

3D-printed innovation
3D printing has the potential to revolutionise production, service, and maintenance by unlocking new design possibilities, optimising material usage, and reducing costs.

Previously, we only used 3D printing on a limited scale for experimentation, mock-ups, scale models and sales models. We have now advanced to a level where we are ready to embrace new opportunities with 3D metal printers.

This technological advancement has significantly increased our innovation capabilities, enabling us to improve the quality of our products and prioritise reducing our carbon footprint.

In close collaboration with the Danish Technological Institute (Teknologisk Institut), we have worked to produce a 3D-printed busbar in aluminium.

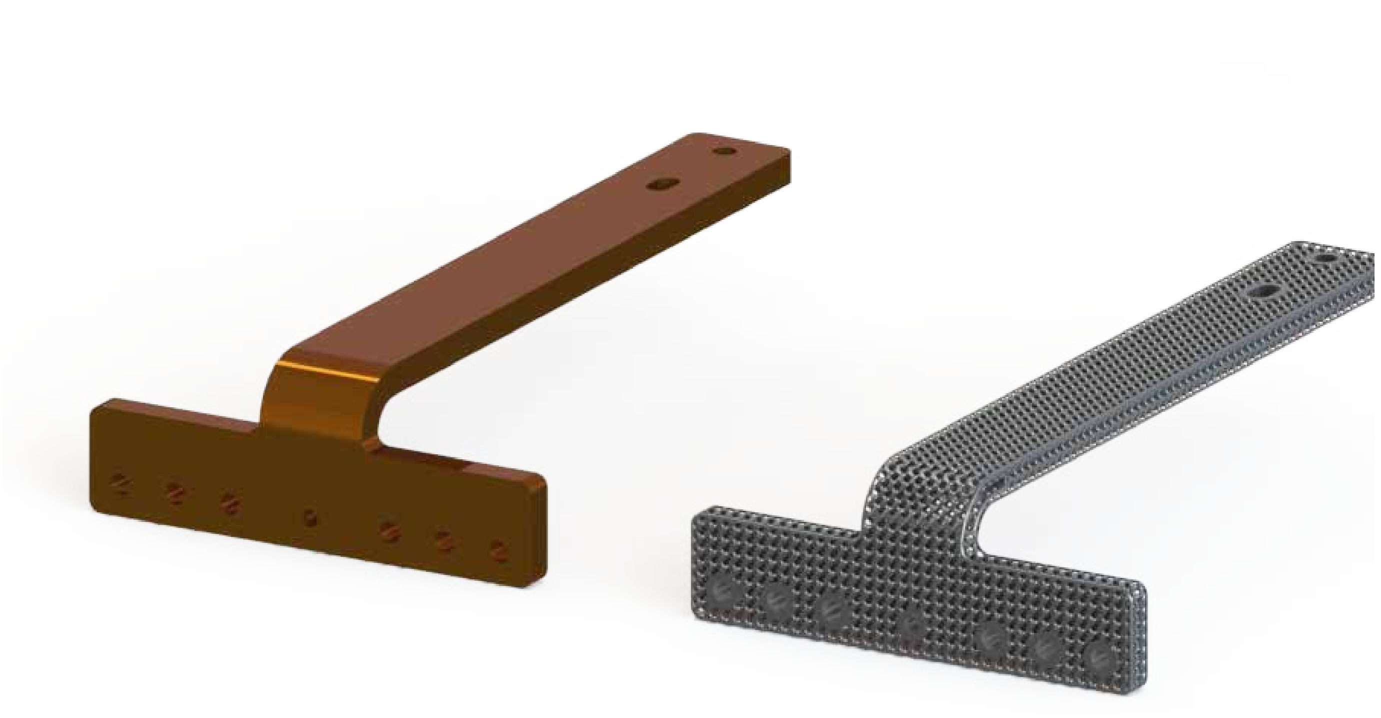
A material with considerable advantages
Aluminium is highly recycled and offers several benefits. Its lightweight properties reduce weight while maintaining a high conductivity level, reducing transport costs. Ultimately, this reduces CO2 emissions and offers a positive climate impact.

Three key differences between the original busbar in copper and the 3D-printed version in aluminium:

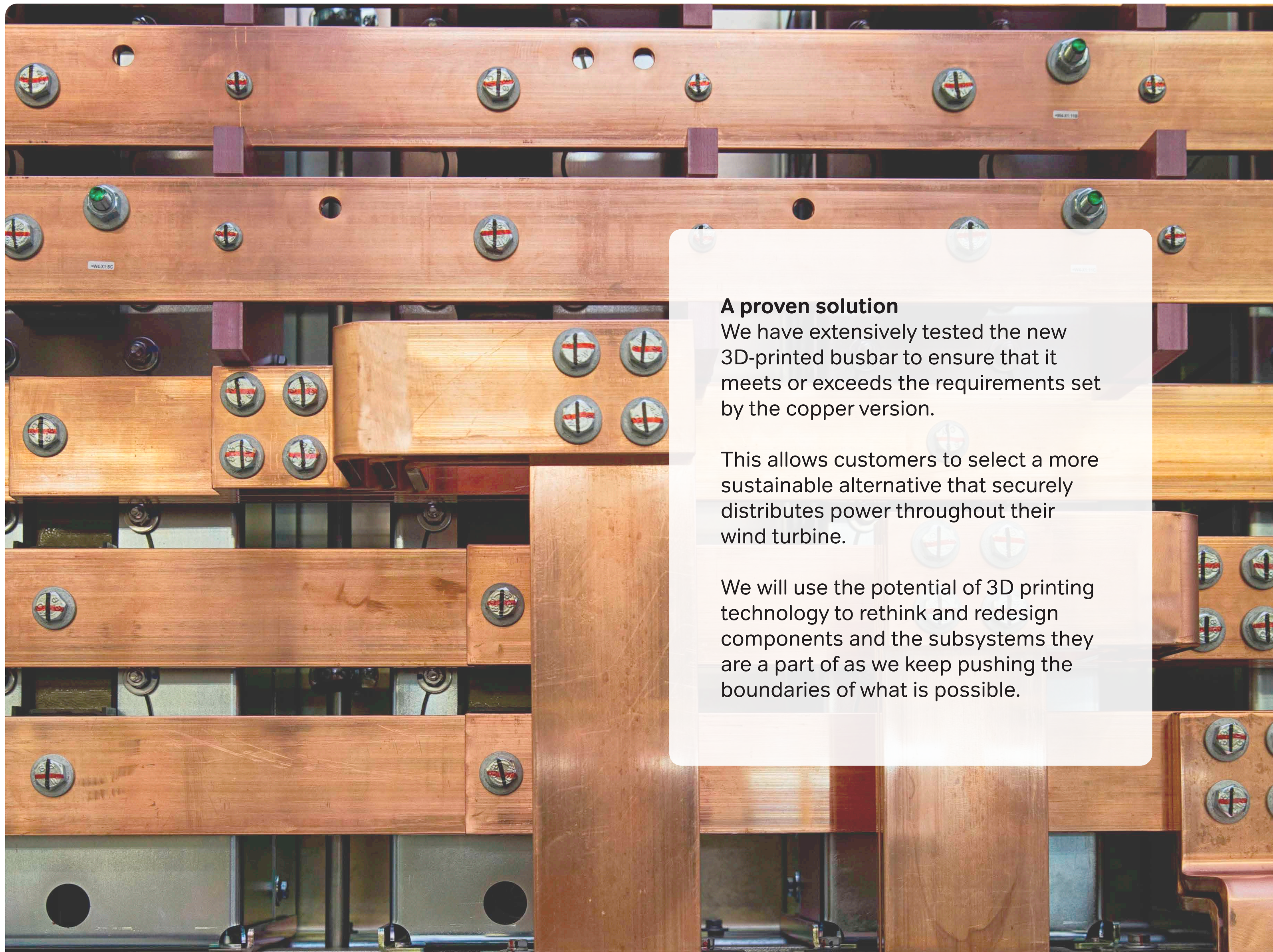
1. **Weight reduction:**
   The 3D-printed version is made of aluminium, which on average weighs approx. 30% less than copper while retaining approx. 60% of its conductivity. This weight reduction increases its efficiency and helps reduce transport and logistical costs.

2. **Savings in material consumption:**
   The 3D-printed version achieves a remarkable 96% savings in material consumption, thanks to its choice of material and unique structure.

3. **Improved cooling:**
   The innovative design of the new busbar features a large surface area constructed in a lattice structure, resulting in a lighter component and significantly improved cooling effectiveness.



On the left: The original copper busbar. On the right: The 3D-printed busbar in aluminium with its distinct lattice structure.



A proven solution
We have extensively tested the new 3D-printed busbar to ensure that it meets or exceeds the requirements set by the copper version.

This allows customers to select a more sustainable alternative that securely distributes power throughout their wind turbine.

We will use the potential of 3D printing technology to rethink and redesign components and the subsystems they are a part of as we keep pushing the boundaries of what is possible.

Safety, health & wellbeing of our people

We are committed to ensuring a safe and healthy work environment for all employees where each person thrives and feels valued. Furthermore, we aim to foster a strong teamwork culture and support our employees' development.

Status
Our employees are our most important and valuable resource. We are committed to providing a safe and healthy workplace to treat all employees fairly.

We aim to foster a robust safety culture, ensuring that our employees are protected not just during their work hours but also mentally and physically after they leave the workplace.

We are dedicated to providing a safe work environment and promoting health and wellness for our employees. We want our employees to feel empowered and valued.

We support their growth through structured onboarding, regular personal development dialogues, comprehensive training, and ongoing attention to safety and job engagement.

We are certified according to the standards of ISO 45001:2018 Occupational health and safety management systems.

This certification ensures our commitment to continuous implementation and improvement of how we manage our health and safety systems.

In 2021, we implemented Vision Zero – a prevention framework and philosophy. Developed by the International Social Security Association (ISSA), Vision Zero contains seven golden rules that act as tools to measure and manage safety, health and wellbeing.

VISION ZERO

Progress
This past year, the company as a whole has increased its focus on safety, health and wellbeing, continuing to embed the Vision Zero philosophy further into the organisation.

From a safety perspective, we continue to work towards achieving zero work accidents. In the past year, we have reduced our lost-time frequency rate (LTFR) – defined as the number of work accidents per one million working hours – from 2.9 in 2021 to 1.3 in 2022.

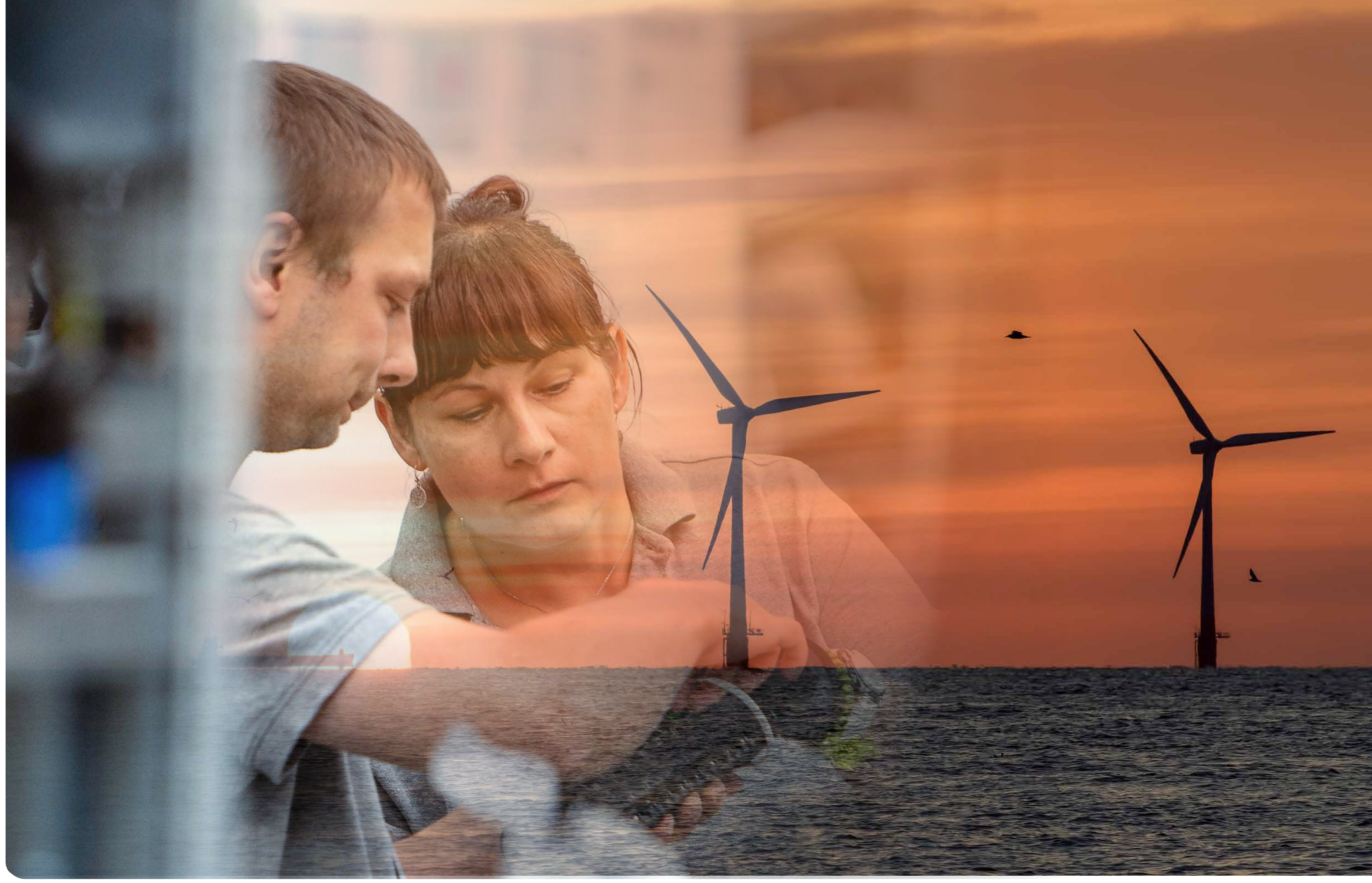
Moreover, we also began developing and implementing preventative initiatives defined as leading indicators.

From a health perspective, we are dedicated to reducing absence across our company. Our current targets for absence are 4.5% for blue-collar workers and 2.5% for white-collar workers. In 2022, blue-collar worker absence declined to record low levels, totalling 5.5%. This is a 1.0%-point reduction compared to 2021.

The absence reduction can be directly attributed to increased attendance conversations we conducted with blue-collar workers at our Polish manufacturing site during 2022.

In contrast, white-collar worker absences increased slightly to 2.6% in 2022, an increase of 0.3%-point compared to 2021.

In 2022, we took various steps to enhance the wellbeing of our people. We conducted an internal investigation of our work environment, focusing on how we can reduce stress and illness.



Based on this, we identified preventative measures which we performed, such as training managers on how to recognise stress, establishing wellbeing guidelines, and setting up a system for conducting dialogues between managers and employees on the topic of wellbeing.

In addition, our annual employee engagement survey now includes questions about the employee's views on health and wellbeing. The survey results provided insights into the areas where we can improve the conditions for our employees.

New objectives
In 2023, we will continue our work to embed the Vision Zero framework and philosophy into the organisation. This includes developing leading indicators that increase awareness and help prevent accidents from happening. In 2023, our goal is to reach our LTFR target of 1.0.

We aim to foster a work environment that promotes mental health, reduces burnout and stress, and supports our employees to thrive. In 2023, we will establish KPIs to guide our efforts towards improving health and wellbeing.

We will continue building upon the wellbeing initiatives introduced in 2022, ensuring that managers and employees know the guidelines and take advantage of the opportunities for wellbeing dialogues.

We are committed to creating a diverse and inclusive workplace where people are hired based on their skills and competencies regardless of gender, age, ethnicity, sexual orientation, or religion. Therefore, we plan to set KPIs to monitor our progress towards greater diversity and inclusiveness across our company.

Additionally, we remain dedicated to nurturing a culture that supports growth and development for all employees and aims to have 50% of all senior specialist/manager roles filled through internal recruitment by 2030

Currently, 16% of managerial roles in our organisation are held by women. In order to achieve our objective of 40% of women in managerial roles by 2030, we will continue to attract talented women to our organisation and support the professional growth of current female employees through skill enhancement and career development.

Reinforcing our **Code of Conduct**

We reinforce our Code of Conduct to ensure responsible business practices in our operations 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 it as a part of our supplier contracts.

Regarding procurement, we ensure that standards are upheld and assess our suppliers in terms of their adherence to our Code of Conduct and the integrated principles of the UN Global Compact.

By frequently performing risk evaluations and audits, we reinforce compliance with our Code of Conduct to prevent and address adverse human rights impacts associated with our business activities.

From a compliance standpoint, we require employees to read and sign the Code of Conduct as part of their onboarding, ensuring that employees understand the objectives of our Code of Conduct and our commitments.

Progress
In 2022, we further increased our focus on sustainability, especially regarding environmental and climate change aspects. Our goal is to collect CO2 emission data from our supply chain, including transportation impact, and improve reporting on environmental compliance from our supply chain.

Our Code of Conduct includes:

- Legal compliance
- Human rights and labour
- Health and safety
- Environment
- Anti-corruption and business ethics

We continue to emphasise the importance of safe working conditions and effective processes and anticipate that our suppliers and their respective sub-suppliers abide by and maintain these standards.

A substantial portion of our risk originates from our supply chain, and we remain committed to ensuring that our suppliers adhere to the same standards we establish.

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 and supports our supply chain to understand and comply with our values and requirements.

Our supplier assessment process is one of the fundamental tools we apply when monitoring supplier compliance. A crucial part of the supplier assessment checklist relates to our Code of Conduct, compliance, and environmental and sustainability requirements.

New suppliers of critical components will have to undergo a comprehensive assessment before approval.

Aside from the supplier assessment for new suppliers, we continuously monitor and regularly follow up with a re-audit process to ensure that our suppliers stay in line with our expectations - and keep the focus on our principle aspects.

If we uncover any non-compliance with our Code of Conduct or inadequate attention to health and safety concerns during a supplier evaluation or reevaluation, we will revoke the supplier's approval and utilisation.

New objectives
In 2023, we will continue to reinforce, assess and ensure compliance on human and labour rights, health and safety, and environmental impacts of our suppliers and their sub-suppliers.

Business ethics
and anti-corruption

We are committed never to engaging 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 affirms our dedication to consistently conducting our business in an ethical and accountable manner. However, as we become a more global company, we must maintain high ethical standards.

All agreements and contracts with suppliers, agents, intermediaries, and consultants contain anti-corruption clauses. The contract holder must comply with all applicable laws and regulations and our Code of Conduct.

We will ensure full compliance with tax regulations in every country we operate, acting as responsible and accountable taxpayers. High standards and responsible business practices are fundamental to our corporate culture and behaviour.

To ensure that all employees are fully aware of the significance of complying with our Code of Conduct, we give special consideration to this subject during the onboarding process for new employees and leaders.

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

In 2022, we established a global whistleblower system accessible via our website. It functions as a system of early detection, allowing our employees and other stakeholders to bring attention to potential corruption, irresponsible business behaviour, and non-compliance with regulations or internal policies.

To maintain the complete anonymity of the reporter, the platform is operated by an external partner. The whistleblower system is crucial for us to maintain ethical business conduct and behaviour whilst preserving the trust of our customers, employees, and the public.

New objectives
KK Wind Solutions is steadfast in its commitment to avoiding any form of corruption or unethical business practices.

As we progress, we will persistently strive to cultivate a culture with the highest moral standards and an unwavering intolerance towards corruption and unethical business conduct.

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.

03/2023-EN

NISSENS COOLING SOLUTIONS

The CSR Section from Nissens Cooling Solutions' Annual Report for 2022 is enclosed on the next pages.

Corporate social responsibility

Business model & Nissens Cooling Solutions' approach to sustainability

This report constitutes the company's statutory reporting cf, § 99a and 99b according to the Danish companies act.

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.

The reported measures in this report contain data for 12 months ranging from January 1st 2022 to December 31st 2022 and is the second set of 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. In the future, the Company continues its efforts within the area

Area	Risk	Actions in 2022	Results 2022
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. As part of hiring new employees they are all presented to our Code of Conduct and sign that they have read and understood the content.	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 2022 was to secure that all managerial staff at top three levels at Nissens Cooling Solutions receive and sign our Data Privacy Policy and procedures to secure compliance. This target is reached. No event of breach of data privacy has been recorded in 2022.

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. In the future, the Company expects to continue our efforts within the area.

Area	Risk	Actions in 2022	Results 2022
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 January to December 2022, our LTIR (Lost Time Injury Rate) on blue-collar employees in Slovakia, the Czech Republic and Denmark combined is 2.3.
	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 2022 was 3.1% compared to a level of 2.8% in 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 2022, the female representation in Nissens Cooling Solutions' Group Management amounts to 28%.

Gender distribution at BoD and Management

Our board of directors currently consists of seven members, of which six are male and one is female. By December 14, 2022 a new female chairperson was appointed. 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.

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. This applies to all of Nissens Cooling Solutions' locations and define the work within environment and climate in Nissens Cooling Solutions' production sites.

During 2022 Nissens Cooling Solutions has converted all electricity usage in the European factories into "Green" electricity, reducing the CO2(e) emission footprint for Scope 2 significantly.

In the future, the Company expects to continue our efforts within the area.

Area	Risk	Actions in 2022	Results 2022
Energy consumption	Limitation of energy consumption impact.	In 2022, we have benefited from investments in new furnace technology. An old conveyer type furnace (continuously brazing) has been replaced a new batch furnace, which is more efficient in terms of energy consumption.	Replacement of the old conveyer furnace to a new batch furnace has reduced stand still time energy consumption by a factor of 4.
CO_2 emissions – scope 1 and 2	Limitation of climate impact through production optimization.	In 2022, we have continued our work with optimization of production processes and implementation of targets for carbon neutrality. On scope 1 we are running brazing trials without usage of gas completely. We expect to see the impact of it in 2023.	A full conversion towards "Green" electricity in all our European sites have reduced that part of scope 2 emissions to zero.

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. In the future, the Company expects to continue our efforts within the area.

Area	Risk	Actions in 2022	Results 2022
Waste	Excessive waste through production.	We continuously work with optimizing our process waste. By focusing more on NTI (New Technology Introduction), we have monitored the scrap-rate on 2 new product families AluXstream and BtF.	On the product families AluXstream and BtF we have seen a clear falling trend on the scrap-rates. On both cases the scrap-rate is significantly reduced to almost half over the year 2022.

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. In the future, the Company will continue our efforts within the area.

Area	Risk	Actions in 2022	Results 2022
Corruption	Employees engaging in activities of corruption.	Our Code of Conduct is distributed to our employees during their onboarding in the company.	We have not identified any non-compliance or breaches with our Code of Conduct in the reporting year.
		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.	No reports on incidents nor confirmed incidents are registered in our whistleblower system in 2022.

MAERSK TANKERS

The Sustainability chapter from Maersk Tanker's Annual Report for 2022 is enclosed on the next pages.

Sustainability

The shipping industry plays a critical role in providing the world with a reliable supply of energy. It is an efficient and dependable mode of transportation that enables people and economies to thrive.

The industry, by its very nature, is global with multiple stakeholders in its supply chain. Its impact on people and the planet comes with a responsibility to consider and promote the integration of economic, social and environmental activities into core business practices.

Maersk Tankers' business model is focused on the commercial management of tanker vessels on behalf of shipowners. As a values-led company that is guided by its purpose, we are committed to the United Nations Global Compact (UNGC) principles on human rights, labour, anti-corruption and the environment. The health and safety of employees, as well as the safety of the vessels and cargoes, continue to be of the highest priority.

Climate

Tackling climate change is a pressing issue. Shipping transports about 90% of world trade and accounts for nearly 3% of the world's CO2 emissions. There is substantial work ahead of the industry to decarbonise.

It is encouraging to see the industry increasingly mobilising and taking action to reduce its environmental impact, and EU legislators agreeing to include shipping within the EU's emission trading scheme (ETS).

As the manager of a sizeable fleet, we are committed to the United Nations Sustainable Development Goal 13 that seeks to combat climate change and its impact. In action, this means we are investing, developing and deploying solutions that help shipowners cut vessel emissions.

During 2022, we cut vessel emissions through a variety of solutions. Our fuel optimisation team assesses vessels' current and optimal performance when they enter the pool and helps shipowners optimise their use of fuel, which includes power management, propeller polishing and propeller cleaning. From such fuel optimisation activities, we achieved accumulated savings of 84739 MT fuel, relative to a 2017 baseline.

We have also taken other measures to cut emissions. These include helping shipowners install energy-saving devices onboard vessels through Njord; the use of the ZeroNorth digital platform across the entire fleet to sail vessels at the optimal speed, which cuts fuel consumption; and ensuring transparency on vessels' emissions by reporting these under the terms of the Sea Cargo Charter of which we are a signatory.

In 2022, we continued to raise awareness in the industry of the urgent need to decarbonise. This will require regulators, businesses and suppliers to contribute with solutions such as a carbon tax, helpful policies and new technology. We are active members of the Global Maritime Forum and the Getting to Zero Coalition, calling for a carbon tax to close the competitiveness gap between zero-emission and conventional fuels. We will continue to use our market position to push for change.

We are also taking action to reduce scope 2 and 3 emissions onshore, which in 2022 included the implementation of certified green electricity in our offices in both Denmark and India, and cloud migration of the company's IT systems to reduce electricity use.

Responsible business

Conducting business in a responsible manner is imperative for Maersk Tankers. We remain steadfast in our commitment to eliminating corruption and ensuring compliance to sanctions, and laws and regulations, as well as safeguarding human rights. Without human rights, an individual possesses neither freedom nor dignity.

We employ legal experts to monitor geopolitical developments, so we can respond quickly when sanctions are introduced or changed. The industry saw nine new sanctions packages introduced by the EU in the wake of Russia's invasion of Ukraine. We work to ensure compliance in our operations by following procedures and using screening tools. In 2022, as a result of our work, we ensured that the fleet traded in compliance with theses complex sanctions landscape.

Our employees' wellbeing is of the utmost importance to us. In 2022, we initiated a new framework to support employees in their professional and personal development; carried out leadership training of leaders both on the frontline and in support functions; conducted sessions on psychological safety; and we introduced a new reward system designed to provide a sense of communal achievement. Such actions have supported a culture where employees can grow and thrive. We will continue to take measures and to support our employees, which will be backed by policies and systems. Examples of the latter are the employee handbook and our whistleblower system, which ensures that employees can voice grievances anonymously and that these are investigated in a fair and timely manner.

Maersk Tankers is working to ensure its suppliers conduct business responsibly in accordance with international and our own company standards, as detailed in the Third Party Code of Conduct, which we have developed and published. It sets out minimum requirements for the company and its direct counterparties on important areas such as human rights. This means doing business in accordance with responsible business principles and in full compliance with laws and regulations. In 2022, we increased our efforts to ensure that new contracts with strategic suppliers include a reference to the Third Party Code of Conduct or to the suppliers' own equivalent if this is, as a minimum, on a par with our standards. We will continue our work to make our supply chain more sustainable, which includes asking suppliers to meet social and environmental requirements and ensuring our procurement contracts reflect environmental concerns.

We have strict policies to ensure that we do not engage in corruption of any kind. We are a member of the Maritime Anti-Corruption Network (MACN), which works towards eliminating corruption and enabling fair trade, and we strictly adhere to our Zero Facilitation Payment Policy. Our stance and expectations on anti-corruption and bribery are also stressed in our Third Party Code of Conduct. In 2022, Maersk Tankers adopted the use of MACN's new screening tool and helped to refine the tool by providing feedback to MACN. Moreover, we carried out company-wide training on gifts and hospitality, which have raised awareness and increased knowledge among employees. We will proceed with our work in this important area, taking our part in driving positive change in shipping.

We have an unwavering commitment to sustainability and will continue to work to create a positive impact for society and the planet.

You can read about our sustainability work at:
https://maersktankers.com/strategy/sustainability

Diversity, equity, and inclusion

We are committed to building a diverse organisation where employees, regardless of their gender, ethnicity, experience, religion, sexual orientation, and age, can thrive, develop and feel a sense of belonging. We believe this is the right thing to do. It also mirrors the diverse and global world we operate in, and it is a catalyst for the innovation shipping needs to find new solutions to complex problems such as climate change.

At Maersk Tankers we employ a diverse workforce of various nationalities, ages, cultures and experience. We are unstinting in our efforts to go further in creating a diverse, equal and inclusive organisation. During the year, we have, for example, worked on diverse hiring; building a diverse talent pipeline, which includes a trainee programme to hire and train undergraduates for roles in the frontline; creating an inclusive environment through employee initiatives; and creating awareness internally and externally on allyship.

We made progress during the year. At the end of 2022, women made up 37% (25% in 2021) of the workforce; 51% of new hires were women (55% in 2021); and 27.5% of leaders were female (25% in 2021), with a target of 35% by the end of 2023.

At the date of signing the Annual Report, the following gender balances apply and are in accordance with guidelines issued by The Danish Business Authority in December 2022.

The leadership team consists of two women (29% of the total) and five men, which is in line with the company's 2023 targets. The Maersk Tankers' Board of Directors has two female directors (33% of the total) among its six members, which is also in line with the company's 2023 targets.

We will continue to take measures to improve diversity across all levels of the company.

Data Ethics

Data ethics is an area that has been developed through introducing processes, raising awareness and training throughout the organisation. One example is the IT awareness programme rolled out to Maersk Tankers' 300 employees.

Our data ethics principles aim to ensure that data is handled in a correct and responsible way. We continually monitor and update our data ethics policy and guidelines to protect individual's privacy, and to safeguard the company from legal, business, and reputational risk.

A.P. MOLLER CAPITAL

The ESG Report for 2022 is enclosed on the next pages

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT FOR 2022

ESG DISCLOSURE FOR LIMITED PARTNERS
IN AFRICA INFRASTRUCTURE FUND I K/S

A.P. MØLLER
CAPITAL

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

CONTENTS

USEFUL ACRONYMS:

- AIF I: Africa Infrastructure Fund I K/S
- CO_2e: Carbon dioxide equivalents
- ESG: Environment, 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
- OECD Guidelines for MNEs: OECD Guidelines for Multinational Enterprises
- PRI: UN Principles for Responsible Investment
- SFDR: EU Sustainable Finance Disclosure Regulation
- SDGs: UN Sustainable Development Goals
- TCFD: Task Force on Climate-related Financial Disclosures
- UNGC: United Nations Global Compact

MESSAGE FROM THE CEO

As the world gradually emerges from Covid restrictions, the Ukraine conflict continues to have significant global consequences. We are closely monitoring the impact of rising prices of oil, gas, and food on our investment companies, while recognising that the ongoing geopolitical crisis is disproportionately affecting Africa's most vulnerable communities. This report highlights the fund's positive social and environmental impacts. For example, by enabling more efficient and reliable cereal supply chains, Mass Céréales Al Maghreb has an important role to play strengthening food security in Morocco. By keeping wheat prices as low as possible the company increases the purchasing power of Moroccans.

Despite the turmoil of 2022, the portfolio of the Africa Infrastructure Fund I (AIF I), managed by A.P. Moller Capital, has proven to be resilient. We use the Joint Impact Model (JIM) to estimate our contribution to employment and 'value added'. The value added is calculated as the sum of salaries, taxes and profits and is equivalent to the portfolio's contribution to Gross Domestic Product (GDP). In 2022, the AIF I portfolio supported 147,000 jobs and contributed USD 1,181m to GDP. This is an increase of more than one third since 2021.

During 2022, AIF I was fully invested and added three new assets to the portfolio. Our portfolio now includes eight companies and a total of 16 infrastructure assets that focus on transportation and energy across nine African countries. We invested in KEG Holdings, a company that specialises in importing and distributing cleaner and transitional cooking fuel to households and businesses in Kenya. This is particularly important as around 75% of Kenyan households still rely on wood or charcoal for cooking, causing deforestation and indoor air pollution. Our investment seeks to encourage a transition to more efficient and cleaner cooking.

We also established the East Africa Infrastructure Platform (EAIP), consisting of two peak load thermal power plants that play a critical role in providing reliable power to commerce, industry and households in Kenya. Over the past year, both plants prevented outages on 117 days for about 4 hours per day. During 2022, our portfolio provided electricity to 11 million people, with 5.7 TWh generated.

In addition to contributing to GDP, supporting jobs and providing electricity, the portfolio generated a total of 2,575 kilotonnes (kt) of greenhouse gas (GHG) emissions (scope 1 and 2). Emissions increased on a like-for-like basis by approximately 6%, mainly driven by an increase in emissions from Eranove's power assets, which account for most of the portfolio's emissions. Of the electricity generated, 28% came from renewable wind and solar power, and included four of the five largest operational rooftop solar installations in South Africa.

We have emphasised active ownership through our board representatives to improve ESG performance at portfolio companies in accordance with international standards, while taking into account the unique challenges of emerging markets. One of our priorities was the improvement of safety in the communities in which our portfolio companies operate. For example, in 2022, we engaged with two investee companies to introduce track and trace, alarm systems for traffic violations, and an incentive scheme that promotes safe driving. For us, it is essential to implement good governance practices, and as a result, all of our investee companies have now adopted an anti-corruption policy. We also focus on monitoring energy consumption to reduce GHG emissions where possible, for example by electrifying harbour cranes, diverting cargo from road to rail, awareness campaigns and converting trucks to allow them to run on gas rather than diesel.

The events of the past year have shown us that it is difficult to accurately predict geopolitical developments and their impact on our business. However, if we remain committed to our values and work collectively to implement initiatives within each company, we will continue to create additional impact through growth, efficiencies and improved ESG performance. To further mitigate the impact of our investments on climate change, we are building on the successful pilot reforestation project completed in Kenya last year by developing a strategy to scale up reforestation efforts and exploring opportunities in carbon markets.

Kim Fejfer
Managing Partner and CEO
A.P. Moller Capital

EXECUTIVE SUMMARY

A.P. Moller Capital manages AIF I's portfolio of investments, combining attractive risk adjusted returns with a positive sustainable impact on African economies, society and environment. We call this "doing well while doing good".

Using the Joint Impact Model, AIF I investments in transport and power were estimated to have contributed USD 1,181m in GDP and supported 147,000 local jobs in 2022

AIF I HAS A DIVERSIFIED PORTFOLIO, WHICH IN 2022 COMPRISED EIGHT INVESTMENTS IN NINE COUNTRIES

	INVESTMENT	EQUITY COMMIT-TED $	OWNER-SHIP %	DESCRIPTION*	IMPACT	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	13 CLIMATE ACTION
TRANSPORT	Arise Ports & Logistics	308	42.3%	Mineral and general cargo port terminals Bulk terminal under construction	Improving port infrastructure to boost trade and support jobs		●●	●	●
	Mass Céréales Al Maghreb	41	49.0%	Grain terminals Grain terminal under construction	Increasing food security through grain import		●●	●	●
	KEG Holdings	144	29.1%	LPG import and distribution	Providing LPG to displace wood, charcoal and diesel		●●	●	●
POWER	Cabeolica	17	44.0%	Wind power	Providing renewable power to the grid	●●	●●		●
	Lumika Renewables	35	49.9%	Solar captive power	Providing renewable off-grid energy solutions for commerce and industry	●●	●●		●
	East Africa Infrastructure Platform	71	100.0%	Thermal power (heavy fuel oil)	Providing power to reduce outages	●	●●		●
	Impala Energy Holdings	45	93.0%	Captive power (flared gas)	Providing power to commerce and industry from flared natural gas	●	●●		●
	Eranove	126	32.1%	Thermal power (gas) and hydropower. Electricity distribution. Water distribution. Thermal power (gas)	Providing power to the grid Distributing electricity and increasing access to power Distributing water	●	●●	●	●

*Coloured circles correspond to countries on the map on the next page

● Direct impact on at least one SDG target ●● Direct impact on two SDG targets

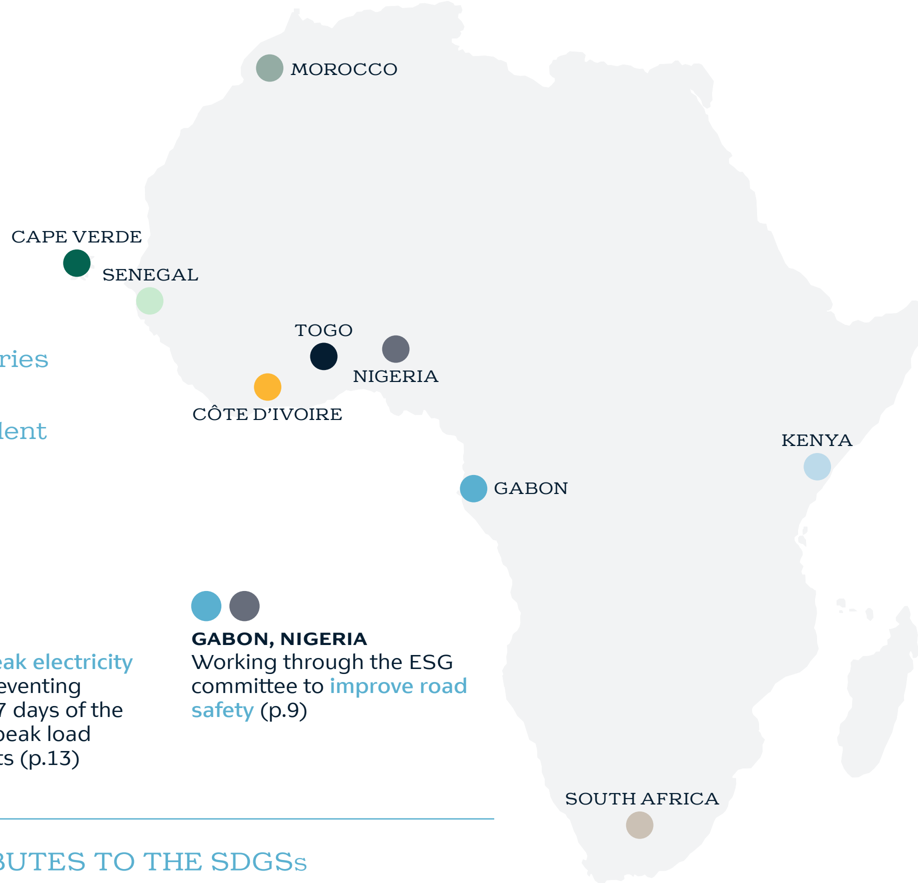
SOCIAL

Direct impact

- **10,727** direct jobs
- **21%** female employees
- **USD 128m** taxes paid
- All portfolio companies have **anti-corruption** and **safety** policies

Total impact

- **147,000** jobs
- **USD 1,181m** in GDP across **9** African countries
- **5.7 TWh** of electricity provided to the equivalent of **11 million** people



MOROCCO
Supporting food security by reducing the costs of importing wheat and increasing the purchasing power of Moroccans (p.12)

GABON
Enabled impact of upgraded port infrastructure supported over 140,000 jobs and contributed USD 951m in GDP (p.14)

KENYA
Meeting peak electricity demand preventing outages 117 days of the year using peak load power plants (p.13)

GABON, NIGERIA
Working through the ESG committee to improve road safety (p.9)

AIF I CONSCIOUSLY CONTRIBUTES TO THE SDGSs

Our portfolio companies contribute to SDG 8 as we actively work through our board representatives to provide decent jobs, in safe working environments, protect workers' rights, and promote equal opportunity, diversity and inclusion in the workplace. Our investments in port terminals, logistics and energy infrastructure is critical for economic growth and to meet SDG 9. Our energy investments contribute to SDG 7.

We prioritise renewable energy generation. Where renewable opportunities are not viable, AIF I may invest in non-renewable energy to provide power to sustain commerce, industry and domestic needs. We believe we have an important role to play in achieving global net zero emissions by 2050 so we work to reduce GHG emissions and address climate change risks, which is SDG 13.

CLIMATE

CO_2

517 ktCO_2e
AIF I scope 1+2

2,575 ktCO_2e
Total scope 1+2

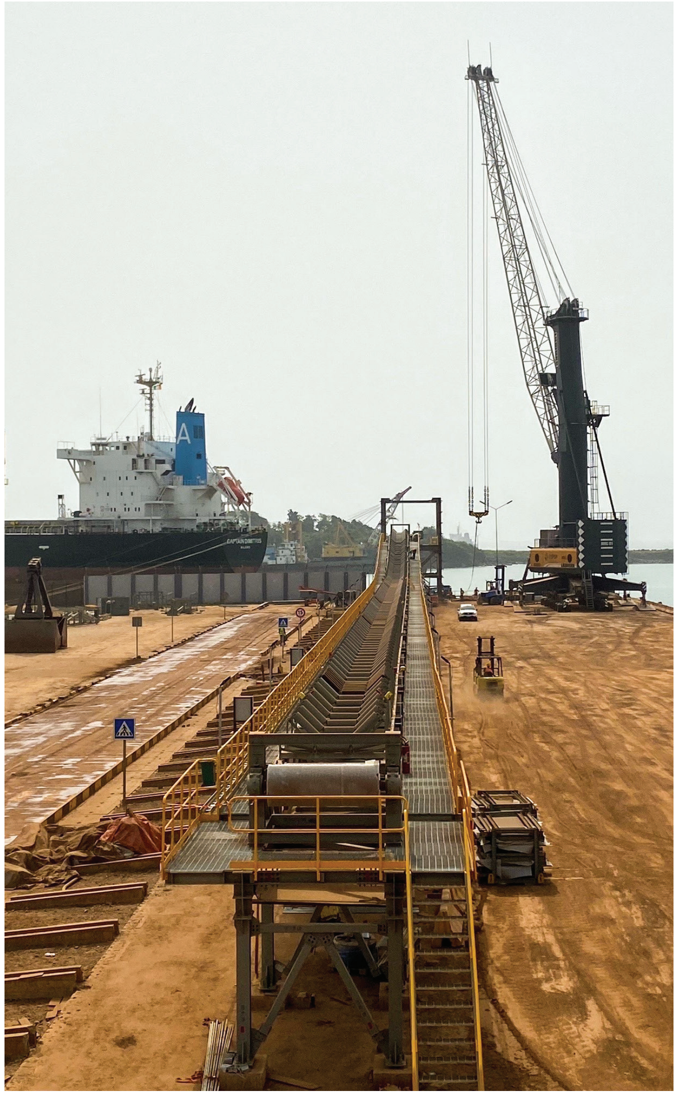
SOUTH AFRICA
Harnessing clean energy by installing solar panels, taking total installed capacity to 56.5 MW (p.16)

NIGERIA
Avoiding emissions from gas flaring by capturing, processing and distributing compressed natural gas (CNG) (p.16)

GABON, KENYA, MOROCCO, NIGERIA
Decarbonising ports and logistics by increasing energy efficiency and reducing fuel consumption (p.17-18)

KENYA
Reducing emissions by transitioning from firewood to LPG to reduce deforestation and improve health (p.17)

INVESTMENT STRATEGY AND SOCIAL PURPOSE



FINALISING THE CONSTRUCTION OF THE BULK PORT TERMINAL IN CÔTE D'IVOIRE

Africa is the fastest growing continent by population. It is currently home to around 1.3 billion people – a number which is projected to grow to 2.5 billion by 2050[1]. Every year, 12 million young people join the labour force, leaving Africa with an urgent need to generate employment. Unfortunately, the SDG financing gap for Africa is still high at USD 200 billion[2] and the mobilisation of private finance is lagging behind at less than USD 17 billion in 2020[3].

Our investment strategy is focused on the twin elements of value creation and risk mitigation while applying the highest ethical standards and being true to the heritage and values of the A.P. Moller Group. We focus on investments that support sustainable economic growth and prosperity in the markets where we operate while delivering competitive returns. The primary focus is on transportation and logistics in addition to opportunities within energy and power.

Additionally, our 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 owner, 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. We apply international best practice in respect of corporate governance and have developed a corporate governance manual for our portfolio companies including these standards.

There are certain investments that we will not make if the business is on our exclusion list (see Annex I). For example, the fund has not invested in businesses that generate energy from coal.

CLIMATE STRATEGY

At A.P. Moller Capital, we recognise that the infrastructure investments we make now, have an impact into the future. 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.

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 and monitor the potential financial impacts of physical and transitional climate risks.

We follow the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD) and have signed up to the Institutional Investors Group on Climate Change (IIGCC). We regularly discuss ESG at portfolio company board meetings, including how to reduce GHG emissions. We consider it our fiduciary duty to ensure stranded asset risk or other losses from climate change are minimised.

[1]UN Department of Economic and Social Affairs (2017). World Population Prospects: The 2017 Revision, Key Findings and Advance Tables.
[2]SDG Action (2022). Funding those with the greatest need.
[3]OECD (2023), Private finance mobilised by official development finance interventions, Development Co-operation Directorate.

ESG THROUGHOUT THE INVESTMENT CYCLE

SCREENING → DUE DILIGENCE → INVESTMENT AGREEMENT → PORTFOLIO COMPANY MANAGEMENT → EXIT

OUR APPROACH TO ESG

Over the years, we have successfully built our ESG framework, driven by our embedded ESG culture. Our approach to ESG is based on the UN Global Compact and UN Principles for Responsible Investment (PRI). We continuously update our ESG systems based on these and good international industry practices and codes of conduct including the OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights.

Our approach incorporates due diligence against international ESG standards, including the IFC Performance Standards on Environmental and Social Sustainbility to consider opportunities to raise the ESG performance of companies. It is important to assess the project partner's integrity, commitment to ESG, and capacity to manage ESG risks and impacts.

Our early investment process considers an impact thesis to ensure that the investment has the potential to meet our ESG requirements. The investment cannot include any activities on our exclusion list (Annex 1) and should have a positive social impact through the support of local employment and contribution to GDP.

PORTFOLIO MANAGEMENT

Minimum requirements in our shareholder agreements include having a minimum of one board seat, and having a senior manager responsible for managing and reporting to the board on ESG performance. Our active ownership is continued though the boards of each company and we always assign ESG responsibilities from the board level down.

A.P. Moller Capital tracks the ESG performance of its portfolio companies. Any gaps identified during the pre-investment due diligence process are addressed during active ownership through the company board and the ESG action plan. We define these plans to address high priority actions and to enable companies to align with our Ethical Policy through, for example, development of anti-money laundering and anti-corruption and anti-bribery policies.

At the fund level, we monitor numerous ESG KPIs. Mandatory indicators required under the EU Sustainable Finance Disclosure Regulation (SFDR) related to climate, environment, social, employee, human rights, anti-corruption and anti-bribery will also be monitored. Our Risk and ESG Committee has a consultative role to oversee and monitor ESG compliance, initiatives, and reputation risks related to ESG. Our ESG team provides valuable support and technical expertise to the investment team and board representatives.

ENVIRONMENTAL OBJECTIVES

a. To protect the environment;
b. To encourage the efficient use of natural resources; and
c. To promote the improvement of the environment wherever possible.

SOCIAL OBJECTIVES

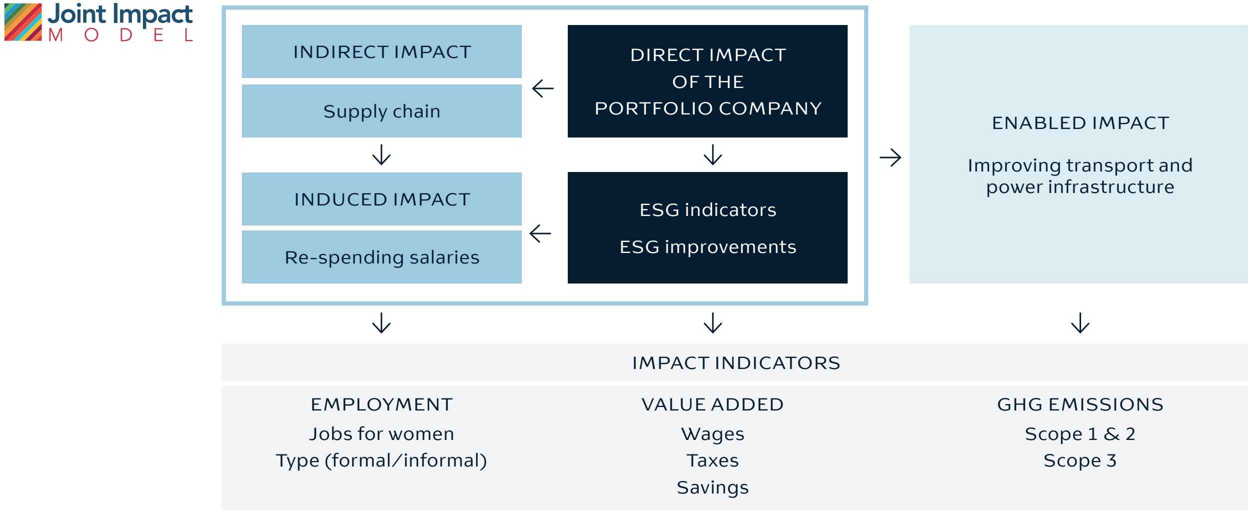
a. To provide safe and healthy working conditions for employees and contractors;
b. To treat all employees and contractors fairly, and with respect for their dignity, wellbeing and diversity; and
c. To be objective, consistent and fair in dealings with all stakeholders.

GOVERNANCE OBJECTIVES

a. To exhibit honesty, integrity, fairness and respect in all business dealings;
b. To build and maintain a good reputation; and
c. To manage business affairs prudently and with due skill, care and diligence.

Doing good by investing in infrastructure in developing markets:

- Supporting employment
- Contributing to the economy (GDP)
- Reducing GHG emissions
- Improving ESG performance



THE JOINT IMPACT MODEL IS USED TO ESTIMATE SUPPLY CHAIN AND INDUCED IMPACTS. ENABLED IMPACTS ARE CALCULATED USING A SEPARATE MODEL.

HOW WE MONITOR PORTFOLIO ESG AND IMPACT

MONITORING ESG PERFORMANCE

We monitor fund level ESG KPIs including mandatory indicators required under the SFDR and indicators related to GHG emissions, environment, social, employee, human rights, and anti-corruption. A.P. Moller Capital appointed board members in the portfolio companies play an important role in monitoring implementation of ESG action plans, ESG indicators, and appropriate reporting on material incidents. Portfolio companies' management teams are required to report on ESG at least quarterly.

QUANTIFYING SOCIAL IMPACTS

A.P. Moller Capital uses the Joint Impact Model (JIM) to assess and report key impact indicators related to investments. The JIM is a publicly accessible web-based tool that is widely supported by Development Finance Institutions and estimates the contribution to employment, value added (GDP) and GHG emissions for the portfolio. This is done by tracing down company revenues through the economy based on direct data from the portfolio companies and macroeconomic statistics from internationally recognised sources. We have used a third party to review the accuracy of the results.

The JIM adds up the **direct, indirect, and induced impacts of investments.** Direct impacts are generated at the company level through their own operations. Indirect impacts refer to supply chain impacts, in other words the portfolio company´s suppliers and their suppliers. Induced impacts are associated with the spending of wages earned by employees of the portfolio company in the economy.

In addition to the direct, indirect and induced impacts, infrastructure investments generate economic activity through their users and customers, which contributes significantly to the overall positive impact of such projects. AIF I investments have resulted in enabled impacts in:

- Transport, where ports and logistics infrastructure contribute to development by increasing trade and reducing its costs; and
- Power, as society depends on reliable and affordable energy services to function smoothly and develop equitably.

A third party calculated the enabled impact of the AIF I investments in Arise Ports & Logistics (p. 14).

QUANTIFYING GHG EMISSIONS

The JIM also estimates **GHG emissions** of investments, which tend to increase as the number of jobs and value added in GDP increases. We have calculated scope 1 and 2 emissions based on energy consumption data obtained directly from the portfolio companies, which is the most accurate way. Scope 3 emissions have been estimated using the JIM based on the sector and size of each investment. The JIM includes scope 3 emissions related to the investment's local and international supply chain and does not cover downstream emissions.

IMPROVING ESG THROUGH ACTIVE OWNERSHIP

After investment, directors on each AIF I portfolio company board who have been nominated by A.P. Moller Capital, are responsible for improving the ESG performance of the company.

Our approach is one of stewardship, the objective of which is to maximise overall long-term value through active engagement with portfolio companies. Our nominated board directors are tasked with supporting sustainable growth through new strategic partnerships, markets, clients and internal efficiencies.

The opportunities we bring enable us to actively engage with companies to also adopt ESG efficiencies. For example, as described in our case studies, investment in port infrastructure at Arise Ports & Logistics in Gabon enabled the company to both increase export capacity while also reducing carbon emissions and making improvements in health and safety.

Now that the investment phase of AIF I has closed, we seek to increase positive social and environmental impacts that we intend will have lasting effects on the societies in which we invest, the environment as well as creating more efficient and valuable companies at exit.

WORKING THROUGH THE ESG COMMITTEE TO IMPROVE ROAD SAFETY

Central to its active ownership approach, A.P. Moller Capital works through its board representatives to improve ESG performance at portfolio companies. This typically includes working through the ESG Committee reporting to the board and, for example, following up on material incidents to prevent a recurrence. Road traffic accidents in Africa are the leading cause of death for young people between the ages of 15 and 29, resulting in about 1.25 million deaths yearly. Additionally, between 20 and 50 million persons experience non-fatal injuries because of traffic accidents, with pedestrians and other vulnerable road users accounting for half of these cases[1]. Speeding, not wearing safety equipment, distracted driving, hazardous road infrastructure, and insufficient law enforcement are significant contributors to traffic accidents.

To minimise road accidents, A.P. Moller Capital has worked with Impala Energy Holdings (Impala) to pilot a track and trace system for traffic violations in part of its trucking fleet. As part of this, trucks are equipped with GPS and warning systems that record real-time driving data. The warning system alarms every time the driver accelerates, brakes, steers abruptly or violates set speed and stoppage times. Impala is also collaborating with drivers to ensure they pay attention to the roadworthiness of vehicles. The company has designed a new incentive that it expects will be more effective in instilling safe driving behaviour than the previous incentive scheme, which assessed performance based on the number of deliveries or distance covered.

Another portfolio company, New Owendo International Port (NOIP), owned by Arise Ports & Logistics has also implemented GPS and alarm systems for tracking speed. Following two fatalities in 2022 related to trucking in the port hinterland, an independent safety gap assessment was carried out. During 2023, drivers will receive specialised defensive driving training at increased frequency and the company will implement a road safety management system (ISO 39001). With these initiatives, the company expects to reduce traffic accidents on public roads.

IMPROVING ROAD SAFETY IN NIGERIA BY IMPLEMENTING TRACK AND TRACE SYSTEMS

[1] WHO (2014). Decade of Action for Road Safety 2011-2020.

SUPPORTING A GENDER-BALANCED WORKFORCE AT ARISE PORTS & LOGISTICS IN GABON

PORTFOLIO SOCIAL IMPACT

SUPPORTING JOBS AND ECONOMIC DEVELOPMENT IN AFRICA

Our estimates, using the JIM and based on data from our portfolio companies, indicate a significant increase in the social impact of the AIF I portfolio compared to last year. The portfolio contributed USD 1,181m to GDP and supported 147,000 jobs in Africa in 2022. The significant increase of 36% in GDP contribution and 40% increase in total employment compared to 2021 results from the acquisition of KEG Holdings and the increased revenues in most of the portfolio companies.

In 2022, our portfolio contributed USD 413m to GDP directly through wages, taxes and savings and an additional USD 767m indirectly through their supply chains. The increase in tax payments relate to the additional investments made, and include both payments reported by the companies and estimates made by the JIM.

The JIM estimated that the portfolio supported 147,000 jobs of which 40% are female workers. It is estimated that for every formally employed person there are 1.6 informal indirect jobs. This figure is lower than in 2021 due to the decreased activity in the construction sector. Informal employment is work for which people do not have a formal contract, e.g. street vendors or agricultural labourers.

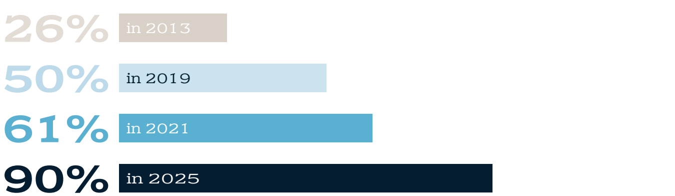
The impact on employment consists of 10,727 direct jobs in the portfolio companies, 93,000 jobs in their supply chains and 43,000 induced jobs. Induced employment relates to jobs supported through the spending of wages in the economy, thus increasing demand and employment further.

The largest contributions to the estimated total employment and GDP came from Arise Ports & Logistics' terminal in Gabon (Owendo Mineral Port), and Eranove's electricity company (CIE) and water distribution company (SODECI) in Côte d'Ivoire.

PROVIDING ELECTRICITY

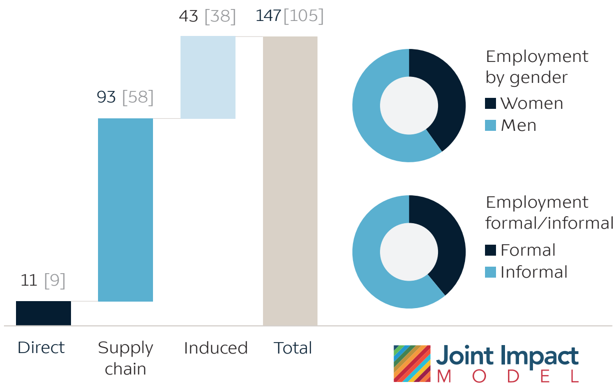
Electricity is a constraining factor for growth, including in Africa where many people and businesses do not have access to electricity from the grid and/or experience power outages. In 2022, AIF I portfolio companies provided 5.7 TWh of electricity to the equivalent of over 11 million people, particularly in Côte d'Ivoire but also Kenya and South Africa.

Eranove through CIE's "Electricity for All" programme has increased **access to power** in Côte d'Ivoire*

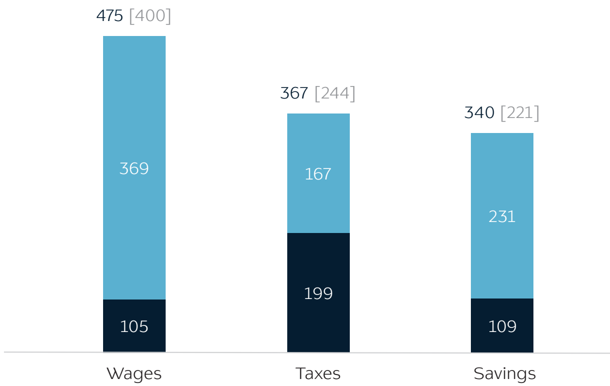


*The percentages show the national average coverage rate (number of subscribed households / total number of households)

AIF I SUPPORTED 147,000 LOCAL JOBS



AIF I SUPPORTED USD 1,181M VALUE ADDED

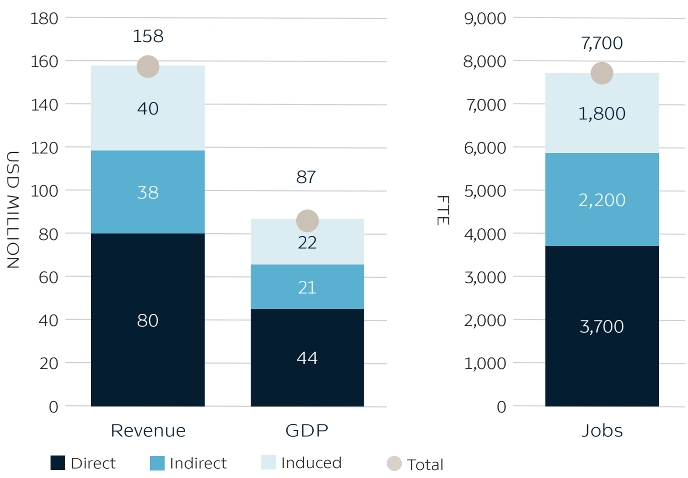


FOOD SECURITY IN MOROCCO

Wheat products constitute a large portion of the average Moroccan's daily diet and total spending. Each year, 280 kilos of wheat is consumed by an average Moroccan compared to the world's average of 65 kilos per year. However, more frequent and severe droughts, as a result of climate change, are negatively impacting Morocco's wheat production.

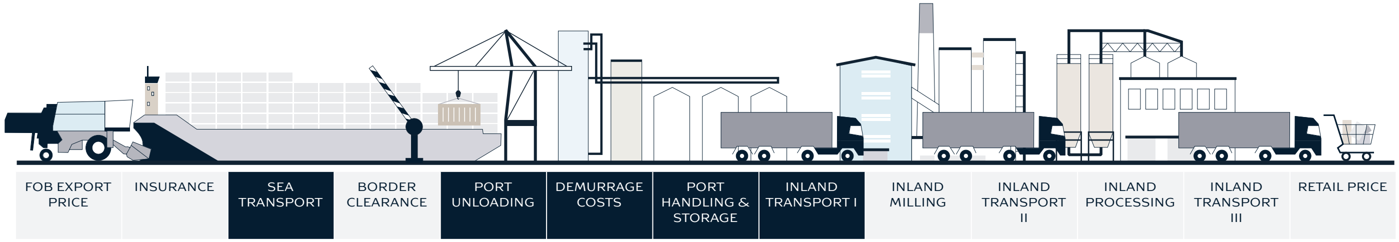
The government subsidises wheat imports to keep local market prices low and stable. Morocco's high dependence on wheat imports makes the country vulnerable to global price and supply shocks. Six countries including France, Canada and Ukraine typically supply 70% of Morocco's wheat. Following the war in Ukraine, Morocco has started increasing the number of sourcing countries.

WHEAT SUBSIDY SAVINGS DUE TO MCM, 2019-2022



Note: The results assume subsidies were financed through tax increase and net tax income being fully spent on consumption without any provisions and savings.
Source: Input-Output analysis of the Moroccan economy by QBIS

MCM IN THE GLOBAL CEREAL SUPPLY CHAIN



MCM's role in the cereal import supply chain is shown in dark blue. MCM can save its customers from 2.1 USD/MT and up to 13.1 USD/MT corresponding to 55,000 and up to 342,000 USD per shipment.

REDUCING THE COSTS OF IMPORTING WHEAT IN MOROCCO

By enabling more efficient and reliable cereal supply chains, Mass Céréales Al Maghreb (MCM) has an important socioeconomic role to play strengthening food security in Morocco. By keeping wheat prices as low as possible the company increases the purchasing power of Moroccans and/or lowers public spending on wheat subsidies.

MCM offers port discharge and storage services in Jorf Lasfar and Casablanca for cereal products including wheat. Within the cereal supply value chain, MCM influences the cost of sea transport, port unloading, demurrage, port storage, and inland transport.

A study commissioned by A.P. Moller Capital compared cereal product handling times within Morocco with other North African countries. The study concluded that demurrage costs in Morocco average 1.0 USD per metric tonne (MT) compared to an average of around 5.4 USD/MT for other North African countries.

Using MCM instead of other operators in Morocco means a further reduction in demurrage costs from 1.0 USD/MT to 0.1 USD/MT. By accommodating larger vessels as well as unloading vessels almost twice as fast as other operators, MCM lowers the risk and demurrage costs. In terms of inland transport, MCM is further assessed to be able to cut significant time during weighing and loading, which translates to additional savings to customers.

MCM has a 65% market share in Morocco. The Moroccan government has potentially reduced spending on wheat subsidies by approximately USD 101m between 2019 and 2022 due to MCM charging its customers less than other operators. Our study suggests that if the subsidies had been funded through increased tax income, this would have resulted in reduced consumption spendings estimated to correspond to approximately USD 87m in GDP and 7,700 jobs.

A.P. Moller Capital's investment is expected to increase its positive impact on the economy by expanding the terminal in Casablanca during 2023, thereby increasing the country's capacity to import cereal and further lowering the average demurrage costs.

Iberafrica and Thika serve as critical peak load thermal power plants and in 2022 have

- prevented outages on 117 days for 4 hours per day
- contributed an estimated USD 257m to GDP and supported 47,500 jobs

PROVIDING PEAK ELECTRICITY DEMAND IN KENYA

In 2022, AIF I created the East Africa Infrastructure Platform (EAIP). The platform consists of two peak load thermal power plants, Iberafrica 52.5 MW and newly acquired Thika 87 MW, which both run on heavy fuel oil (HFO). Both power plants are easily switched on/off compared to conventional base load plants i.e. hydro, geothermal, but have a higher unit cost of power generation due to the cost of HFO. As a result, they are only used to meet demand during peak hours and switched off when energy demand is low. A.P. Moller Capital recently commissioned a study to evaluate the socio-economic impact of these plants on the Kenyan power sector and the economy.

SOCIO-ECONOMIC IMPACT OF HFO-FIRED POWER PLANTS IN KENYA

Electricity demand varies throughout the day, particularly on weekdays. Iberafrica and Thika are dispatched at close to 100% capacity to cover peak demand periods and when intermittent power generation from renewable energy sources is insufficient. In 2022, there were 117 days throughout the year, when Iberafrica and Thika were critical to the integrity of the power grid and prevented load-shedding for ~4 hours per day.

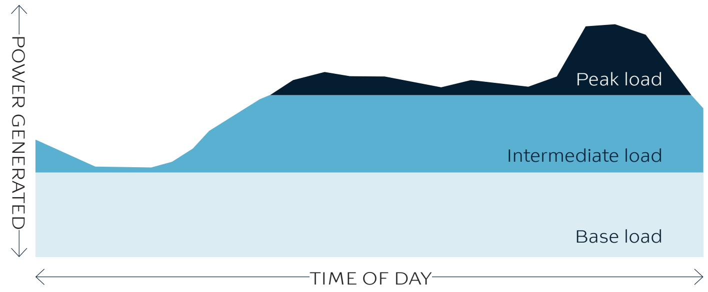
As electricity supply in Kenya is also subject to seasonal variation, thermal power is pivotal in meeting energy demand in months with lower generation from hydropower. January and February are typically dry months, limiting the amount of hydroelectricity available. Hydropower is also subject to longer term variations as drought can significantly limit the quantity of water available for power generation. Furthermore, in 2022, some of KenGen's Olkaria geothermal units were taken offline for maintenance from January to March. As a result, utilisation rates of EAIP's power plants, and indeed other thermal power plants in Kenya, increased to above-average levels in the first quarter of 2022.

The study estimated the combined annual contribution to GDP of Iberafrica and Thika was USD 257m, which corresponds to 0.23% of Kenya's GDP. Of the contribution to GDP, 61% supported businesses in the form of savings, 36% supported households through wages, and 3% went to the Kenyan government in the form of additional tax revenue.

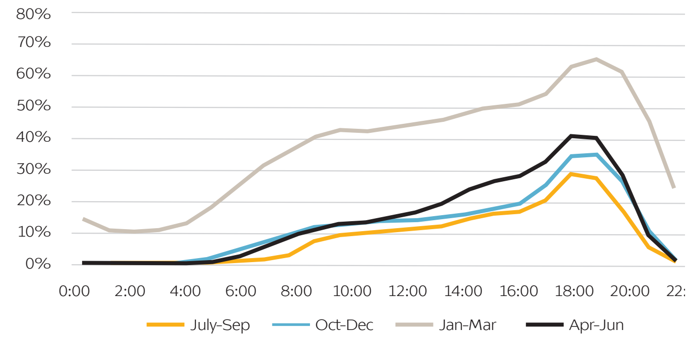
The two power plants supported 47,500 jobs, which corresponds to 0.21% of total employment in Kenya. Considering that about 84% of total jobs in Kenya are informal, this means an estimated 7,800 jobs supported were formal jobs and the remaining 39,700 jobs were informal.

Moreover, the combined impact of Iberafrica and Thika on employment and GDP is larger than their individual impacts, suggesting a non-linear relationship in terms of providing stability to the grid.

POWER GENERATION THROUGHOUT THE DAY



IBERAFRICA & THIKA COMBINED HOURLY UTILIZATION IN EACH QUARTER OF FY21/22



From January to March, the plants were consistently running throughout the day, showing they played a part in meeting intermediate load during this time. In the other seasons, the plants were utilized more consistently during hours of peak demand.

UPGRADING PORT INFRASTRUCTURE IN GABON

Since around 80% of world trade is carried out by sea, seaports offer important gateways to international markets and economies can benefit from increased capacity brought about by port investments. As part of our active ownership approach, we seek to introduce operating efficiencies that minimise health and safety risks, and reduce GHG emissions.

A.P. Moller Capital asked a third party to estimate the enabled impacts of the AIF I investments in Arise Ports & Logistics in Gabon, namely the Owendo Mineral Port (OMP) and the New Owendo International Port (NOIP). The enabled contribution to GDP through both these port terminals in Gabon was estimated at USD 951m in 2022, which is a significant improvement compared to previous years. Similarly, the enabled jobs have also increased and were estimated to over 140,000 in 2022.

The two ports in Gabon are a central element of the country's development plan towards a diversified and sustainable economy focusing on the mining, metallurgical, wood and agriculture sectors. OMP, which provides end-to-end logistics (rail and port) to manganese mines in Gabon has, for example, significantly increased the amount of goods handled in recent years, strengthening Gabon's position as a global leader in the international manganese market.

ENABLED IMPACT OF ARISE PORTS & LOGISTICS IN GABON

		2020	2021	2022
ENABLED VALUE ADDED (M USD)	NOIP	73	90	135
	OMP	644	717	816
	Total	717	807	951
ENABLED JOBS (K FTE)	NOIP	9	20	29
	OMP	62	104	118
	Total	71	124	147

In addition to increasing the capacity to export more minerals, the operating efficiencies enhanced job satisfaction. Employees showed the highest satisfaction with work-site safety in the 2022 employee engagement survey. The survey also revealed high levels of safety awareness amongst employees and contractors.

OMP recently inaugurated its new maintenance workshop for its 44 locomotives and 1,450 wagons. The upgrade improves the performance of OMP's railway equipment maintenance and supports the government's efforts in implementing its Acceleration Plan for Transformation in the railway and port sector. The workshop comprises automated wheel profiling, enabling the separation of workers and machines, and enhanced ventilation, among other design features to minimise health and safety risks. Improved safety outcomes resulting from the modernisation measures are expected to be seen in 2023's safety data

The company is also committed to improve diversity in the work force and has extensive up-skilling training programs for all employees. At the end of 2022, 50% of all employees in management were female.

OMP WORKSHOP FOR RAILWAY EQUIPMENT MAINTENANCE

PORTFOLIO CLIMATE IMPACT

PORTFOLIO GHG EMISSIONS

As shown in the table below, the 2022 AIF I portfolio scope 1 and 2 GHG emissions amount to 2,575 $ktCO_2e$. On a like-for-like basis, the portfolio emissions have increased by approximately 6%, mainly driven by an increase in emissions from Eranove, which accounts for 89% of the portfolio's GHG emissions.

We operate in hard-to-abate sectors and geographical locations where the transition to a lower-carbon economy is far from straightforward. Reducing the emissions of our portfolio companies remains difficult as they typically increase as trade and access to power increases. Despite operating under challenging circumstances, we believe we are moving in the right direction.

We will continue to work through our board representatives to support our portfolio companies to implement decarbonisation measures and documenting their effect, both in terms of emission reductions and monetary impacts.

CLIMATE METRICS

	UNIT	2022 TOTAL	2022 LFL*	2021 TOTAL**	CHANGE LFL* (%)
Scope 1	$ktCO_2e$	2,378	2,255	2,122	+6.3%
Scope 2	$ktCO_2e$	197	196	197	-0.5%
Scope 1+2	$ktCO_2e$	2,575	2,451	2,319	+5.7%

*Like-for-like comparison between the portfolio companies in AIF I in both 2021 and 2022.
**Emissions for 2021 have been recalculated to ensure consistency in the methodology. This has resulted in increased emissions for 2021 compared to the ESG Report for 2021.

We estimated the total portfolio scope 3 GHG emissions to be 697 $ktCO_2e$ using the JIM. These emissions include the supply chain and value chain of each portfolio company. It should be noted that scope 3 includes indirect emissions that are relatively uncertain, and their reduction is not straightforward.

EMISSIONS FROM PROVIDING ELECTRICITY

In 2022, AIF I portfolio companies provided 5.7 TWh of electricity to the equivalent of over 11 million people. Of the electricity provided, 28% came from renewable energy sources (wind, solar and hydropower), and included four of the five largest operational rooftop solar installations in South Africa.

Eranove's electricity production company (CIPREL) and its electricity company (CIE) provide power to the grid and operate the electricity transmission and distribution networks in Côte d'Ivoire. Eranove's emissions increased in 2022 compared to 2021 mainly due to CIPREL's steam turbine being out of operation for maintenance and an increase in the use of diesel during major overhauls. Another reason is CIE's thermal units were often operated at mid-load capacity, as requested by the government. At mid-load, the relative fuel consumption per kWh of electricity generated increases.

Emissions from the thermal power plants in the AIF I portfolio are monitored closely and reduced where possible. For instance, Iberafrica's absolute emissions more than doubled in 2022 compared to 2021, driven by an increase in demand for power during peak times to avoid outages. The relative emissions, however, have continued to decrease slightly due to additional energy efficiency measures implemented in 2022.

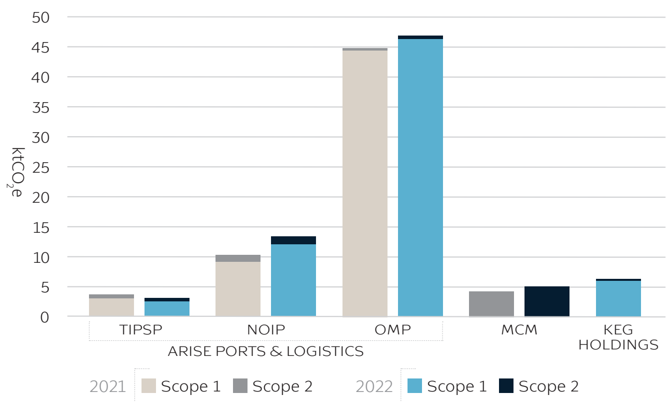
EMISSIONS FROM TRANSPORT

While absolute GHG emissions at Arise Ports & Logistics (OMP and NOIP) have increased in 2022 compared to 2021, the data suggests that the relative GHG emissions per tonne handled have decreased by 9% at OMP and 19% at NOIP. This is the result of operational efficiencies and at NOIP is also due to the electrification of port equipment to reduce diesel consumption.

At Impala, direct GHG emissions have roughly doubled from 1 $ktCO_2e$ in 2021 to 2 $ktCO_2e$ in 2022, as the business has grown. Impala provides power in Nigeria by compressing and distributing previously flared natural gas, and thereby reduces the climate impact associated with flaring.

A large share of emissions relate to road transportation. Decarbonising this form of transport will require a viable alternative to diesel, which Impala is in the process of doing (refer to p.18).

GHG EMISSIONS FROM TRANSPORT INVESTMENTS



SOLAR PANELS INSTALLED BY TFS IN SOUTH AFRICA

DISTRIBUTING PREVIOUSLY FLARED NATURAL GAS TO COMMERCE AND INDUSTRY IN NIGERIA

AVOIDING EMISSIONS

HARNESSING CLEAN ENERGY ACROSS AFRICA

In 2022, Lumika Renewables (Lumika) through its subsidiary Terra Firma Solutions (TFS), installed a record 56.5 MW of solar panels in South Africa, taking its total installed capacity to 270 MW. This includes four of the five largest operational rooftop solar installations in the country. The total energy generation of its owned plants amounts to 53 GWh annually and has avoided an estimated 55 ktCO_2e during the year.

Lumika has also signed its first power purchase agreement in Egypt to develop, construct, and provide electricity to a cement plant. The 50 MWac solar power project will be the largest commercial and industrial project in Africa with a planned commercial operation date in early 2024.

The project will directly help to reduce the plant's carbon footprint by providing clean and reliable power to its cement factory operations. This project is expected to avoid 59 ktCO_2e annually. Lumika is targeting additional projects across Africa, starting with Ghana and Senegal.

RESOURCE RECOVERY TO AVOID FLARING GAS

Gas flaring has been a well-established practice since the first oil field exploitation over 160 years ago. A by-product of crude oil production, market incentives do not always encourage companies to invest in capturing and using the gas. Flaring gas results in emissions of carbon dioxide, sulphur dioxide, nitrous oxide, steam, and other by-products of incomplete combustion including aromatic and aliphatic hydrocarbons, soot, hydrogen sulphide and carbon monoxide[1].

AIF I's strategic investment in Impala contributes to the capture, processing and distribution of Compressed Natural Gas (CNG) as part of Nigeria's national Flare Gas Reduction Program. Impala distributes CNG across south and southeast Nigeria to commercial and industrial clients to displace their diesel consumption. Operation of the plant started in July 2021. In 2022, Impala compressed 148% more flared gas compared to 2021 and distributed 33 million scm CNG. Assuming the CNG replaced diesel as an energy source, Impala avoided 22 ktCO_2e in 2022.

[1]Ziyarati, et al. (2019). Greenhouse gas emission estimation of flaring in a gas processing plant: Technique development.

REDUCING EMISSIONS

TRANSITION FROM FIREWOOD TO LPG TO REDUCE DEFORESTATION AND IMPROVE HEALTH

The investment period in AIF I closed in early 2022 with the acquisition of KEG Holdings (KEG). The company owns and operates the largest liquefied petroleum gas (LPG) import terminal in Sub-Saharan Africa as well as Proto Energy, the largest LPG downstream distribution business in Kenya.

According to the Kenyan Ministry of Health, over 90% of the rural population and around 75% of all Kenyan households cook using wood or charcoal. This is increasing deforestation, resulting in 10.3 million m^3 of wood loss from Kenyan forests annually. At this rate, it is estimated that 143m tCO_2e will be emitted by 2030[1].

Using wood or charcoal for cooking causes acute respiratory illness, cataract, heart disease, and cancer, and accounts for an estimated 10% of all deaths in Africa[2].

TRANSITIONING FROM FIREWOOD TO LPG WITH THE SUPPORT OF PROTO ENERGY

AIF I's investment in KEG supports the transition away from the use of solid fuels and deforestation towards LPG, a cleaner and more efficient method of cooking. The direct emissions in relation to the primary energy content are lower for LPG compared to wood and charcoal and LPG burns more cleanly[3].

In 2022, Proto Energy, in partnership with Equity Bank and Kenyan Commercial Bank, was involved in converting a dozen schools to LPG. One of these schools, Litein AIC Girls Secondary School in Kericho County, with more than 1,000 students, has replaced 450 tonnes of fuel wood with Proto Energy's LPG, saving KES 600,000 a year. During 2023, the aim is to convert 300 additional schools to LPG.

"A few months ago, like other schools, we had smoke all over the place due to the use of wood fuel. But that has completely changed with the adoption of LPG gas for cooking" said Mr. Bii, the chef at AIC Girls Secondary School.

INCREASING ENERGY EFFICIENCY AT PORT TERMINALS

Decarbonising transportation, from port terminals to logistics operations, is an important focus area. In our ESG Report for 2021, we reported how our active ownership initiatives were reducing scope 1 GHG emissions at NOIP, Arise Ports & Logistics' break-bulk handling port in Gabon. These initiatives seem to have paid off as the energy consumed per TEU handled has decreased significantly since 2021.

During 2022, NOIP completed the electrification of its four mobile harbour cranes. The manufacturer estimated that, despite an increase in electricity consumption, there would be measurable carbon emission savings associated with a reduction in diesel consumption of approximately 14 MT per month. The results during testing have shown almost one-third savings in CO_2 emissions per offloading cycle.

NOIP also continued diverting the transportation of some of the cargo it handles, such as containers, packaged timber and bulk cargo, from road to the safer and more efficient waterways and rail. This reduces overall diesel consumption and GHG emissions per tonne kilometre, while also reducing traffic on roads, and road accident risks. For containerised cargo alone, NOIP has the potential to almost double its capacity to 24,000 TEU, with additional energy efficiency savings planned. NOIP's target is to convert 1,000 containers per month from road to waterways which will cut down the overall travel distance by 44,000 miles and provide an estimated net saving of 34 MT diesel per month.

In 2023, NOIP plans to introduce an electric loader at the barge jetty. To further reduce fossil fuel sourcing, NOIP is installing rooftop solar power, which is expected to provide 30% of the current electricity demand. In next year's report, we therefore expect to be able to demonstrate relative reductions in both energy consumption and GHG emissions (scope 1 and 2).

Following an in-depth energy audit, concrete actions were also taken at MCM. These included the implementation of technological solutions, and supporting behavioural changes through awareness campaigns. The actions have contributed to reducing the electricity consumption by 8% per tonne of grain handled from 1.89 kWh/t in 2021 to 1.73 kWh/t in 2022.

[1] Stockholm Environment Institute (2018). How Kenya can transform the charcoal sector and create new opportunities for low-carbon rural development.
[2] The Lancet Planetary Health (2021). Air pollution and development in Africa: impacts on health, the economy, and human capital.
[3] Volker-Quaschning (2022). Specific Carbon Dioxide Emissions of Various Fuels.

REDUCING FUEL CONSUMPTION BY CONVERTING TRUCKS TO CNG AT IMPALA IN NIGERIA

REDUCING EMISSIONS FROM LOGISTICS

Both Arise Ports & Logistics port terminals (OMP and NOIP) offer end-to-end logistics in Gabon, and a significant part of their emissions relate to road transportation. Reducing fuel consumption from this form of transport involves assessing the viability of e.g. converting trucks or locomotives from running on diesel to gas or even the new greener hydrogen-based fuels.

In Nigeria for example, the high diesel costs are driving the demand for converting diesel fuelled vehicles to compressed natural gas (CNG), which also significantly reduces GHG emissions. Impala has placed orders to convert its own fleet of 60 trucks from diesel-power to CNG power by mid-2023. The first of these CNG trucks have already been put into operation.

In a related development, some of Impala's clients have requested the installation of CNG dispensers at their plants to fuel their own trucks and vans, which they are also converting to CNG-powered engines. Many other industries and corporations have started seeing value for money in this conversion. Looking to the future, Impala is at the heart of driving a positive shift in Nigeria's transformation to cleaner fuel in the power and transport sector.

In Kenya, the newly acquired KEG Holdings includes Proto Energy, which is the largest liquified petroleum gas (LPG) marketer in Kenya. In partnership with one of the leading European providers of autogas systems, Proto Energy is licensed to convert gasoline-powered vehicles to be able to run on LPG under their brand, OTOGAS.

LPG is stored in a high strength steel tank, for example in the car boot, and is carried through specialised pipes, through a filter and ultimately to the engine. LPG is a way for businesses, vehicle owners and operators to save on their vehicle running costs and to reduce GHG emissions. It is a cleaner, more cost-effective energy source than traditional fuels like diesel and petrol.

SUPPORTING CLEANER AND MORE COST-EFFECTIVE ENERGY SOURCES BY PROVIDING LPG THROUGH OTOGAS IN KENYA

PORTFOLIO ESG KPIs

FUND LEVEL ESG INDICATORS

			FY2022	FY2021	DIFFERENCE
ENERGY	Consumption	GWh	12,968	12,407	+5%
	Of which: electricity	GWh	350	348	+6%
	Of which: fuels	GWh	12,618	12.059	+5%
SAFETY	Accident prevention policy	%	100	100	0
	Fatalities	Number	3	4	-1
	Lost time injuries (LTIs)	Number	156	140	+11%
JOBS	Total number of workers	Number	13,098	10,739	+22%
	Direct employees	Number	10,727	9,038	+19%
	Female employees	%	20	21	-1pp
TAXES	Total	m USD	128	46	+177%
ANTI- CORRUPTION	Policy in place	%	100	92	+8pp
	Incidents	Number	4	0	+4
	Insufficient action taken	Number	0	0	0

We monitor electricity and fuel consumption to calculate GHG emissions (scope 1 and 2) as described earlier (p.15). The energy consumption increased slightly in 2022 (+5%). This increase is mainly due to the additional investments in the portfolio, as the like-for-like difference in energy consumption is only +1%.

All investee companies in the AIF I portfolio have an accident prevention policy in place, typically as part of an externally certified occupational health and safety management system (ISO 45001). Despite this, three fatalities occurred during 2022. Two fatalities were traffic accidents related to trucking operations in connection with NOIP, Arise Ports & Logistics port terminal in Gabon. To prevent a recurrence, the ESG Committee, chaired by A.P. Moller Capital recommended a safety audit be carried out and a road safety management system be implemented (ISO 39001). The third fatality involved a contractor for Eranove subsidiary CIE who received an electric shock whilst working and not following procedures. Appropriate follow up actions have been taken. Although the total number of LTIs has increased since 2021, the number of LTIs has decreased by 3% on a like-for-like basis.

The portfolio comprises a total of 10,727 employees, an increase of 19% compared to the portfolio in 2021. The share of female direct employees remains similar, which is relatively high compared to the African benchmark for infrastructure and construction[1]. In 2022, a total of USD 128m was paid in taxes, which is a significant increase compared to 2021. The main drivers for the increase is the addition of new portfolio investments.

All companies in AIF I now have an anti-corruption policy in place. In 2022, four minor incidents of corruption were reported at Proto Energy. In each case, appropriate measures were taken to address the incidents including court proceedings initiated by the company to enforce the zero-tolerance to corruption. Fines incurred by former employees were less than EUR 1,000 for all four cases combined.

[1]ILO (2020). Global Employment Policy Review 2020: Employment policies for inclusive structural transformation.

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 labour[1] of any kind;
b. Allow children[2] to form part of their workforce;
c. Pay wages which are below industry or national minima;
d. Are in a country or involve a person, group or entity subject to international trade embargoes or sanctions[3] at the time of investment;
e. Generate energy production based on coal[4];
f. Are incorporated in EU non-cooperative jurisdictions for tax purposes (blacklist) at the time of investment;
g. 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;
h. Generate power from a nuclear reactor;
i. Manufacture tobacco or tobacco-related products, unbonded asbestos fibres or radioactive materials;
j. Involve gambling, casinos and related activities; or
k. 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 materials[5];
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]The exclusion list states "generate over 90% of revenues from mining of coal or from energy production based on coal". However the fund has chosen not to invest in projects that generate energy production based on coal.
[5]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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