A.P. MØLLER - MÆRSK A/S

Sustainability Report 2015
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**About the report**
The report covers activities in the calendar year 2015. Our approach to reporting is to focus on material issues and activities, in line with stakeholder concerns and relevance in terms of context, completeness and balance. We strive for optimal accuracy, timeliness, clarity and reliability in the way we communicate.

It is possible to access the Group’s Sustainability accounting principles and previous year’s data on our website, where our Communication on Progress to the UN Global Compact is also available. Please go to www.maersk.com/sustainability.
The current business environment is harsh for the industries in which we operate. In spite of this, there should be no doubt that our commitment to sustainability in our businesses is unflinching, as is our commitment to the United Nations Global Compact.

While the Group is in good shape, we too need to adjust to the market outlook in order to stay competitive. On this basis, we have had to say goodbye to employees mainly in Maersk Oil, Maersk Supply Service, Maersk Drilling and Maersk Line. In line with our Group Core Values, we try to provide support through these transitions.

Sustainability is business
Sustainability is not a luxury. It is a responsibility and a precondition for long-term competitiveness. To the Executive Board the responsibility is personal. It is our obligation to deliver our Company and our Name in better shape than when we stepped onto the bridge.

We welcome the global deal reached in Paris during COP21 which is an important step towards ensuring that global warming stabilises below 2 degrees Celsius. Future growth must occur while simultaneously containing climate change. We continue our decoupling of growth in traded volume and CO₂ emissions in Maersk Line, our container shipping business, through investments in new vessels, retrofiting of older ones and enhanced planning. We do this as a matter of principle and because it makes business sense.

A continuous effort to reach zero
The Maersk Group has two areas on which our target is to reach zero. These are the areas of work-related fatalities and major oil spills. We are not satisfied with our performance on either.

In 2015, 7 people died while working for us. These fatal accidents occur in spite of our sustained prevention efforts through the work of our substantive and dedicated safety organisation. The fate of each of these people is deeply unsettling to me, and I want to assure all our employees’ families that we will continue to press forward to reach our ultimate target: to return all our people home safely at the end of the working day. This continues to be our highest sustainability priority.

We had three larger oil spills in 2015, which were contained and cleaned up when they occurred. Our analysis shows that spills mainly occur when work processes are not followed. An increased focus on process safety, which may help in avoiding spills in the future, is in progress across the Group’s businesses.

Improvements in partnership
A number of sustainability issues related to our industries require thought leadership and the creation of the knowledge, partnerships and collaboration necessary to induce real change.

Today, the majority of ships are dismantled and recycled at facilities on beaches. Here, the standards and practices often do not adequately protect the people working at the facilities and the natural environment. We have decided to play a role in changing this situation. Alone and in partnership with others, we will work to upgrade conditions at recycling facilities on the beaches in the Alang area, India, while we remain committed to responsibly recycle our own ships and rigs.

Opportunity for growth
The coming year will be challenging for our businesses, but also one with ample opportunity for those who are prepared to seize the many opportunities presented. As a competitive Group with a highly engaged workforce and performing in volatile markets this is what we will do to unlock growth – for the company and for society.

Nils S. Andersen
CEO of the A.P. Moller - Maersk Group
**Governing progress on sustainability**

Sustainability governance is needed to ensure high-level accountability and decision-making that will allow us to fulfil our ambitions, manage our risks and address the expectations of stakeholders.

Our main governance and supervisory body is the Sustainability Council. It reports directly to the Executive Board and oversees progress on the Group’s sustainability strategy. The Sustainability Council’s functions are laid out in a charter:

- To oversee compliance with the Group’s sustainability standards and policies in the Commit framework (see governance framework graphic below).
- To endorse sustainability strategies and positions and to keep track of the most prominent movements on sustainability across the Maersk Group.
- To guide execution of approved strategies and positions.
- To prioritise and approve projects related to the execution of the 2014–2018 Sustainability Strategy within the investment framework provided by the Group Executive Board.

Each of the Group’s operating businesses have established governance structures to implement and manage sustainability. Management is held accountable for this through biannual reporting and CEO reviews (see next page).

**The Sustainability Council’s 2015 actions**

An important item on the Council’s agenda for 2015 was the development of a strategy and project on ship recycling (see p. 14).

Other topics in 2015 included updates on the core Group sustainability programmes (Anti-Corruption, Responsible Procurement, Global Labour Relations and Diversity & Inclusion), approval of the Group’s position on the global cap on sulphur oxides, discussion of sustainability criteria in M&As, approval of enabling trade projects and development of a global education pipeline model; the viability of which will be discussed and determined during 2016. A Group safety update is the first topic on the agenda at each of the Council’s four annual meetings.

**Members of the Council**

The Sustainability Council has seven members representing key Group Functions and businesses. Their deep knowledge of our businesses makes for insightful discussions, direction setting and decision-making.

In 2015, the Sustainability Council members were:

- Claus V. Hemmingsen (Chairman and member of the Group Executive Board) and also CEO of Maersk Drilling
- Carol McDiarmid, acting Head of Legal and CSR in Maersk Oil
- March H. Engskov, CEO of APM Shipping Services
- Kevin Furniss, VP of HSSE APM Terminals
- Søren Toft, COO of Maersk Line
- Steen Karstensen, Head of Group Procurement
- Annette Stube, Head of Group Sustainability

Establishing oversight on progress

To support the implementation of decisions and progress on sustainability ambitions, the Council is provided with a compliance and performance dashboard twice a year.

**The Sustainability Council is where the interests of business and sustainability are aligned across the Maersk Group for optimal outcomes.”**

Claus V. Hemmingsen
Chairman of the Sustainability Council

**Overseeing CEO Reviews**

Group Sustainability every year conducts reviews of the business’ progress and performance on sustainability. These are based on informed dialogue between business CEOs and sustainability staff and Group Sustainability. Each business is reviewed every second year. In 2015, reviews were performed in Maersk Oil, Svitzer, APM Terminals and Maersk Line. Results of the reviews are reported to the Sustainability Council and to the Executive Board.

The dashboard provides an overview of performance on key indicators related to Group targets and progress on sustainability integration in the businesses. It also shows status on implementation of centrally driven programmes, including where relevant, compliance as determined by the Commit assurance process (see figure on right).

Categories in the dashboard are: safety, CO₂ emissions, oil spills, anti-corruption, responsible procurement, global labour relations, diversity and inclusion, and sustainability integration in the business units.

Below: The Sustainability Council debates, sets direction and decides on future actions on our material sustainability issues.

**Sustainability governance framework 2015**

<table>
<thead>
<tr>
<th>Executive Board</th>
<th>Sustainability Council**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approves and oversees positions, projects and strategies</td>
<td>Develop governance processes and structures to integrate sustainability</td>
</tr>
<tr>
<td><strong>Group Sustainability</strong></td>
<td>Manage sustainability risks and commercial relationships</td>
</tr>
<tr>
<td>Oversee management of sustainability programmes</td>
<td>Develop, implement and monitor strategies, positions and projects</td>
</tr>
<tr>
<td><strong>Group Core Values, Group Policies and Group Rules</strong></td>
<td>Implement programmes to comply with the standards and policies in the Commit framework</td>
</tr>
</tbody>
</table>

* Compliance with Commit items is the subject of an annual assurance process.
** Utilised approaches and oversees global Labour Relations and Diversity and Inclusion programmes.
Determining our material issues

Knowing what our most material issues are helps us focus our reporting on what is important to our business and our stakeholders.

Assessing materiality
The materiality of issues to the Maersk Group is assessed through a process that considers issues that pose a risk to our business, and/or that affect our stakeholders due to the impact of our activities. The result is a list of issues which is then assessed in terms of importance to our business and our stakeholders. We integrate input from stakeholders by leveraging contributions from issue owners and businesses, who regularly engage with stakeholders relevant to their area of work.

In September 2016, a materiality calibration workshop was conducted in which this year’s assessments were discussed with issue owners. The conclusions from this workshop were compared to materiality assessments conducted by the business units to ensure alignment.

The subject of personal safety is fundamental to the Maersk Group and is a priority. As such, we do not assess this issue alongside other issues as part of the materiality assessment process.

Informing our reporting
The materiality matrix shows the relative importance of the issues assessed on their impact on cost, revenue, compliance and reputation, and correlates this with the estimated level of importance to employees, customers, regulators, the media, investors, local communities and NGOs. The matrix informs our reporting as we mainly report on issues in the top right quadrant, but also include issues or obligations linked to our commitment to the UN Global Compact and regulation.

Changes from 2014 to 2015
Recycling of ships grew in importance to our business and stakeholders, which is reflected in both actions and reporting by the Group on this subject.

Diversity and inclusion was assessed as growing in importance due to increased risk of illegal liabilities in some jurisdictions and a better understanding of the issue’s effect on Group opportunities, reputation and brand.

Strong safety measures, avoidance of major oil spills, and ensuring responsible business practices, including anti-corruption and aspects of human rights, remain the issues which are of highest concern to both business and stakeholders.

Maersk Group materiality matrix 2015

<table>
<thead>
<tr>
<th>Importance to A.P. Møller - Maersk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal safety</td>
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<tr>
<td>Corruption</td>
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<tr>
<td>Major oil spills</td>
</tr>
<tr>
<td>CO2 emissions</td>
</tr>
<tr>
<td>Local content</td>
</tr>
<tr>
<td>Diversity and inclusion</td>
</tr>
<tr>
<td>Arctic activities</td>
</tr>
<tr>
<td>Ecosystems and biodiversity</td>
</tr>
<tr>
<td>Natural resources scarcity</td>
</tr>
<tr>
<td>Waste management</td>
</tr>
<tr>
<td>Decommissioning of platforms</td>
</tr>
<tr>
<td>Energy consumption</td>
</tr>
<tr>
<td>Supplier conduct</td>
</tr>
<tr>
<td>SCL</td>
</tr>
<tr>
<td>Ballast water</td>
</tr>
<tr>
<td>Extreme risk countries and conflict zones</td>
</tr>
<tr>
<td>Lobbying</td>
</tr>
</tbody>
</table>

Unlocking growth

Why we do it
By raising the bar on energy efficiency, we can respond to a global challenge, supporting the need to decouple economic growth from CO2 emissions while lowering our costs. See page 11–12.

Climate change
Decoupling
growth

Trade
Economic development

Education
Jobs and development

Access to global markets can help generate economic development and employment by supporting businesses and people through new opportunities for exports and income. See page 8.

Education and employment provide opportunities for people and communities to develop and prosper while supporting relationship building for the Group in select markets. See page 14.

Change in drivers of progress
Two years into the strategy period we are making adjustments to the sustainability strategy as a result of learnings achieved and changing framework conditions.

While we originally designed the evolution of and target setting for the three themes (enabling trade, climate change, and education) to follow the same format, this approach is now less relevant. Whereas the key drivers for the enabling trade work are growth and innovation, climate change is driven by cost reduction and for education the original driver has changed along with the business climate in the energy sector. Consequently, we will have different approaches to the three themes going forward and are changing our approach to scaling up the projects from model to solution integrated in our businesses.

The ambition of our 2014–2018 sustainability strategy is to enable growth through trade and education while limiting transport’s impact on climate change.

Our sustainability strategy focuses on three areas of opportunity where we can accelerate the positive impacts of our business: enabling trade, climate change, and education.

In 2015, we reduced CO2 emissions, progressing toward our Group target and decoupling growth in volume from CO2 emissions. We also participated actively in partnerships and high-level advisory groups on carbon emissions in transportation.

In the area of enabling trade, we continued our work in three pilot projects and enhanced our advocacy of the WTO trade facilitation agreement.

We mapped and evaluated current investments in education and developed a model for upgrading the skills of a country; the viability of which will be determined during 2016.

The strategy also stipulates that we will continue to integrate sustainability in our operations, mitigate risks and improve performance levels. Our progress is described throughout the chapters in this report.

The private sector is expected to play a central role in achieving these goals, and the goals have the potential to serve as a guiding light for companies searching for the right way to release their businesses’ potential to deliver on sustainability.

For the Maersk Group, the goals and expectations are closely aligned with our sustainability strategy’s focus on unlocking growth and the partnerships in which we are already engaged.
Systemic issues require leadership and collaboration

Acknowledge, commit, act, lead, and collaborate. Five key concepts in tackling issues where our own actions will be insufficient to mitigate the risks to our business objectives or to maximise synergies between business growth and creation of societal value.

For some sustainability issues, change at a systemic level is the only way to effectively address and solve the issue. In order for this to occur many actors will have to move in the same direction at the same time. In addition to their systemic nature, they pose material risks to the individual businesses’ objectives and they are issues that stakeholders believe are at least in part our responsibility. To simultaneously meet our responsibilities, mitigate risks and enhance opportunities, we need to take actions in our own business that allow us to demonstrate leadership. Only then can we legitimately and knowledgeably participate in the building of broad coalitions or in other ways collaborate to begin to address the issue at a systemic level.
Empowering trade

Trade is a key driver of growth and development and a core element in our sustainability strategy to unlock growth for countries and communities.

World Bank research has shown that no country in the last 50 years has sustained high levels of growth and significantly increased incomes without greatly expanding trade. However, there are many systemic challenges in unlocking growth, which create myriad bottlenecks holding back the expansion of trade.

Maersk Line has approximately 15% capacity market share in global container shipping. APM Terminals is the third largest port operator in the world and Damco handles logistics services for some of the world’s largest companies. In spite of these facts, actions we take in our own business will not begin to solve the systemic problems involved in enabling trade. Only if other parties get involved, will meaningful change be possible.

The Maersk Group’s position allows us to take the lead in understanding how to enable trade. We have for some years now investigated the effect of trade and infrastructure bottlenecks on economic development. We have studied the impact of APM Terminals presence in Apapa, Nigeria, the effect of strengthening new trading routes in Latin America with specialised vessels, the impact of liner connectivity on growth in China and trade services in India. With these studies, we have begun to build a repository of knowledge that we can bring to the table when trade is on the agenda.

Advancing trade facilitation

The World Trade Organisation (WTO) Trade Facilitation Agreement (TFA) from 2013 is by all accounts closer than ever before to coming into force. The TFA will aim to address barriers to trading across borders and cutting red tape. A central element of this agreement, which aims to reduce non-tariff barriers to trade and enable countries to engage in global trade, is the expected implementation of the TFA².

As implementation of the TFA draws closer we have made our technical knowledge available to the relevant stakeholders. We participated in the WTO’s Aid for Trade meeting in Geneva, Switzerland, the WTO Public Forum in Geneva, and the corporate side event related to the tenth WTO Ministerial Conference in Nairobi, Kenya.

As another way of strengthening our commitment to enabling trade, we accepted a seat in the steering group of the Global Alliance for the Trade Facilitation Agreement. This initiative combines the publicly funded investments in trade facilitation from the US, UK, Germany and Canada with the corporate insights and investments of all of our partners.

We will enable trade through building partnerships with the trade facilitation sector that will allocate trade barriers, allowing us to promote opportunities for growth beyond those provided by our everyday business.

Making progress on three pilot projects

We continue to work on the pilot projects initiated in 2014. These are focused on improving processes and procedures for trading across borders and improving local businesses’ ability to access global markets.

A digital Shipping Information Pipeline in East Africa

The overall objective of this project is to enable East African business participation in regional and global trade. Together with our partner TrackAllEast Africa, in 2014 we mapped the current 306 different and often paper-based communication interactions between 30 individuals or organisations involved in the transport of goods from East Africa to Europe. This mapping showed that the cost of time spent on documentation processes is equal to the actual shipment costs.

To remove the documentation barrier to trade, we are now piloting a shared, cloud-based digital document exchange infrastructure (a Shipping Information Pipeline). TradeMark East Africa secured broad engagement with relevant stakeholders in 2015, allowing us to create ownership and a governance structure for the project. With this in place, we began piloting the Shipping Information Pipeline. The Maersk Line Technology Innovation team, Group Sustainability, and Maek Link in Kenya are involved in the project.

Educating traders through ConnectAmericas

Small and medium-sized enterprises (SMEs) only constitute a small fraction of global exports, yet they are key enablers of economic growth and development. Using social media, ConnectAmericas wants to empower SMEs in the Americas to participate in international trade. We expect the training module to be publicly available in 2016.

The project is owned and run by the Inter-American Development Bank and the US Chamber of Commerce. Together with the Inter-American Development Bank and the US Chamber of Commerce we hope to provide all SMEs with the skills and knowledge to access the global marketplace.

Enabling trade through projects and advocacy

“Transport and logistics costs in East Africa are on average still between 50% and 60% higher than in the US and Europe. Reducing trade costs and allied processes will help enable East African companies to improve business competitiveness and provide access to trade for millions in the region.”

Frank Mutsawez
CEO, TradeMark East Africa

“The Alliance’s ambition to develop a replicable model for local economic development and provide growth to local communities would have vast implications for the economic development of all of Indonesia.”

Edy Putra Irawan
Executive Director of the Indonesia National Logistics System/Deputy Coordinating Ministry for Economic Affairs of Indonesia for Commerce and Industry

Why this matters to society

According to the WTO, every dollar invested in trade support generates between US$12 and US$20 of exports. Experts create jobs, increased incomes provide benefits to society and opportunities for development.

Why this matters to the Maersk Group

Close to 75% of the Maersk Group revenue is related to global trade. Allocating barriers to trade will allow more small and medium-sized enterprises and economies to engage in global trade, creating business opportunities in which our future revenue depends.

Our ambitions

We will enable trade through building partnerships with the trade facilitation sector that will allocate trade barriers, allowing us to promote opportunities for growth beyond those provided by our everyday business.

Our progress

Broad stakeholder support in East Africa for piloting the Shipping Information Pipeline.

Joined the Global Alliance for the Trade Facility Agreement

Agreement signed with the Inter-American Development Bank on ConnectAmericas.com

Alliance for the economic development of Bitung

The alliance investigates the two most prevalent systemic issues | Trade

With Connect-Americas, SMEs will have tools to release their export potential and grow to the benefit of people and societies.”

Matias Benderly
Chief of Partnerships and Resource Mobilization Unit, Inter-American Development Bank

Next steps

Finalise and evaluate current pilot projects to scale up for global impact.

Footnotes

¹ Paper trail of a container
² Go to www.youtube.com/maersk to see: ‘Paper trail of a container’
Taking the lead on climate change

The Maersk Group continued to reduce CO2 emissions while growing our business in 2015. Based on our learnings from this decoupling, we advocate and advise on the role of transport in limiting climate change.

Climate change is one of the main challenges facing global society. When addressing the climate change challenge, it must be done in a way that allows for simultaneous reduction in emissions and enhanced growth and development. If not, we will reduce people’s and communities’ ability to grow. Unmitigated climate change will cause destruction of vulnerable communities and natural environments, and have substantial negative impact on future economic growth — with estimates of a drop in gross domestic product ranging between 5 and 20%. It will impact the way of life everywhere on the planet.

Everyone’s problem

Nearly all economies today run mainly on fossil fuels, and therefore the issue creates major conflicts of interests both within and between countries and sectors. In essence it is the right and possibility to take on a role in finding solutions to climate change.

We know that if the global community does not get CO2 emissions under control it will change the climate dramatically. We are taking a lead on this in the shipping industry where we have the greatest leverage.

Nils Smødegaard Andersen* CEO, Maersk Group

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20% It will impact the way of life everywhere on the planet.

Why this matters to society

Climate change, if not mitigated, will be vastly disruptive to global society, in terms of development, livelihoods and the natural environment.

Why this matters to the Maersk Group

CO2 emissions are directly linked to the Group’s bunker fuel costs (3 billion USD in 2015) and are such important to our business, our customers and investors. Disruptions caused by climate change could have severe impact on our business, our employees and the communities where we work.

Our ambitions

The Maersk Line CO2 reduction target: 10% relative reduction in CO2 in 2020, compared to 2010, Maersk Line, which accounts for 84% of the Group’s total emissions, targeted a 2% reduction in CO2 emissions per container (of which 42% was reached). Simultaneously, Maersk Line saw growth in volume transported, sustaining the decoupling of CO2 emissions and trade volumes. We also maintain our estimated 10% lead in CO2 efficiency compared to industry benchmarks.

Our progress


Maersk Line’s CO2 emissions per container moved declined by 4.9% compared to 2014, and 4.2% compared to 2007.

Carbon pricing in focus

We evaluate the best means of integrating carbon pricing across our businesses. In Maersk Oil all major projects sanctioned in 2015 assessed CO2 emissions and pricing was included in the analysis of an investment’s sensitivity to carbon pricing regulations.

We believe that establishing a global carbon pricing scheme could be instrumental in ensuring a level playing field that will enable competition on the basis of carbon performance. This will only be the case, however, if the scheme has global coverage or in other ways addresses the issue of higher costs in regions where carbon pricing is implemented.

Progress on reduction targets

CO2 emissions at group level grew in absolute numbers, but we are on track to achieve the Group target of a relative reduction in CO2 emissions of 30% in 2020 compared to a 2010 baseline. By the end of 2015, a 23% reduction was achieved in total.

Maersk Line’s target is to reduce CO2 emissions per container moved by 6% by 2020, compared to a 2007 baseline. Even in times of low oil prices, a reduction of 42% was reached. Simultaneously, Maersk Line saw growth in volume transported, sustaining the decoupling of CO2 emissions and trade volumes. We also maintain our estimated 10% lead in CO2 efficiency compared to industry benchmarks.

The main contributors to Maersk Line’s continuous reductions in CO2 emissions are operational optimisation through network and data efficiencies, new and more efficient vessels coming into service and retrofitting of existing vessels. Our Triple E vessels made up an estimated 5 per cent of the reductions achieved in 2014. A retrofitting initiative raises the bridge on 18 Maersk Line vessels allowing for an extra layer of containers, which reduces emissions.

Decoupling volume transported and CO2 emissions

The graph shows actual development in absolute reductions in CO2 emissions at growing volumes transported by Maersk Line.

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Corruption is one of the most serious risks we face as a global business. Many of the Maersk Group’s operations are in countries where the risk of corruption is high, including demands for facilitation payments despite these being illegal in most parts of the world. In line with our values, we conduct our business in an upright manner.

Corruption is a systemic issue with customs and practices deeply ingrained in societies and communities. These practices are not easily altered and taking a stand can, in many cases result in significant consequences (see case story on the next page). We work to reduce and eliminate facilitation payments, which are commonplace in the shipping and logistics industries. To increase the likelihood of success, we were instrumental in creating a collaborative forum to combat corruption in the maritime industry. However, such actions are only legitimate if companies can show credible improvements in their own performance.

**Why this matters to the Maersk Group**

Eliminating corruption is in line with Group values, necessary to comply with legal obligations and valued by our customers, employees and the society in which we operate.

**Corruption is one of the most serious risks we face as a global business.**

**Why this matters to society**

Corruption undermines growth and social and economic development. As an obstacle to trade and undermining clean and fair businesses, it creates costly business interruption, difficulty in planning and executing business activities, which reduces societies’ ability to grow and prosper.

**Tackling corruption**

Corruption is one of the most serious risks we face as a global business. Many of the Maersk Group’s operations are in countries where the risk of corruption is high, including demands for facilitation payments despite these being illegal in most parts of the world. In line with our values, we conduct our business in an upright manner.

- **Our ambitions**
  - Pursuing the Group’s 2016–18 compliance strategy will:
    - Continue to integrate compliance into daily business.
    - Enhance efforts through support and assurance.
    - Strengthen internal stakeholder engagement.

- **Our progress**
  - 34% reduction in facilitation payment (2014 baseline).
  - 11,034 employees in total trained in anti-corruption across the Group (9,971 in 2014).
  - Eleven audits and spot checks performed.
  - Ten communication efforts.

- **Next steps**
  - Continued focus on facilitation payment reductions in line with the Group’s target.
  - Execute on the compliance strategy.
  - Conduct spot checks and audits.
  - Launch of new anti-corruption e-learning.

- **Payments and other forms of corruption, and collaboration with local governments and other actors to identify and mitigate the root causes of corruption in the industry. The Maersk Group chairs MACN which today has grown to over 65 participating companies. The partnership works to strengthen members’ anti-corruption programmes and to contribute to improvements in the operating environment. For example, a programme focused on Nigerian ports has been running since 2012. MACN activities in 2015 included the planning of integrity training sessions with government officials and a best practice sharing session with port officials from inside and outside Nigeria. Both will take place in early 2016 and the outcomes will be used to develop tools to professionalise ports globally. Also in 2015, Maersk Line took a leading role in a MACN-driven “Say No” campaign in the Suez Canal to eliminate facilitation payments related to canal transit.

- **A key learning is that even when joining forces, companies cannot solve corruption challenges on their own. Success also requires genuine willingness from national governments to combat corruption at home, and visible support and leverage from other governments and international institutions.**

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- **A key learning is that even when joining forces, companies cannot solve corruption challenges on their own. Success also requires genuine willingness from national governments to combat corruption at home, and visible support and leverage from other governments and international institutions.**

**Update of whistleblower system**

In 2015, Damco implemented zero tolerance towards facilitation payments in Indonesia. It was done against the advice of many local stakeholders who said that Damco might lose business due to delays in processing times. Not all customers were willing to accept that delivery of their cargo lasted longer, even if the delay was due to zero facilitation payments. Damco Indonesia suffered financial downturns due to lost business. These effects, however, have to be balanced against upholding company values and increasing respect from staff, customers and business partners. Learnings were shared within Damco to increase preparedness, as Damco is committed to implement more country specific anti-corruption projects and campaigns.

**Our ambitions**

- Pursuing the Group’s 2016–18 compliance strategy will:
  - Continue to integrate compliance into daily business.
  - Enhance efforts through support and assurance.
  - Strengthen internal stakeholder engagement.

**Our progress**

- 34% reduction in facilitation payment (2014 baseline).
- 11,034 employees in total trained in anti-corruption across the Group (9,971 in 2014).
- Eleven audits and spot checks performed.
- Ten communication efforts.

**Next steps**

- Continued focus on facilitation payment reductions in line with the Group’s target.
- Execute on the compliance strategy.
- Conduct spot checks and audits.
- Launch of new anti-corruption e-learning.

**Payments and other forms of corruption, and collaboration with local governments and other actors to identify and mitigate the root causes of corruption in the industry. The Maersk Group chairs MACN which today has grown to over 65 participating companies. The partnership works to strengthen members’ anti-corruption programmes and to contribute to improvements in the operating environment.** For example, a programme focused on Nigerian ports has been running since 2012. MACN activities in 2015 included the planning of integrity training sessions with government officials and a best practice sharing session with port officials from inside and outside Nigeria. Both will take place in early 2016 and the outcomes will be used to develop tools to professionalise ports globally. Also in 2015, Maersk Line took a leading role in a MACN-driven “Say No” campaign in the Suez Canal to eliminate facilitation payments related to canal transit.

A key learning is that even when joining forces, companies cannot solve corruption challenges on their own. Success also requires genuine willingness from national governments to combat corruption at home, and visible support and leverage from other governments and international institutions.

**Why this matters to society**

Corruption undermines growth and social and economic development. As an obstacle to trade and undermining clean and fair businesses, it creates costly business interruption, difficulty in planning and executing business activities, which reduces societies’ ability to grow and prosper.

**Why this matters to the Maersk Group**

Eliminating corruption is in line with Group values, necessary to comply with legal obligations and valued by our customers, employees and the society in which we operate.

**Payments and other forms of corruption, and collaboration with local governments and other actors to identify and mitigate the root causes of corruption in the industry. The Maersk Group chairs MACN which today has grown to over 65 participating companies. The partnership works to strengthen members’ anti-corruption programmes and to contribute to improvements in the operating environment.** For example, a programme focused on Nigerian ports has been running since 2012. MACN activities in 2015 included the planning of integrity training sessions with government officials and a best practice sharing session with port officials from inside and outside Nigeria. Both will take place in early 2016 and the outcomes will be used to develop tools to professionalise ports globally. Also in 2015, Maersk Line took a leading role in a MACN-driven “Say No” campaign in the Suez Canal to eliminate facilitation payments related to canal transit.

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**Next steps**

- Continued focus on facilitation payment reductions in line with the Group’s target.
- Execute on the compliance strategy.
- Conduct spot checks and audits.
- Launch of new anti-corruption e-learning.
Exploring solutions for ship recycling

Ship recycling is a heavily debated issue known to attract great stakeholder attention, mainly due to work practices on beaches. Media coverage of such beaching facilities has pointed to issues with child labour, frequent fatalities and only little control over spills of oil and chemicals. To many, ship recycling has become synonymous with environmental degradation.

Out of a total of 768 ships dismantled globally in 2015, 469 – representing 74% of the total gross tonnage (GT) scrapped – were sold to facilities on the three beaches with ship recycling yards in India, Pakistan and Bangladesh. Despite our and other shipowners’ insistence on responsible recycling there has been no change in practices.

The right policy – but costly and limited
Since 2009 it has been the Maersk Group’s policy to only recycle ships responsibly. This policy was reconfirmed in 2015. Currently, this is only possible in a limited number of yards in China and Turkey. On average, using one of these yards has an added cost of one to two million US dollars per recycled vessel.

Also, our policy does not consider the fact that the majority of our vessels are sold off before they reach end of life. These vessels are not necessarily recycled responsibly, and some stakeholders have claimed that we employ double standards by accepting these actions.

An ageing fleet inspires action
The number of vessels up for recycling by Maersk Group companies has been limited for the past decade, but in the next five years a larger number of assets owned by the Group will reach end of life.

Facts

<table>
<thead>
<tr>
<th>USD 1–2m</th>
<th>extra cost of recycling each vessel at existing responsible yards</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>768</strong></td>
<td>ships recycled globally in 2015</td>
</tr>
<tr>
<td><strong>469</strong></td>
<td>vessels recycled on beaches in India, Pakistan and Bangladesh in 2015</td>
</tr>
</tbody>
</table>

Using only responsible recycling facilities is estimated to incur extra costs of more than 150 million US dollars, compared to using upgraded facilities in India. Moreover, new regulations of the area from the EU are also expected, and further down the line the Hong Kong Convention on ship recycling might enter into force.

Investigating the options
Driven by this situation, the Group conducted two visits at upgraded beaching facilities in Alang, India in 2015. Conditions at these yards were compared to criteria in the Hong Kong Convention and the proposed EU Ship Recycling Regulations, combined with the Group’s Third Party Code of Conduct criteria for anti-corruption, labour and human rights as well as subcontractor matters.

The main conclusion was, that an upgrade to meet the necessary criteria would be possible depending on the commitment of the facilities themselves and the local governments.

Taking action on our own
As a consequence, the Group Sustainability Council decided that the Group should initiate engagement with a number of carefully selected yards in Alang, India. We will work directly with these to upgrade their practices to comply with our standards.

We will engage with facilities as they receive our ships for recycling by having Maersk Group-employed staff on-site to ensure upgrading of standards and conditions are made.

Involving other ship owners
At the same time, we know that the problem extends far beyond our own vessels. We also recognise that the vessels we sell off before end of life, will most probably continue to go to facilities on beaches with lower standards.

To mitigate this larger problem, we want to engage a broader coalition to help upgrade the Alang area to get better waste facilities, hospitals and a general upgrade of all the facilities on the beach. The more ship owners that commit to engaging over this issue, the greater the leverage for change.
We collaborate on a range of subjects and with a range of partners. Successful resolution of sustainability issues will rarely occur through the power of the individual company, state, NGO etc. Only when joining forces can significant change take place and alter the premises and solutions space for those involved. Established partnerships may break down traditional barriers of competition or opposition when partners come together to explore how they can join forces to achieve an ambitious target. On these pages are some of the most significant global, partnership-based initiatives and organisations in which the Maersk Group participates.

Notes
Global Compact LEAD
Our UN Global Compact LEAD programme membership involves implementing the 10 UN Global Compact Principles into strategies and operations, meeting the Global Compact’s 24 Advanced Level reporting criteria and taking action in support of broader UN goals and issues. In 2015, the Maersk Group participated in the following project groups under UN Global Compact LEAD:

- Post-2015 development agenda: providing input to the development of the UN’s Sustainable Development Goals
- Roadmap for integrated sustainability: providing input to the development of guidance material for integration of sustainability in organisations

Clean Cargo Working Group
Maersk Line participates alongside other leading cargo carriers and customers in the Clean Cargo Working Group (CCWG) to tackle sector-related systemic issues in climate change response. Members share the vision of environmental performance improvements in marine container transport through measurement, evaluation, and reporting on cargo-related emissions.

MacB Energy Industry Council and Clean Cargo Working Group

Maritime Anti-Corruption Network
The Maersk Group was responsible for initiating the Maritime Anti-Corruption Network (MACN) in 2011 – the first of its kind within the maritime industry – in a bid to foster a collaborative approach towards stamping out the systemic issue of corruption and enable fair trade to benefit society at large. It promotes good corporate practice in the maritime industry for tackling bribes, facilitation payments, and other forms of corruption.

Note
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Caring for Climate
Caring for Climate is a UN Global Compact programme to mobilise business leaders to implement and recommend climate change solutions and policies. Supporters set climate change goals, develop strategies and practices, and publicly disclose emissions. The initiative has 447 supporters and is jointly convened by the United Nations Global Compact, the secretariat of the United Nations Framework Convention on Climate Change and the United Nations Environment Programme.

Caring for Climate logo

Sustainable Shipping Initiative
Maersk Line joined other leading companies from the shipping industry forming Forum for the Future’s Sustainable Shipping Initiative (SSI). The coalition works to achieve a vision of a shipping industry that is both profitable and sustainable by 2040.

Sustainable Shipping Initiative logo

Extractive Industries Transparency Initiative (EITI)
The EITI is a global standard for the governance of a country’s oil, gas and mineral resources. Implemented by governments, in collaboration with companies and civil society, to combat the systemic issue of corruption. Maersk Oil supports the EITI as part of its transparency and anti-corruption activities.

EITI logo

Logistics Emergency Teams
As part of the Logistics Emergency Teams, led by the United Nations World Food Programmes (WFP), The Maersk Group is working with governments and IFTI partners, Agility and UPS, to provide emergency support in the form of logistics in the event of a large scale natural disaster.

Logistics Emergency Teams logo

IPICBA
Maersk Oil is part of IPICBA which is a global association working towards improving oil and gas industry operations and products to meet society’s expectations for environmental and social performance.

IPICBA logo

World Economic Forum
World Economic Forum (WEF) is an international institution working to improve the state of the world through public-private cooperation. The Maersk Group interacts with WEF through high-level meetings, research networks and task forces, involving political, business, academic and other leaders in collaborative efforts to shape global agendas on global challenges.

World Economic Forum logo

UN High-level Advisory Group on Sustainable Transport
The Maersk Group is part of the UN Secretary-General Ban Ki-moon’s High-level Advisory Group on Sustainable Transport, working with governments, transport providers, businesses, financial institutions and civil society to tackle the systemic issue of climate change by finding viable solutions to promoting public health and safety, environmental protection and economic growth through sustainable transport.

UN High-level Advisory Group on Sustainable Transport logo

World Ocean Council
The Maersk Group is a member of the World Ocean Council, a cross-sectorial industry alliance collaborating on stewardship of the world oceans, e.g. improving ocean science in support of safe and sustainable operations, engaging in ocean policy and planning, and developing science-based solutions to environmental challenges.

World Ocean Council logo

Ocean Council
The Maersk Group is a member of the World Ocean Council, a cross-sectorial industry alliance collaborating on stewardship of the world oceans, e.g. improving ocean science in support of safe and sustainable operations, engaging in ocean policy and planning, and developing science-based solutions to environmental challenges.

Ocean Council logo

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IPICBA logo
Managing impacts of our businesses

When Maersk Group employees are at work, they are very often at open sea using heavy machinery to complete tasks that if not carried out with great care and foresight could result in significant harm to people and the natural environment.

Moreover, we are a global company that have to ensure that we treat our employees with respect, and as a minimum, in line with local and international legislation and conventions. At the same time, employees in all locations around the world must be urged to act in line with the Maersk Group’s values and rules for responsible business conduct.

Our approach to dealing with these challenges is to run programmes that integrate the management of our material issues into our businesses’ operations. We acknowledge that our work on these issues will never be done and remain dedicated to be continuously improving our performance.
Having undertaken human rights due diligence process, we will further review five issues to better address the risk of Maersk Group activities having adverse human rights impacts.

To identify issues within or linked to our operations with potential to have adverse human rights impacts, we conducted a human rights due diligence exercise based on the United Nations Guiding Principles on Business and Human Rights (UNGPs) in all the Group’s businesses in 2015. This assessment was done with the expert support of The Danish Institute for Human Rights.

Two perspectives on risk

When analyzing human rights issues in our due diligence process and deciding on actions, we distinguish between two different approaches risk, as traditionally understood in a business context, and responsibility, in line with how risk is defined in the UNGPs.

As a business, our corporate risk management approach assesses legal, financial and operational risks among others, to understand if they jeopardise our ability to reach our business objectives, including the objective of protecting our name and reputation. Appropriate response and mitigation actions are determined with the purpose of reducing company exposure to these risks accordingly.

However, in the area of business and human rights, risks are defined in terms of a corporation’s potential to adversely impact the human rights of, e.g. workers, communities and in the supply chain. As such, human rights due diligence enables us to understand how we could potentially be involved with adverse impacts through our business and value chain, and the extent to which we have a responsibility to act based on our involvement and our leverage. An appropriate response will address our involvement by acting in an upright manner, in line with our corporate values and based on our ability to bring about positive change.

Separating the two concepts of risk enhances decision making in terms of relevant actions to be taken and will be applied in our future work.

Prioritising human rights issues

In the due diligence process we sought to look at activities and business relationships across our value chain, which have the greatest potential to cause, contribute or be linked to severe human rights impacts. We then prepared a priority list of five issues for further assessment (see box on right). Being on this list indicates that our due diligence process has shown that the issue, while currently managed on an ad-hoc basis, requires either further review or a more systematic and consistent approach across the businesses.

In addition to these five issues, other areas of concern were identified but not included in the priority list, because other programmes in the Maersk Group already work to manage these. Examples of this are trade union relations, which are being addressed through our global labour relations programme (see p. 26) and major oil spills near coastal areas, which are managed through our oil spill response plans (see p. 28).

Improving opportunities to raise human rights concerns

As part of our continued efforts to integrate the UNGPs and build on the guidelines for grievance mechanisms we developed in 2014, we have taken two actions related to grievance reporting

Respecting human rights

Our five 2016–17 priority human rights issues

- Asset under Construction: In this key supplier category, some of the most common risks to human rights refer to the safety and employment conditions of sub-contracted workers buildings, for example, vessels, rigs or terminals.
- Indirect hiring and recruitment: Recruiting workers and crew through third parties (hiring and employment agencies, local agents or partners), has been identified as a risk due to lack of direct control and daily oversight of the human rights of workers often recruited across multiple countries, for example, how they are hired and paid, if they have adequate visas or if personal documents are held back.
- Transportation and services to/from conflict zones: The Maersk Group’s global presence also means it is vulnerable to be used for improper and illicit trade and transportation which may constitute a risk to human rights.
- Use of security services: The Maersk Group’s businesses may utilise security services to protect assets and people, in transport and storage, in high risk and conflict settings. While serving as a protection, deployment of security services may also constitute a risk to human rights if not executed properly.
- Land acquisition and resettlement: Resettlement and economic displacement are of great concern to the individuals and local communities affected by the development of, for example, a container terminal. These processes are often carried out by local authorities or business partners, challenging the Group’s ability to ensure respect for human rights in alignment with The Maersk Group’s values and international standards.

Maersk Oil and Maersk Tankers conducted a pilot project to map and assess their existing grievance mechanisms. One of the outcomes of the assessment was the development of a tool that will allow our businesses to map and assess their existing grievance mechanisms. The tool will be deployed to the rest of the businesses in the coming year. The pilot assessment in these two businesses showed that there is room for improvement in the ease of access to these grievance mechanisms. In relation to access, an update of the Group’s whistleblower system will be implemented in early 2018 (see page 12). It, among other things, makes it possible for internal and external parties to use this channel to report a larger scope of human rights concerns, e.g. actions harming persons, their livelihood or properties, child labour, human trafficking and forced labour, related to our operations or our suppliers, contractors, or other business partners.

Managing impacts | Human rights

Managing impacts | Human rights

Why this matters to society

When companies operate with respect for human rights, they contribute to an enabling environment where people may live with freedom and dignity.

Why this matters to the Maersk Group

In line with our values, we want to ensure that we respect human rights in our operations as well as through our business relations.

Our ambitions

To ensure that we conduct our business in alignment with the UN Guiding Principles on Business and Human Rights.

Our progress

Identification and prioritisation of most severe human rights issues for further management.

Developed toolbox to assess the Maersk Group’s businesses’ existing grievance mechanisms.

Enabled processing of human rights concern through the Group’s whistleblower system.

Next steps

Develop action plan on prioritised issues for 2016–17.

Roll out tool to assess grievance mechanisms.
Safety is the most material sustainability issue in the Maersk Group. Staying safe in the industries and environments that we work in requires excellent safety management and procedures. Our license to operate depends on it.

Concerted efforts to improve our safety performance continued throughout 2015 with activities in our businesses, each of which has dedicated organisations pursuing detailed safety plans and targets. We aim to have a strong safety culture and see safety as a core element of our operations.

Port terminals in focus on fatalities

Although the Group strives to have zero fatalities, we regret that 7 employees lost their lives during our operations in 2015. We are working urgently to address this and will not consider our efforts adequate until accidents of this kind are eliminated in our activities.

In 2014, 11 fatalities occurred. Although the Group strives to have zero fatalities, it remains the case that most of the fatalities in the Group happen in the ports we operate. In their continuous battle to combat fatal accidents, APM Terminals strengthened and reorganised their safety efforts in 2015.

Process safety in the spotlight

Process safety, which deals with the prevention of high impact – i.e., high likelihood and consequence – fires, major spills and explosions, is the object of an even higher level of attention than previously in our companies. Our businesses in the offshore industry that remain subject to an extensive investigation, which led to actions that deal with the root causes in order to avoid repeating these, and similar types of incidents across Maersk Oil’s global operations. Maersk Oil’s major improvement programme for 2016 centres around Control of Work with heavy focus specifically in the areas of operating discipline and assessment of risks.

Maersk Oil’s goal is to eliminate high-potential incidents in operations and raise performance compared to peers, and Maersk Oil’s operating units each developed a five-year process safety plan in 2015. The plans focus on four global themes: process safety competence, control of work, integrity and reliability, and finally incident free operations. An important input to this work will be establishing a detailed framework and competency requirements for the control and execution of work in the field. The plans will support the determined mindset on safety already existing on the platforms, here described by Henrik Udengaard who has worked in the Danish North Sea for 18 years:

“Working in this harsh environment with the North Sea wind howling around the clock, safety is our number one – we start the day with safety, and we end the day with safety. Over the years intervention has become fully ingrained in our work culture, where it’s not just acceptable to intervene, but recognised as being more of a moral duty,” he says.

In 2015, the number of high potential process safety incidents affecting Maersk Oil did not improve from 2014 levels. The majority of 2015 incidents had root causes related to operating discipline and assessment of risk. All high potential incidents are subject to an extensive investigation, which lead to actions that deal with the root causes in order to avoid repeating these, and similar types of incidents across Maersk Oil’s global operations.

In 2015, 294 workers were trained, compared to a target of 360.

Pleasing are also the results from new build contracts: 156 newbuilds were trained, compared to a target of 165.

In 2015, 83 persons employed on our newbuilds were trained, compared to a target of 88.

Why this matters to society

Our employees and their families should expect that working for the Maersk Group allows you to return home safe at the end of a workday.

Why this matters to the Maersk Group

Despite our efforts, APM Terminals happen in the ports we operate. In their continuous battle to combat fatal accidents, APM Terminals strengthened and reorganised their safety efforts in 2015.

Our ambitions

Zero fatalities

Our progress

In 2015, regretfully, 7 fatalities occurred as part of operations in the Maersk Group.

Development in LTIF is positive in spite of the businesses. In three businesses performance declined in 2015.

Maersk Drilling introduced its first process safety KPI in 2014 focusing on well control incidents, and registered 14 incidents in 2015, the majority of which were of low severity and risk. Maersk Drilling also further developed their Barrier Management Strategy linking safety critical equipment with crucial tasks and roles to ensure optimal equipment performance, in response to requests from key clients and new Norwegian regulations. Process safety performance is supported by among other things, training activities, combining technical training with people skills training in simulator-based training situations. In 2015, 51 drilling crew members participated in Maersk Drilling’s team based well control training, compared to a target of 80, and 80 persons employed on our newbuilds were trained, compared to a target of 83.

More people participated due to time constraints and a smaller target group than first estimated.
Personal safety performance improves in most businesses

The number of lost-time injuries and the frequency of these improved in 6 of our businesses compared to 2014. Improvements were attributed to targeted efforts such as Maersk Drilling’s Team Zero and Maersk Line’s SAFE campaign. Maersk Line’s new safety strategy has shown promising results with seafarer LTI decreasing more than 20%. Maersk Oil’s LTI rate improved by 20% compared to 2014, assisted by the roll-out of the Incident Free Refreshers programme and focus on improved contract management. In Svitzer sustained communication, top management commitment and systems integration explain improvements, while the significantly lower rate of lost-time injuries in Maersk Supply Service, was driven by a focus on Stop Work Authority and an improved risk assessment tool. Maersk Tankers recorded its lowest number of lost-time injuries in Maersk Supply Service, was driven by a focus on Stop Work Authority and an improved risk assessment tool.

Safety performance

Lost-time injury frequency per business 2014 2015
A.P.M. Terminals 1.94 1.34
Maersk Drilling 0.83 0.71
Maersk Line 0.68 0.70
Maersk Oil 0.52 0.73
Maersk Supply Service 0.73 1.06
Maersk Container Industry 2.87 1.06

Maersk Line and Maersk Drilling both involved neuroscientists in their preparations, working with either neuroscience to understand what drives human behaviour in the area of safety, or exploring what happens in a brain when people make mistakes. In Maersk Supply Service the crew on board each vessel engaged in discussions and shared best practices. Maersk Container Industry factories in Chile and China focused on the influence employees’ home life has on workplace safety by sending letters from the CEO to the employee’s families and having a drawing contest for employees’ children on the meaning of workplace safety. Maersk Oil and APM Terminals focused specifically on working with contractors to make their workplaces safer. In Svitzer colleagues both onboard and offshore across all regions gathered to discuss a set of 20 dilemmas inspired by real-life situations experienced by Svitzer crew.

Safety from external harm

As our employees engage with the world as part of their job, sometimes in conflict zones, their safety might be affected. The Group manages such risks in accordance with rules in our governance system on crisis management and travel security and through local security plans. In all countries defined as located in risk areas, an evacuation plan covering all Maersk Group organisations in the area must be in place. We did not evacuate offices in 2015. In beginning 2016, we will open a security incident reporting system, monitoring issues in five categories; acts of violence (including acts of terror or piracy), other acts of crime (thefts and smuggling among others), access breach, financial fraud and money laundering, for example and information security (could be hacking or hoaxes).

For travel related risks, the Group has a comprehensive system that provides e-learning, medical and security information as well as the ability to track employees travelling based on their ticket numbers. In 2015, 117 labour stoppages in our operations. After the introduction of a new Maersk Group global labour stoppages reporting tool in June 2015, eight were analysed using the tool. We estimate the commercial impact on business of these stoppages to be more than 4 million dollars.

We also carried out an analysis of potential adverse impacts on human rights from our labour practices. The process of analysing the results is ongoing, and the potential outcome will be addressed in our businesses if relevant.

The labour relations framework

We began the roll-out of the Global Labour Relations Framework across the Group in 2015. The framework serves to further constructive and productive labour relations with employees and their representatives, ensuring that labour relations and labour conditions serve the interests of both employees and company. It sets guidelines for how management should engage with employees and their representatives, introducing a reporting tool for labour issues, offers training in labour relations and negotiations, and strengthens the alignment and knowledge sharing across different businesses.

Building, sharing and using what we know

Training in labour relations and negotiations across the Group in 2015. The framework serves to further constructive and productive labour relations with employees and their representatives, ensuring that labour relations and labour conditions serve the interests of both employees and company. It sets guidelines for how management should engage with employees and their representatives, introducing a reporting tool for labour issues, offers training in labour relations and negotiations, and strengthens the alignment and knowledge sharing across different businesses.

Building, sharing and using what we know

The Maersk Group wants to build professional and productive relationships with the many unions and work councils that we work with. Strikes and work stoppages are costly to workers, communities and companies involved. In 2015, we recorded 17 labour stoppages in our operations. After the introduction of a new Maersk Group global labour stoppages reporting tool in June 2015, eight were analysed using the tool. We estimate the commercial impact on business of these stoppages to be more than 4 million dollars.

Local strategies for stable business

The Maersk East and North Africa community of practice on labour relations is an example of how collaboration and best practice sharing can bring about the results we aim to achieve with the global labour relations framework. One of the objectives of the framework is to implement a clear vision and strategy on labour relations at local level.

The businesses in the community of practice all operate along the East-West shipping route. This region is of strategic importance for the Maersk Group’s businesses. The many changes in the region after the so-called Arab spring also impacted the labour environment. In several countries new trade unions were created and the area became a focal point for the International Transport workers Federation. As a workshop in Cairo, Egypt in November 2015, the participating businesses, APM Terminals, Maersk Oil, Maersk Line, Svitzer and Damco, discussed the companies’ different approaches to labour relations in the region. This resulted in a commitment by all companies to develop their own labour relations mainly concerns requests made by representatives in the region is of strategic importance for the Maersk Group’s businesses. The many changes in the region after the so-called Arab spring also impacted the labour environment. In several countries new trade unions were created and the area became a focal point for the International Transport workers Federation. As a workshop in Cairo, Egypt in November 2015, the participating businesses, APM Terminals, Maersk Oil, Maersk Line, Svitzer and Damco, discussed the companies’ different approaches to labour relations in the region. This resulted in a commitment by all companies to develop their own labour relations

Next steps

Complete roll-out of Global Labour Relations Framework in all businesses.

Reach global coverage with Communities of Practice on Labour Relations.

Embed training on labour relations and negotiations in Group Training programmes.
### Building an inclusive mindset

Allowing all of our employees to reach their potential is important for The Maersk Group’s ability to be competitive and reach its goals.

We set targets for the share of women and nationalities¹ in management and use these to drive our activities to become a more diverse company. In 2015, we set new targets due to an internal restructuring process.

Managing our biases

In most cases, bias is entirely unintentional. The Maersk Group wants to overcome such unconscious biases that influence our actions. To that end, a new e-learning programme was launched to help employees understand the biases they may hold and how to manage these in decision-making.

In APM Terminals, training was piloted in Africa and the Middle East, providing line managers with tools to identify and eliminate potential bias in hiring decisions. Further roll-out will take place in 2016.

A new guide was launched across the Group that supports leaders and HR in mitigating bias in the talent management process. The tool was used in all of the regional talent reviews and, for example in India, led to local managers presenting characteristics of leadership in Indian culture to the non-Indian regional and global managers performing the reviews to increase cultural awareness.

In 2015, we also launched GlobeSmart, a web-based tool that supports our employees in working more effectively across cultures, by increasing their knowledge and understanding of other cultures.

### Introducing the diversity dashboard

The introduction of a new diversity dashboard in 2015 helped us to identify current and future challenges among gender and nationality diversity.

Beginning in April 2015, each business will provide with a quarterly dashboard measuring underlying factors impacting the progress on diversity targets. Also, Group HR will conduct quarterly dashboard reviews with the business units. The goal is to locate challenges and instigate actions to overcome these.

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### Why this matters to society

Equally access to work regardless of gender, nationality, beliefs, etc., enables individuals to fulfill their potential which supports growth and stability in societies.

### Why this matters to the Maersk Group

Competing in a global marketplace requires global perspectives. The Group needs to be able to attract and retain employees in all locations it operates in and benefit from the diversity of thought.

### Our progress

See separate table with our performance against targets and performance.

### Next steps

Launch and promote of explicitly retention programme.

Continue roll-out inclusive leadership and unconscious bias tools across the organisation.

Increase our focus on accelerating women and growth market leaders in senior roles.

Build momentum within the business units through the diversity dashboards.

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### Tax payment

**USD million**

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
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</thead>
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<td>1,447</td>
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<tr>
<td>Tax</td>
<td>3,217</td>
<td>2,972</td>
<td>522</td>
</tr>
<tr>
<td>Tax as percentage of profit before tax</td>
<td>49%</td>
<td>56%</td>
<td>36%</td>
</tr>
</tbody>
</table>

¹ Target nationalities include all countries not defined as “High income OECD” countries.
In 2015, Maersk Oil, as part of its process safety work programme, reviewed oil spill contingency plans, to ensure that plans and access equipment are adequate. The management of this risk is continuously improving.

Mitigating the risk of oil spills

Contrary to our ambition of zero oil spills, in 2015, three spills above 10m³ occurred as well as 21 smaller spills below 10m³. The three spills above 10m³ were:

- Maersk Liner’s vessel Taio Maersk experienced an accidental spillage of 35m³ into water during a routine operation of fuel transfer between tanks 70–80 miles off the Catalan coast. Initial root cause investigation revealed breaches of various internal procedures. Corrective and preventive actions have been shared and modifications of the onboard alarm systems are in progress on relevant vessels.

- Maersk Drilling experienced a 73m³ mud spill of which 70m³ were oil in relation to Maersk Resolution’s work in the North Sea. Bulk transfer work practices and supporting procedures were entirely reviewed and the elimination of spills in the company-wide initiative was enhanced. Fleet wide environmental KPIs were rewritten with greater focus on eliminating spills, and data analysis strengthened.

- Svitzer’s vessel Svitzer Grand Bahama experienced a 51m³ spill into the harbor in Freeport, Bahamas during an internal fuel transfer. The spill was cleaned up and subsequent investigation revealed the root cause to be human errors. Svitzer updated procedures and risk assessments which were communicated across the company’s vessels. A training programme on internal fuel transfers and bunkering is under development.

Other incidents

In March 2015, the Maersk Tankers vessel, Carla Maersk, was involved in a collision with a bulk carrier in the Houston Ship Channel in Texas, USA. Carla Maersk sustained a breach to two ballast water tanks and one cargo tank containing Methyle Tertiary Butyl Ether. A salvage plan was successfully implemented. The official investigation of the incident is ongoing.

New sulphur emission limits in force

The emission of sulphur oxides into air has been proven detrimental to human health and for this reason a 0.1% limit on sulphur in fuel has been in force for all emission control areas (ECAs) since January 1, 2015. The existing ECAs cover the Baltic Sea, the North Sea, the English Channel, most of the US and Canadian coast and parts of the Caribbean. For the Maersk Group, the cost of compliance with the 0.1% limit is around 300 million US dollars per year, based on a premium of around 300 US dollars per tonne of 0.1% fuel.

The Maersk Group has been active in pushing for strict enforcement of the rules and will continue to do so. The risk of non-compliance by ship owners is real with strict enforcement of the rules and will continue to do so.

New eco-design requirements to avoid discharge of ballast water

The Ballast Water Management Convention. This has still not been ratified, but the USA is enforcing its own regulation. The cost to the company of compliance with both IMO and US Coast Guard regulations is at present estimated to be in the area of 450 million US dollars over a five-year period.

The US Coast Guard has made it clear that the maritime industry and vendors need to collaborate to bring approved systems to market based on US regulations. At present, vendors are testing close to 20 systems under conditions outlined by the US Coast Guard. The resulting reports will be submitted for approval, but there is no clear indication of when this may happen. Until approval is available for specific types of systems, ship owners run the risk of incurring costs from installing systems that might not be approved for usage in US waters.

The regulations are particularly relevant for Maersk Line, Maersk Tankers and Maersk Supply Service. Maersk Line has ballast water systems installed on Triple-E vessels and 14 smaller ships. We have been installing systems on new builds, and will retrofit relevant parts of the fleet when type approval and convention ratification is in place.

Engagement in the Arctic unchanged

The Maersk Group’s activity level in the Arctic is low. The sensitive and unique environment found in the Arctic is fully recognised and we respect that the sanctity of nature and peoples in this region must not be compromised.

Maersk Oil continues to hold exploration licenses in the Barents Sea in Norway and off the coast of North West Greenland. Opportunities are currently being evaluated but in the current price environment, Maersk Oil has no concrete activities planned.

Maersk Drilling continues to explore possible drilling solutions for the Arctic area. No specific plans are in place at this point in time.

Maersk Tankers continues to deliver various types of refined oil products to Greenland in line with the five year contract entered into force in 2015.

The official investigation of the incident is ongoing.

4 It is critical that all spillages are reviewed for the year 2015, resulting in reporting of all spills below 5 litres. This was revised, including all reported spills.

5 Besides the impact on the environment, oil spills cause loss of reputation and are stressful to the employees involved. Neither risk is acceptable to us.

Robert Uggla
CEO of Svitzer

Managing environmental risks and compliance

Transportation and energy are industries with high potential impact on the environment. Consequently, our activities are closely monitored and regulated. The main environmental issues for the Maersk Group are oil spills, ballast water and emissions to air.

Nearly all of our businesses have activities where the risk of oil spills must be assessed and mitigated. This is done through extensively approved oil spill response/contingency plans which are activated in the event of a spill occurring. Training is carried out on prevention and response (p. 32).

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Why this matters to society

A healthy, clean and well-functioning natural environment is highly valued by many people, and also underpins human health, well-being and livelihoods.

Why this matters to the Maersk Group

As a responsible company and in line with our values, we want to protect the natural environment from the impacts of our activities. Furthermore, there are very material risks related to the potential exposure to fines and reputational damage, which threatens to skew the competitive playing field.

What’s new

• Maersk Oil is committed to one global cap on sulphur of 0.5% in fuel. This may take effect already in 2020, pending a fuel availability study which will be presented to the IMO in October 2016. Enforcement of the global cap at sea will be left to the ships flag states and there is some doubt whether all flag states have the resources to lift that responsibility.

Ballast water in approval stalemate

Discharge of ballast water from one marine environment into another may introduce non-native species into the recipient marine ecosystem, with the potential to disturb local ecosystems and damage human health. To alleviate this threat, the IMO passed the Ballast Water Management Convention. This has still not been ratified, but the USA is enforcing its own regulation. The cost to the company of compliance with both IMO and US Coast Guard regulations is at present estimated to be in the area of 450 million US dollars over a five-year period.

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After 2015, mitigating the risk of irresponsible business conduct in our supply chain revolves around suppliers in 10 high-risk categories.

We interact with more than 100,000 suppliers every year in more than 100 countries. Out of these we have a contractual relationship with more than 20,000 companies. Based on our list of high-risk categories, we narrow this group down to between 1,500–5,000 suppliers, and assess these using a combination of audits, self-assessments and documentation reviews.

Depending on the outcome of these assessments we work to improve findings. We have a small group of suppliers with whom we have recurring business with high monetary value, allowing for a closer relationship and cooperation over sustainability issues. These are all part of our responsible procurement programme.

A tighter focus

The Maersk Group’s Responsible Procurement programme underwent a change of strategy in 2015. From focusing on high spend and critical suppliers, we will focus on suppliers in high-risk categories. By focusing on high spend and critical suppliers, the programme underwent a change of strategy in 2015. The Maersk Group’s Responsible Procurement programme underwent a change of strategy in 2015. From focusing on high spend and critical suppliers, we will focus on suppliers in high-risk categories. By focusing on high spend and critical suppliers, the programme underwent a change of strategy in 2015.

Overview of the 10 categories with highest risk of negative social or environmental impact

1. Assets under construction
2. Manning and crewing agencies
3. Security companies
4. Chemicals and paint
5. Cleaning and catering services
6. Classification and certification*
7. Warehousing and distribution
8. Promotional items
9. Logistics and transportation
10. Raw materials

*We recognize the importance of maintaining the best contracts for business and environmental objectives.

Timing is a challenge

In 2014 and 2015 we identified 86 suppliers with critical findings, and 641 suppliers with major findings. While 100% of the suppliers with critical findings have an improvement plan, only 63% of suppliers with major findings have an improvement plan.

The reason for this discrepancy between existing plans and suppliers with major findings is the challenges related to making and closing improvement plans with suppliers while they are still in a contractual relationship with us. Up until now we have often begun this process halfway through the contract signed with a Maersk Group company, which has often not left time for comparison of improvement plans or processes before the contract ended.

Getting it in the beginning

We addressed this timing challenge in 2015, by making it mandatory for The Maersk Group’s buyers to establish an improvement plan with a supplier in a high-risk category with major and critical findings already at the contract signing. This process will be implemented in early 2016 and will enable us to have a closer dialogue with suppliers early in the relationship and to have sufficient time to monitor implementation of improvements.

Making global supply chains more inclusive

Small and medium-sized (SME) enterprises find it more challenging to implement the policies, systems and improvements that we require. To address this challenge, a new approach of collaborating with suppliers was tested when Maersk Line and Maersk Drilling involved local UN Global Compact representatives in workshops for SME suppliers in Turkey and Ghana, respectively.

It is our experience that suppliers are better able to take ownership of their improvement plan by providing access to local guidance and network.

Why this matters to society

Global supply chains reach far into societies and states, who are responsible for protecting the rights of their citizens and the natural resources they live off. Demands for responsible business conduct support this ambition.

Our ambitions

Ensure that we effectively strengthen the sustainability resilience of our supply chain, by understanding, managing and mitigating potential risks and promoting high social and environmental performance standards.

Next steps

Integrate supplier assessments into the sourcing process. Integrate improvement plans into the contract management process. Monitor compliance with due diligence in the business. Incorporate UK Modern Slavery Act into the responsible procurement process.
In all corners of the earth, as here in the streets of Bogota, Colombia, the Maersk Group businesses connect with the daily lives of people and countries. Communities depend on us to deliver energy and goods and enable their participation in global trade, and we on them for business and employees and stable business conditions.

In light of this close relationship between the Maersk Group and global and local communities, we engage and invest in activities that are not rooted in a specific strategic objective but in the responsibility that comes from being able to make a difference through our business activities.
The reach and breadth of our business creates many touch points with communities and their challenges. We engage when we have something unique to offer.

Upgrading vocational skills

Unlocking growth – for society as well as for the Maersk Group – relies in part on a skilled and competent workforce. In many parts of the world, not least in emerging economies that are important growth markets for our businesses, there is a skills mismatch between labour market needs and the education levels of the workforce.

As part of our strategy of capacity development, we progressed on an education pipeline development project, through which we have mapped current activities across the Group and reviewed opportunities for future development. The ability to contribute to capacity development for Group investment in training and education to build skills and resources applied for the common good.

Investing in education projects across the Maersk Group

111 projects across nine businesses and 33 countries

APM Terminals and Maersk Oil has the highest number of projects. Strongest geographical presence of projects is in Qatar, Angola, Brazil, USA and the UK.

Lending a hand – or ship – to refugees

In response to the refugee crises related to the ongoing war in Syria the Maersk Group assisted in rescuing people in need in the Mediterranean Sea and made donations.

However, the Group’s main contribution to the lives of refugees from this area, continues to be the search and rescue operations in the Mediterranean Sea. It is estimated that more than 100,000 refugees have crossed the Mediterranean to reach Europe in the course of 2015. Maersk Group ships have assisted in rescuing 5,704 refugees since the beginning of 2014, 1,805 in 2015 alone.

The Maersk Group follows international maritime law and crew participate diligently when asked to take part in rescue operations at sea.

In September of 2015, the Group and The AD Moller and Chastine Mc-Kinney Møller Foundation donated 2 million Danish Kroner (close to 300,000 USD) to a national drive to gather financial support for the UN’s refugee relief effort.

Collecting data to help protect oceans and coastlines

The Maersk Group joined the World Ocean Council in 2011, and contributes to scientific research by participating in the tsunami detection project as well as the Smart Oceans – Smart Industries (SO-SI) programme.

The Tsunami detection project aims to enable accurate and rapid detection and assessment of tsunamis, which is critical for effective mitigation. The project equips commercial vessels with geodetic GPS systems to take advantage of the vast ocean systems, together with four vessels from other parties. Effective tsunami monitoring network. In 2015, six APM Terminals vessels assisted in rescuing 5,704 refugees since the beginning of 2014, 1,805 in 2015 alone.

The Maersk Group follows international maritime law and creates a multi-stakeholder collaboration between the scientific/ocean observing system, together with four vessels from other parties. The project equips commercial vessels with geodetic GPS systems to take advantage of the vast ocean systems, together with four vessels from other parties. In the SO-SI programme, data is collected on physical geography, marine ecosystems and biodiversity. The biggest purpose of the programme is to facilitate collaboration between the scientific ocean observing community and the shipping and other ocean industries.
Independent Assurance Report

To the readers of the Sustainability Report 2015

We were engaged by the Management Board of A.P. Moller - Maersk A/S (further ‘the Group’) to provide assurance on the Sustainability Report 2015 (further ‘The Report’). The Management Board is responsible for the preparation of The Report, including the identification of material issues. Our responsibility is to issue an assurance report based on the engagement outlined below.

Scope

Our assurance engagement was designed to provide limited assurance on whether The Report is presented, in all material respects, in accordance with the reporting criteria.

We do not provide any assurance on the achievability of the objectives, targets and expectations of the Group.

Procedures performed to obtain a limited level of assurance are aimed at determining the plausibility of information and are less extensive than those for a reasonable level of assurance.

Reporting criteria and assurance standard

The Group applies internally developed criteria as described in the Group’s sustainability accounting principles 2015. It is important to view the performance data in the context of these criteria. We believe these criteria are suitable in view of the purpose of our assurance engagement.

We conducted our engagement in accordance with the International Standard on Assurance Engagement (ISAE) 3000: “Assurance Engagements other than Audits or Reviews of Historical Financial Information”. This standard requires, among others, that the assurance team possesses the specific knowledge, skills and professional competencies needed to provide assurance on sustainability information, and that they comply with the requirements of the Code of Ethics for Professional Accountants of the International Federation of Accountants to ensure their independence.

Work undertaken

Our procedures included the following:

- A risk analysis, including a media search, to identify relevant sustainability issues for the Group in the reporting period.
- Reviewing the suitability of the reporting guideline, including conversion factors used.
- Interviewing management at corporate and business level responsible for the sustainability strategy, management and reporting.
- Interviewing relevant staff and reviewing internal control procedures on the data in The Report.
- Conducting an analytical review of the data and trend explanations submitted by all business units for consolidation at corporate level.
- Evaluating internal and external documentation, based on sampling, to determine whether the information in The Report is supported by sufficient evidence.

Conclusion

Based on the procedures performed, as described above, nothing came to our attention to indicate that the The Report is not presented, in all material respects, in accordance with the reporting criteria.

Amsterdam, 10 February 2016

KPMG Sustainability
Part of KPMG Advisory NV.

Wim Bartels
Partner

Copenhagen, 10 February 2016

KPMG
Statsautoriset Revisionspartnerselskab

Henrik O. Larsen
State Authorised Public Accountant
This is the Maersk Group

The Maersk Group is a worldwide container operating group in the logistics industry. In addition to owning one of the world’s largest shipping companies, the Group is involved in a wide range of amphibious ports, logistics, and the oil and gas industry.

### Group Facts

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<thead>
<tr>
<th>Category</th>
<th>Number</th>
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<tbody>
<tr>
<td>Total revenue</td>
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<td>Total employees</td>
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<td>Employment tenure</td>
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<td>Female employees</td>
<td>34%</td>
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<td>Gender – female/total</td>
<td>23%</td>
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</table>

### The Values

- Customers: Customers first
- Colleagues: Empowering people
- Ownership: Ownership mind
- Development: Continuous development

### The Maersk Group, 2015

<table>
<thead>
<tr>
<th>Category</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
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<tr>
<td>Total employees</td>
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<tr>
<td>Total revenue</td>
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<tr>
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<tr>
<td>Total revenue</td>
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<tr>
<td>Total employees</td>
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<tr>
<td>Total customers</td>
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<tr>
<td>Total revenue</td>
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<tr>
<td>Total employees</td>
<td>2,066</td>
<td>2,249</td>
<td>2,102</td>
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<tr>
<td>Total revenue</td>
<td>185</td>
<td>192</td>
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<tr>
<td>Total customers</td>
<td>185</td>
<td>192</td>
<td>181</td>
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### Performance on social, environmental and economic indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>GHG emissions (MT CO2)</td>
<td>423,796</td>
<td>435,680</td>
<td>413,813</td>
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<tr>
<td>Energy consumption (MWh)</td>
<td>808</td>
<td>751</td>
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<tr>
<td>NOx emissions (Gg)</td>
<td>1.94</td>
<td>1.81</td>
<td>1.89</td>
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<tr>
<td>Water consumption (m3)</td>
<td>25</td>
<td>27</td>
<td>24</td>
</tr>
<tr>
<td>Spills (1,000 tonnes)</td>
<td>9</td>
<td>8</td>
<td>9</td>
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<tr>
<td>Other resource consumption (1,000 tonnes)</td>
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<td>128</td>
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<tr>
<td>Waste (1,000 tonnes)</td>
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<tr>
<td>Other fuels consumption (1,000 tonnes)</td>
<td>674</td>
<td>738</td>
<td>770</td>
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<tr>
<td>Gas fuels consumption (1,000 tonnes)</td>
<td>192</td>
<td>206</td>
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<tr>
<td>Electricity consumption (1,000 MWh)</td>
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<td>24,769</td>
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<tr>
<td>Water consumption (1,000 m3)</td>
<td>128</td>
<td>160</td>
<td>120</td>
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<tr>
<td>NOx emissions (Gg)</td>
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<tr>
<td>Water consumption (1,000 m3)</td>
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<td>237</td>
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<tr>
<td>GHG emissions (MT CO2)</td>
<td>1.32</td>
<td>1.34</td>
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<tr>
<td>Energy consumption (MWh)</td>
<td>168</td>
<td>157</td>
<td>151</td>
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<tr>
<td>NOx emissions (Gg)</td>
<td>0.43</td>
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<tr>
<td>Water consumption (1,000 m3)</td>
<td>123</td>
<td>119</td>
<td>120</td>
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<tr>
<td>GHG emissions (MT CO2)</td>
<td>1.32</td>
<td>1.34</td>
<td>1.37</td>
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<tr>
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Maersk Group has tailored the external financial reporting specifically towards the needs of our different stakeholders with two annual publications. The Annual Report has a focus on the detailed legally required information, whereas the Group Annual Magazine has a focus on providing an overview of key developments during the year. The publications can be read individually or combined depending on our stakeholders’ interests.

The Annual Report is available electronically in English on http://investor.maersk.com/financials.cfm. The Group Annual Magazine provides an overview of the operations and performance of the Maersk Group in a concise and easy-to-read format. The publication is not a substitute for the Annual Report and does not contain all the information needed to give as full an understanding of the Maersk Group’s performance, financial position and future prospects as provided in the Annual Report. The Group Annual Magazine is available in hard copy and electronically in English and Danish on http://investor.maersk.com/financials.cfm.

Maersk Group also produces Interim Reports for each of the first three quarters of the year. Presentations tailor made for investors and the financial markets are also uploaded every quarter.

Maersk Group also hosts a Capital Markets Day on a regular basis, which can be followed through a live webcast and the speakers’ presentation slides can be accessed via links. The Interim Reports, presentations and webcasts can be found on our Investor Relations website: http://investor.maersk.com/

The Board of Directors of A.P. Møller – Maersk A/S continues to consider the “Recommendations for Good Corporate Governance” put forward by NASDAQ OMX Copenhagen. Further annual good corporate governance information is available in the statutory annual corporate governance statement; cf. 107, item b, of the Danish Financial Statements Act covering the financial period 1 January to 31 December.

An independently assured Sustainability Report is published and covers all of the Maersk Group’s material sustainability issues. The Sustainability website http://www.maersk.com/sustainability provides additional information on the UN Global Compact requirements describing how the Maersk Group fulfills these (Maersk COP), as well as the Maersk Group’s sustainability accounting principles. The majority of the Maersk Group’s businesses also publish annual accounts of their progress within their material sustainability issues.

The report contains forward looking statements on expectations regarding the achievements and performance of A.P. Møller - Maersk A/S and the Maersk Group. Such statements are subject to risks and uncertainties, as various factors, many of which are beyond A.P. Møller - Maersk A/S and the Maersk Group’s control, may cause actual results and development to differ materially from expectations contained herein.