

A.P. Møller - Mærsk A/S

# Statutory annual corporate governance statement, cf. Section 107b of the Danish Financial Statements Act

This annual corporate governance statement for A.P. Møller - Mærsk A/S is part of the Directors' Report in the 2012 Annual Report and covers the accounting period 1 January to 31 December 2012.

The statement includes a description of the Company's management structure, a review of how the Company

considers the "Recommendations for corporate governance" implemented by NASDAQ OMX Copenhagen in the Rules for issuers of shares ("Regler for udstedere af aktier") as well as a description of the main elements of the A.P. Møller - Mærsk Group's internal control and risk management systems in connection with the Group's financial reporting.

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## I – Management structure

A.P. Møller - Mærsk A/S has a two-tier management structure consisting of the Board of Directors and the Executive Board (Management).

### **The Board of Directors**

Pursuant to the articles of association, the Board of Directors shall consist of 4–13 members elected by the Annual General Meeting. The Board members are elected for a two-year term. This means that some members are up for election every year and ensures continuity in the work of the Board of Directors. Board members are eligible for re-election. Today, the Board consists of 12 members. The Board elects its Chairman and two Vice-chairmen among its members.

The Board of Directors lays down the general business and management principles for the Group and ensures the proper organisation of the Group. Furthermore,

the Board of Directors decides the strategy and the risk policies and supervises the performance of the Company and its management.

The Board of Directors normally meets 7–9 times a year and is otherwise convened when deemed necessary. The Board of Directors is organised in the following committees:

The *Chairmanship*, which consists of the Chairman of the Board of Directors, Michael Pram Rasmussen, and the Vice-chairmen, Niels Jacobsen and Ane Mærsk Mc-Kinney Uggle. The Chairmanship meets regularly and as required.

The *Audit Committee*, which consists of 3–4 Board members appointed by and among the Board members of A.P. Møller - Mærsk A/S. The committee currently

consists of three members (Jan Tøpholm (chairman), Lars Pallesen and Leise Mærsk Mc-Kinney Møller) and reports to the Board of Directors. The tasks of this committee include the review of accounting, auditing, risk and control matters, among other things, at meetings with the external auditors, the Group CFO and the heads of the accounting and internal audit functions. The committee determines the frequency of its meetings and usually meets 3-4 times a year. The tasks of the Audit Committee are described in terms of reference and rules of procedure approved by the Board of Directors.

The *Remuneration Committee* consists of the Chairman and the two Vice-chairmen. Up to and including 2012, the committee made a proposal for the remuneration of the Management (Firmaet A.P. Møller) at the Board meeting at which the annual report was considered. From 2013 the committee will make a proposal for the remuneration of the members of the Executive Board (Management). The committee also decides on the overall annual adjustment of salaries for most of the Group's employees in Denmark. Furthermore, the committee determines the size of the proposed annual overall remuneration, including pensions, bonuses and the like, for key executives of the Group worldwide. The committee meets as and when required.

Information on the members of the Board of Directors, including names, photos and existing and previous occupations as well as honorary offices is found on [www.investor.maersk.com/directors.cfm](http://www.investor.maersk.com/directors.cfm).

### **The Executive Board (Management)**

Until 1 January 2013 the registered management of A.P. Møller - Mærsk A/S consisted of Firmaet A.P. Møller, a Danish partnership, whereas the Executive Board functioned as the day-to-day management. In August 2012, the Board of Directors decided that Firmaet A.P. Møller should step down as registered management as of 1 January 2013, from which date the current members of the Executive Board, Nils S. Andersen, Kim Fejfer, Claus V. Hemmingsen, Søren Skou, Jakob Thomasen and Trond Westlie became registered as management of A.P. Møller - Mærsk A/S.

Information on the members of the Management, including names, photos and existing and previous occupations as well as honorary offices is found on <http://www.maersk.com/Aboutus/Management/Pages/Management.aspx>.

### **Internal Audit**

The main focus of the Maersk Group's internal audit function (Group Internal Audit) is to review the effectiveness of internal procedures and control systems and to deal with the prevention and detection of any irregularities.

The Head of Group Internal Audit reports to the Chairman of the Board of Directors and to the Audit Committee.

## II. Recommendations for corporate governance in Denmark

The Board of Directors of A.P. Møller - Mærsk A/S continuously considers the "Recommendations for corporate governance" implemented by NASDAQ OMX Copenhagen in the "Rules for issuers of shares". The Company complies with most of the recommendations, but there are some which the Board of Directors has chosen not to follow.

NASDAQ OMX Copenhagen refers to a "comply or explain" principle, and specifies that it is not decisive whether a company follows the recommendations or chooses to explain any deviations from them. A.P. Møller - Mærsk A/S

comments to the "Recommendations for corporate governance" from August 2011, included in the latest version of "Rules for issuers of shares", can be found below.

### **THE ROLE OF THE SHAREHOLDERS AND THEIR INTERACTION WITH THE MANAGEMENT OF THE COMPANY**

#### **1.1 Dialogue between the company and its shareholders**

1.1.1 The Committee **recommends** that the central governing body, for example through investor relations activities, ensures an ongoing dialogue between

the company and its shareholders in order that the central governing body knows the shareholders' attitude, interests and views in relation to the company and that investor relations material be made available to all investors on the company's website.

**Comment:**

A.P. Møller - Mærsk A/S' Investor Relations office ensures an ongoing dialogue between the Company and its shareholders, whether existing or potential, as well as analysts etc. The Company wishes to be open to national as well as international investors, and on the Company's website, [www.maersk.com](http://www.maersk.com), a specific site with detailed material of interest to shareholders is available. The Investor Relations office regularly holds meetings with analysts and investors, and information from these meetings is passed on to the Management.

**1.2 Capital and share structure**

1.2.1 The Committee **recommends** that the central governing body every year evaluate whether the company's capital and share structures continue to be in the interests of the shareholders and the company and account for this evaluation in the management commentary in the annual report and/or on the company's website.

**Comment:**

The Board of Directors regularly and at least once a year evaluates the Company's present capital and share structures and ensures that the Company has the funds to fulfil its existing and future liabilities on an ongoing basis.

The Board of Directors finds that the Company's present capital and share structures benefit the development of the Company, and that a continuation would be an advantage for the shareholders in the Company.

**1.3 General Meeting**

1.3.1 The Committee **recommends** that the supreme governing body and the executive board promote active ownership, including shareholders' attendance at general meetings.

**Comment:**

A.P. Møller - Mærsk A/S has an active dialogue with the shareholders at the Annual General Meeting and communication also takes place through company announcements and at meetings with investors and analysts.

Up to and including 2012, all registered shareholders received an invitation with an agenda and appendices, and by request also the annual report. From 2013 registered shareholders will receive an invitation and material upon request. Moreover, shareholders with voting rights can record their voting instructions for each item on the agenda on a proxy form available on the Company's website or via the Company's shareholder portal. The Board of Directors or a named third party can also be appointed to represent the shareholder at the Annual General Meeting. In this manner, the shareholders can exercise their voting rights even though they are not able to attend the Annual General Meeting.

The annual report, agenda and other published material – as well as other useful information concerning the Annual General Meeting – are all available on the Company's website.

In connection with the publishing of the annual and interim reports, open teleconferences are held for investors, analysts, the press and other stakeholders. Furthermore, individual meetings are held with analysts and current and potential investors.

Investors and analysts are in regular contact with the Company's Investor Relations office.

On the website, [www.maersk.com](http://www.maersk.com), stakeholders can find information about the Company's activities, capital structure, press releases, Company announcements and annual and interim reports. The annual and interim reports, press releases and Company announcements are published in both Danish and English.

1.3.2 The Committee **recommends** that the central governing body resolve or submit to the general meeting the question whether the general meeting shall be conducted by physical attendance or as a partly or entirely electronic general meeting.

**Comment:**

The Board of Directors has decided that the Annual General Meeting should be conducted by physical attendance, among other things because this is a good opportunity to meet the shareholders. Annually, the Board of Directors considers the conduction of the Annual General Meeting, including physical attendance and electronic general meeting.

- 1.3.3 The Committee **recommends** that proxies given to the supreme governing body allow shareholders to consider each individual item on the agenda.

**Comment:**

In connection with the Annual General Meeting, all registered holders of A shares will be given a proxy form. On this proxy form they can record their voting instructions for each individual item on the agenda at the Annual General Meeting.

- 1.3.4 The Committee **recommends** that all members of the supreme governing body and the executive board be present at the general meeting.

**Comment:**

The Board of Directors finds it natural that all members of the Board of Directors and the Management are present at the Annual General Meeting and will work to ensure this.

**1.4 Takeover bids**

- 1.4.1 The Committee **recommends** that the central governing body, from the moment it obtains knowledge that a takeover bid will be submitted, do not, without the acceptance of the general meeting, attempt to counter the takeover bid by making decisions which in reality prevent the shareholders from deciding on the takeover bid.

**Comment:**

Since more than 50% of the votes and the capital in the Company are owned by a foundation, it is less likely that a takeover bid will be made. Should such a bid still be made, there is no authorisation in the Company's articles of association for the Board of Directors preventing the shareholders from deciding on such a takeover bid.

- 1.4.2 The Committee **recommends** that the central governing body give the shareholders the opportunity to decide whether or not they wish to dispose of their shares in the Company under the terms offered.

**Comment:**

In the event of an actual takeover bid, the shareholders will be given an opportunity to decide whether or not they wish to dispose of their shares in the company under the terms offered.

**THE ROLE OF STAKEHOLDERS AND THEIR IMPORTANCE TO THE COMPANY AND THE COMPANY'S CORPORATE SOCIAL RESPONSIBILITY**

**2.1 The company's policy in relation to its stakeholders**

- 2.1.1 The Committee **recommends** that the central governing body identify the company's key stakeholders and their main interests in relation to the company.

- 2.1.2 The Committee **recommends** that the central governing body adopt a policy on the company's relationship with its stakeholders, including the investors, and ensure that the interests of the stakeholders are respected in accordance with the company's policy on such issues.

**Comment:**

Until January 2013, the Company's relationship with its stakeholders was set out in "The Maersk Principles of Conduct". They have been replaced by "The Maersk Group's Group Policies", which lay down basic business principles based on the Company's fundamental values ([www.maersk.com/Aboutus/Pages/OurValues.aspx](http://www.maersk.com/Aboutus/Pages/OurValues.aspx)).

The Group Policies describe, among other things, the Company's commitment to continuously improve its deliverables by including economic, environmental and social aspects in its decisions and actions, to pursue relationships which are beneficial to the Company, its customers, suppliers and partners, and to understand customers, supply chains and the societies the Company operates in.

The Group Policies are supplemented by mandatory standards on Health Safety and Environment (HSE), Responsible Procurement, Anti-corruption, Labour Standards, Sustainability Reporting, Compliance and Interaction with governments and public authorities, amongst others. The fundamental values apply to the Company as well as its employees' activities relating to the Company's stakeholders.

**2.2 Corporate social responsibility**

- 2.2.1 The Committee **recommends** that the central governing body adopt a policy on corporate social responsibility.

**Comment:**

In 2009, the Company joined the UN Global Compact which then became the frame for the Company's policy

on corporate social responsibility and sustainability. In accordance with the Global Compact and the Danish Financial Statements Act (årsregnskabsloven), the Company annually publishes a sustainability and social responsibility report, which reports on the Company's performance against the UN Global Compact LEAD reporting requirements (Maersk Group Sustainability Report). The report is available on [www.maersk.com/sustainability](http://www.maersk.com/sustainability) along with further information on the Company's social responsibility, sustainability performance and external partnerships.

## OPENNESS AND TRANSPARENCY

### 3.1 Disclosure of information to the market

3.1.1 The Committee **recommends** that the central governing body adopt a communication strategy.

#### Comment:

The Board of Directors has established essential elements for the Company's communication. Among other things, this applies to announcements, annual and interim reports, internal rules to ensure compliance with disclosure regulation as well as the Company's press releases. Information of considerable importance for the shareholders' and financial markets' assessment of the Company shall be published in accordance with the legislation and NASDAQ OMX Copenhagen's rules.

In October 2012, the Company hosted its first Capital Markets Day, which aimed at providing the investors and equity analysts with a more detailed insight into the Group's and business unit's strategy and goals. Going forward the Company will be hosting a Capital Markets Day on an annual basis.

3.1.2 The Committee **recommends** that information from the company to the market be published in both Danish and English.

#### Comment:

All information from the Company to the market (i.e. the annual and interim reports, press releases and Company announcements) are published in both Danish and English. The Company's Investor Relations website is available in both Danish and English.

3.1.3 The Committee **recommends** that the company publish quarterly reports.

#### Comment:

The Company started publishing quarterly reports as from Q3 2011.

## THE TASKS AND RESPONSIBILITIES OF THE SUPREME AND THE CENTRAL GOVERNING BODIES

### 4.1 Overall tasks and responsibilities

4.1.1 The Committee **recommends** that the central governing body determine the company's overall strategy at least once every year with a view to sustaining value creation in the company.

#### Comment:

The development and definition of the Group's strategies constitute an important management task. The Board of Directors regularly discusses and determines the Group's strategies and its duties in this respect, as needed and at least once a year.

4.1.2 The Committee **recommends** that the supreme governing body at least once every year discuss and ensure that the necessary qualifications and financial resources are in place in order for the company to achieve its strategic goals.

#### Comment:

At least once a year, the Board of Directors discusses and ensures that the Company is managed responsibly and that the necessary qualifications and financial resources are in place in order for the Company to achieve its strategic goals.

4.1.3 The Committee **recommends** that the supreme governing body at least once every year define its most important tasks related to the financial and managerial control of the company, including how to supervise the work of the executive board.

#### Comment:

In its annual meeting schedule, the Board of Directors defines its most important work themes, considering the financial and managerial control of the Company, including how to supervise the work of the Management. The working relationship between the Board of Directors and the Management is evaluated on an ongoing basis at meetings between the Chairmanship and the Group CEO.

4.1.4. The Committee **recommends** that the supreme governing body annually discuss the company's activities to ensure diversity at management levels, including equal opportunities for both sexes, and that the supreme governing body set measurable objectives and in the management commentary in the annual report and/or on the company's website give an account of both the objectives and the progress made in achieving the objective.

**Comment:**

The Board of Directors annually discuss the Company's activities to ensure diversity at management levels. Action plans, including specific targets, have been prepared for the Company's work towards diversity at management levels including the Company's efforts to increase female representation at management levels in general and the proportion of women at specific management levels. This is described in the Sustainability Report, which is part of the Annual Report.

**4.2 Procedures**

4.2.1 The Committee **recommends** that the supreme governing body reviews its rules of procedure annually to ensure that they are adequate and always match the activities and needs of the company.

**Comment:**

The Board of Directors' rules of procedure are reviewed once a year to ensure that they match the needs of the Company and developments in international practice in this area.

4.2.2 The Committee **recommends** that the supreme governing body annually review and approve procedures for the executive board, including establish requirements for the executive board's timely, accurate and adequate reporting to the supreme governing body and for any other communication between the two governing bodies.

**Comment:**

The Board of Directors has specified certain tasks and obligations for the Management, for instance concerning:

- Reporting to the board;
- The conduct of the day-to-day management of the Company;
- Preparation of financial reports and the management of the Company's financial affairs;

- Communication between the Board and the Management;
- Organisational matters.

These tasks and obligations are included in the rules of procedures for the Board of Directors. Furthermore, the board has defined limits on the authority of the Management. These tasks, obligations and limits are binding upon the Management and together they cover the matters recommended to be regulated by rules of procedure for the management. In substance the Company complies with the recommendation. However, the board has chosen not to issue rules of procedure for the Management in a separate document in order to maintain simplicity and ensure coherence between the respective obligations of the Board of Directors and the Management.

**4.3 The chairman and deputy chairman of the supreme governing body**

4.3.1 The Committee **recommends** that a deputy chairman of the supreme governing body be appointed, who must be able to act in the chairman's absence and also act as an effective sounding board for the chairman.

**Comment:**

The Board of Directors comprises a Chairman and two Vice-chairmen. Together they constitute the Chairmanship. The Chairmanship meets regularly and as required.

4.3.2 The Committee **recommends** the preparation of a scope of work and task list specifying the tasks, duties and responsibilities of the chairman and deputy chairman.

**Comment:**

The Board of Directors' rules of procedure include provisions on the Chairman's role in specific cases, e.g. responses to press inquiries and the implementation of rules on the prevention of insider trading.

Besides this, the Board of Directors has decided not to lay down the Chairmanship's tasks in writing as the Chairman's and possibly the Vice-chairmen's tasks may be described in such general terms that the description becomes superfluous, or they may be so specified that they quickly become irrelevant and inflexible. Specific day-to-day and long-term tasks of the Chairman and Vice-Chairmen will be determined at Board of Directors' meetings.

The Board of Directors may on an ad hoc basis delegate tasks to the Chairmanship such as preparatory reviews of certain important intra-company guidelines and policies.

It is the opinion of the Board of Directors that this method of working is the most suitable for the Company instead of a formal, detailed work and task description.

- 4.3.3 The Committee **recommends** that the chairman of the supreme governing body organise, convene and chair meetings to ensure efficiency in the body's work and to create the best possible working conditions for the members, individually and collectively.

**Comment:**

The Chairman of the Board of Directors organises and chairs the meetings. Meetings are convened in writing and written material is submitted prior to the meeting to allow the individual members of the Board of Directors to prepare.

- 4.3.4 The Committee **recommends** that, if the board of directors in exceptional cases asks its chairman to perform special tasks for the company, including briefly participate in the day-to-day management, a board resolution to that effect should be passed and precautions taken to ensure that the board of directors will maintain responsibility for the overall management and control function. A reasonable distribution of duties must be ensured between the chairman, the deputy chairman, the other members of the board of directors and the executive board. Information about agreements on the chairman's participation in the day-to-day management and the expected duration hereof must be disclosed in a company announcement.

**Comment:**

The Chairman of the Board of Directors only performs special tasks for the Company if asked to by the Board of Directors. In that case and if required by law it would be disclosed in a company announcement.

## COMPOSITION AND ORGANISATION OF THE SUPREME GOVERNING BODY

### 5.1 Composition

- 5.1.1 The Committee **recommends** that the supreme governing body annually specify the skills it must have to best perform its tasks and that the specification be posted on the website. Proposals for the nomination/replacement of members of the supreme governing body to be submitted to the general meeting should be prepared in the light hereof.

**Comment:**

Prior to the Annual General Meeting, the Board of Directors reviews its composition and assesses which skills are needed. It is possible to establish a list of required skills, but it is the opinion of the Board of Directors that it is neither relevant nor possible to prepare an exhaustive list of these skills as the required skills will change on a current basis.

Hence, the Board of Directors does not comply with the recommendation that the Board of Directors should specify, on an annual basis, the Board's skills.

- 5.1.2 The Committee **recommends** that the supreme governing body ensure a formal, thorough and transparent process for selection and nomination of candidates to the supreme governing body. When assessing its composition and nominating new candidates, the supreme governing body must take into consideration the need for integration of new talent and the need for diversity in relation to international experience, gender and age, etc.

**Comment:**

The Board of Directors has authorised the Chairman to ensure a thorough and transparent process for the selection and nomination of candidates to the Board. The composition of the Board of Directors is intended to ensure the skills and expertise necessary for the Board to perform its duties in the best possible way. The entire Board of Directors makes an assessment of new candidates, including the professional and personal qualifications of potential candidates, before recommending them for election at the Annual General Meeting. Diversity is one of the criteria considered, which is also reflected in the Board of Director's current composition.

5.1.3 The Committee **recommends** that a description of the nominated candidates' qualifications, including information about other executive functions, e.g. memberships of executive boards, boards of directors and supervisory boards, including board committees, held by the candidates in both Danish and foreign companies as well as information on demanding organisational tasks should accompany the notice convening the general meeting when election of members to the supreme governing body is on the agenda.

**Comment:**

When convening the Annual General Meeting, the notice contains a description of the candidates' management experience, including position, education and information on the candidates' other demanding executive functions held in Danish and foreign enterprises.

5.1.4 The Committee **recommends** that every year, the annual report contain an account of the composition of the supreme governing body, including its diversity, and of any special skills possessed by the individual members.

**Comment:**

The annual report includes an overview of the Board of Directors' composition. The individual Board members' CVs are available on the Company's website (<http://investor.maersk.com/directors.cfm>).

**5.2 Training of members of the supreme governing body**

5.2.1 The Committee **recommends** that new members joining the supreme governing body be given an introduction to the company.

**Comment:**

When new members join the Board of Directors, they receive an introduction to the most important business units of the Company and the day-to-day operations. The Chairman of the Board and the new member discuss whether the new member requires supplementary training.

5.2.2 The Committee **recommends** that the supreme governing body annually assess whether the skills and expertise of its members need to be updated.

**Comment:**

On a continuous basis the Chairman of the Board evaluates whether any of the Board members need to update qualifications and expertise. If so, the Chairman will engage in dialogue with the relevant Board member(s). Additionally, the Board members are responsible for calling attention to any needs they may have for updating their qualifications and expertise and have a standing offer to participate in supplementary education.

**5.3 Number of members of the supreme governing body**

5.3.1 The Committee **recommends** that the supreme governing body have only so many members as to allow a constructive debate and an effective decision-making process enabling all members to play an active role.

**Comment:**

The Board of Directors regularly discusses the number of members. The Board of Directors finds that a constructive debate and an effective decision-making process are possible with the existing 12 members.

5.3.2 The Committee **recommends** that in connection with the preparation for each year's general meeting, the supreme governing body consider whether the number of members is appropriate in relation to the requirements of the company.

**Comment:**

When preparing the Annual General Meeting, the Board of Directors considers whether the number of members is appropriate in relation to the Company's requirements. According to the articles of association, the Board of Directors may comprise 4–13 members elected by the Annual General Meeting and today comprises 12 members.

**5.4 The independence of the supreme governing body**

5.4.1 In order for the members of the supreme governing body to act independently of special interests, the Committee **recommends** that at least half of the members elected by the general meeting be independent persons.

The independent supreme governing body member may not:



- be, or have been within the last five years, a member of the executive board/managerial staff of the company or an associated company,
- have received significant additional remuneration from the company/group or an associated company apart from a fee for its services in the capacity as a member of the supreme governing body,
- represent the interests of a controlling shareholder,
- within the last year, have had a material business relationship (e.g. personally or indirectly as a partner or an employee, shareholder, customer, supplier or member of a governing body of companies with similar relations) with the company or an associated company,
- be, or have been within the last three years, an employee or partner of the external audit firm,
- hold cross-memberships of governing bodies,
- have been a member of the supreme governing body for more than 12 years, or
- have close family ties with persons that are not regarded as independent persons.

**Comment:**

Half of the members of the Board of Directors are considered to be independent in accordance with the definition in the recommendation. The Company's website lists the ones considered to be independent.

- 5.4.2 The Committee **recommends** that at least once every year, the supreme governing body list the names of the members who are regarded as independent persons and also disclose whether new candidates for the supreme governing body are considered independent persons.

**Comment:**

The Company's website lists the members considered to be independent. At the Annual General Meeting, the Board of Directors furthermore states whether new Board candidates are considered to be independent.

**5.5 Members of the supreme governing body elected by the employees**

- 5.5.1 The Committee **recommends** that the individual company explain, in the company's annual report or on its website, the system of employee-elected board members and the company's use hereof in companies where the employees have chosen to

apply the provisions of the Companies Act on employee representation.

**Comment:**

It has not been decided whether to use the possibility provided in the Danish Companies Act to hold employee elections. Employee elections are held every four years in a number of subsidiaries.

**5.6 Meeting frequency**

- 5.6.1 The Committee **recommends** that the supreme governing body meet at regular intervals according to a predetermined meeting and work schedule or when meetings are deemed necessary or appropriate as required by the company and that the number of meetings held be disclosed in the annual report.

**Comment:**

The Board of Directors' meetings and important themes are determined once a year in a meeting schedule. The Board of Directors normally meets 7–9 times a year, including for a Board seminar, and is otherwise convened as required.

**5.7 Expected time commitment and the number of other executive functions**

- 5.7.1 The Committee **recommends** that each member of the supreme governing body assess the expected time commitment for each function in order that the member does not take on more functions than he/she can manage in a satisfactory way for the company.

**Comment:**

All members of the Board of Directors regularly assess the expected time commitment for the relevant Board work and strive to perform their work for the Company satisfactorily.

- 5.7.2 The Committee **recommends** that the annual report contain the following information about the members of the supreme governing body:
- the member's occupation,
  - the member's other executive functions, e.g. memberships of executive boards, boards of directors and supervisory boards, including board committees, in Danish and foreign companies as well as demanding organisational tasks, and

- the number of shares, options, warrants, etc. that the member holds in the company and its consolidated companies and any changes in such holdings during the financial year.

**Comment:**

The annual report comprises information on the Board of Directors' members' existing and any previous occupation, other executive functions, incl. directorships, education and seniority.

Any trading in the Company's shares by Board members must be reported to and published by NASDAQ OMX Copenhagen pursuant to the provisions of the Danish Securities Trading Act (værdipapirhandelsloven). For this reason, the Board of Directors has not found it necessary or useful to publish the trading of the individual Board members in the annual report by stating the Board members' total shareholdings and any changes to such holdings during the financial year, as otherwise recommended.

## 5.8 Retirement age

5.8.1 The Committee **recommends** that the company's articles of association fix a retirement age for members of the supreme governing body and that the annual report contain information on such retirement age as well as the age of each member of the board of directors.

**Comment:**

The Board of Directors includes age in the assessment of the qualifications of a Board member, but the board is of the opinion that age in itself cannot constitute any ground for qualification or disqualification. As a result, the Company does not have any rules regarding age limits or age requirements for Board members. The annual report and the Company's website, [www.maersk.com](http://www.maersk.com) contain information on Board members' year of birth.

## 5.9 Election period

5.9.1 The Committee **recommends** that members of the supreme governing body elected by the general meeting be up for re-election every year at the annual general meeting.

**Comment:**

The Board members are elected to serve two-year terms in accordance with the articles of association. Hence, a

part of the members are up for re-election every year. The two-year term is appropriate to ensure some measure of necessary continuity. The Company does therefore not comply with the recommendation.

5.9.2 The Committee **recommends** that the annual report state when the individual member of the supreme governing body joined the body, whether the member was re-elected and when the current election period expires.

**Comment:**

The annual report states the time when the members joined the Board of Directors, the time of the most recent re-election of the member and the expiry of the current election period.

## 5.10 Board committees

5.10.1 The Committee **recommends** that the company publish the following information in the management commentary in its annual report or on the company's website:

- the terms of reference for the board committees,
- important activities of the committees during the year and the number of meetings held by each committee, and
- the names of the members of each committee, including the chairmen of the committees, as well as information on which members are independent members and which members have special qualifications.

**Comment:**

The members of the Board of Directors are collectively responsible for the work of the board committees, thus the board committees are internal to the board. The Danish Act on Registered and State-Authorised Public Accountants (revisorloven) specifies the areas for which the Audit Committee is responsible. For these reasons the Board of Directors has decided not to publish terms of reference on the Company's website.

The members of the board committees and information on their independence appear on the Company's website and in the annual report. The website also provides information on the number of meetings.

The Company therefore complies partly with the recommendation.

5.10.2 The Committee **recommends** that a majority of the members of a board committee be independent members.

**Comment:**

The majority of the members of the Audit Committee are independent, whereas the majority of the members of the Chairmanship and the Remuneration Committee are not considered to be independent. The Board of Directors elects the members for the committees on the basis of a collective assessment of qualifications. Independence is part of the assessment, but it is not the decisive factor alone, since the Board of Directors finds that, among other things, insight into the Group's business, markets and the committee's work area carry more weight.

5.10.3 The Committee **recommends** that the supreme governing body establish an actual audit committee.

**Comment:**

In accordance with the Danish Act on Registered and State-Authorised Public Accountants, the Company has set up an Audit Committee that consists of three Board members appointed by and among the Board members of A.P. Møller - Mærsk A/S. The Company's website and the annual report provide information on committee members.

5.10.4 The Committee **recommends** that the following be taken into account in composing the audit committee:

- the chairman of the supreme governing body should not be chairman of the audit committee, and
- between them, the members should possess such an amount of expertise and experience as to provide an updated insight into and experience in the financial, accounting and audit conditions of companies whose shares are admitted to trading on a regulated market.

**Comment:**

The Chairman of the Board of Directors is not chairman of the Audit Committee. The composition of the Audit Committee is in accordance with the provisions on audit committees in the Danish Act on Registered and State-Authorised Public Accountants (revisorloven) and it is ensured that the committee has the required expertise

and experience in financial affairs and in accounting and auditing affairs in listed companies.

5.10.5 The Committee **recommends** that, prior to the approval of the annual report and other financial reports, the audit committee monitor and report to the supreme governing body about:

- significant accounting policies
- significant accounting estimates,
- related party transactions, and
- uncertainties and risks, including in relation to the outlook.

**Comment:**

The tasks of the Audit Committee include the review of accounting, auditing, risk and control matters, including at meetings with the external auditors, the Group CFO and the heads of the accounting and internal audit functions. The tasks of the Audit Committee are described in terms of reference and rules of procedure approved by the Board of Directors. The Audit Committee convenes 3-4 times a year and reports to the Board of Directors after each meeting.

5.10.6 The Committee **recommends** that the audit committee:

- annually consider whether there is a need for an internal audit function, and if so,
- formulate recommendations on selecting, appointing and removing the head of the internal audit function and on the budget of the internal audit function, and
- monitor the executive board's follow-up on the conclusions and recommendations of the internal audit function.

**Comment:**

The Group's internal audit function (Group Internal Audit) was established in 1998, and its main function is to review the effectiveness of internal procedures and control systems and to deal with the prevention and detection of any irregularities.

The head of the internal audit function reports to the Chairman of the Board of Directors and to the Audit Committee. The appointment and dismissal of the head of the internal audit function is decided by the Board of Directors upon recommendation by the Audit Committee and the Chairman of the Board of Directors. On a cur-

rent basis, the Audit Committee assesses the work of the internal audit function and annually reviews the budget of the internal audit function.

The Audit Committee monitors the Managements follow-up on the conclusions and recommendations of the internal audit function.

5.10.7 The Committee **recommends** that the supreme governing body establish a nomination committee with at least the following preparatory tasks:

- describe the qualifications required in the two governing bodies and for a given position, state the expected time commitment for a position and evaluate the balance of skills, knowledge and experience available in the two governing bodies.
- annually evaluate the structure, size, composition and performance of the governing bodies and make recommendations to the supreme governing body with regard to any changes,
- annually evaluate the skills, knowledge and experience of the individual members of the governing bodies and report such details to the supreme governing body,
- consider proposals submitted by relevant persons, including shareholders and members of the governing bodies, for candidates for executive positions, and
- identify and recommend to the supreme governing body candidates for the governing bodies.

**Comment:**

The Chairmanship of A.P. Møller - Mærsk A/S performs the duties recommended concerning the candidates for the Board of Directors.

Candidates to the Management are selected by the Board of Directors collectively on the basis of qualifications, including managerial and technical qualifications.

The Board of Directors has not formally established a nomination committee.

5.10.8 The Committee **recommends** that the supreme governing body establish a remuneration committee with at least the following preparatory tasks:

- make proposals, for the approval of the supreme governing body prior to approval at the general meeting, on the remuneration policy, including

the overall principles of incentive pay schemes, for members of the supreme governing body and the executive board,

- make proposals to the supreme governing body on remuneration for members of the supreme governing body and the executive board and ensure that the remuneration is consistent with the company's remuneration policy and the evaluation of the performance of the persons concerned. The committee should have information about the total amount of remuneration that members of the supreme governing body and the executive board receive from other companies in the group, and
- oversee that the information in the annual report on the remuneration of the supreme governing body and the executive board is correct, true and sufficient.

**Comment:**

The Company has set up a Remuneration Committee, the members being the Chairman and the two Vice-chairmen. Up to and including 2012, the committee made a proposal for the remuneration of the Management (Firmaet A.P. Møller) at the Board meeting at which the annual report was considered. From 2013 the committee will make a proposal for the remuneration of the members of the Management. The Chairman of the Board of Directors makes proposals regarding the remuneration of the Board of Directors. For further information on the Remuneration Committee, please see above under "I - Management Structure".

5.10.9 The Committee **recommends** that the remuneration committee do not consult with the same external advisers as the executive board of the company.

**Comment:**

The Remuneration Committee does not consult with the same external advisers as the Company's Management.

**5.11 Evaluation of the performance of the supreme governing body and the executive board**

5.11.1 The Committee **recommends** that the supreme governing body undertake an annual evaluation of the performance and achievements of the supreme governing body and of the individual members of the body.

5.11.2 The Committee **recommends** that the chairman be in charge of the evaluation of the supreme governing body, that the outcome be discussed in the supreme governing body and that the details of the procedure of self-evaluation and the outcome be disclosed in the annual report.

**Comment:**

The Annual General Meeting evaluates the work and results of the Board of Directors. The Chairman of the Board is to ensure that the Board functions and attends to its duties satisfactorily. The Chairman evaluates the performance and achievements of the Board and its members at each meeting. The Board of Directors finds that this continuous evaluation is a better tool for the evaluation of the Board's work than a formal annual procedure. The Board of Directors has therefore chosen not to comply with the recommendations for a formal evaluation procedure.

5.11.3 The Committee **recommends** that the supreme governing body at least once every year evaluate the work and performance of the executive board in accordance with pre-defined criteria.

**Comment:**

The Board of Directors regularly assesses the Management's work and performance, not least in relation to predefined financial and strategic objectives.

5.11.4 The Committee **recommends** that the executive board and the supreme governing body establish a procedure according to which their cooperation is evaluated annually through a formalised dialogue between the chairman of the supreme governing body and the chief executive officer and that the outcome of which is reported more than once a year to the Board of Directors.

**Comment:**

The Chairman of the Board of Directors and the Group CEO have an ongoing dialogue, which includes an evaluation of their co-operation, the outcome of which is reported not only on a yearly but on an ongoing basis to the Board of Directors.

## REMUNERATION OF MEMBERS OF THE GOVERNING BODIES

### 6.1 Content and form of the remuneration policy

- 6.1.1 The Committee **recommends** that the supreme governing body adopt a remuneration policy applicable to the supreme governing body and the executive board.
- 6.1.2 The Committee **recommends** that the remuneration policy and any changes to the policy be approved by the general meeting of the company.
- 6.1.3 Committee **recommends** that the remuneration policy include a thorough description of the components of the remuneration for members of the supreme governing body and the executive board.
- 6.1.4 The Committee **recommends** that the remuneration policy include:
- the reasons for choosing the individual components of the remuneration, and
  - a description of the criteria on which the balance between the individual components of the remuneration is based.

**Comment:**

The Board of Directors has established a remuneration policy for the Board of Directors and the Management, which exhaustively describes the components of the remuneration and the criteria on which the balance between the individual components of the remuneration is based.

The remuneration policy was presented by the Board of Directors and adopted by the Annual General Meeting in 2012. The remuneration policy included revised "General guidelines on incentive pay for the Board of Directors and the Management Board" which was first adopted by the Annual General Meeting in 2008. The recommendations are therefore considered complied with.

- 6.1.5 The Committee **recommends** that, if the remuneration policy includes variable components,
- limits be set on the variable components of the total remuneration package,
  - a reasonable and balanced linkage be ensured between remuneration for governing body members, expected risks and the value creation for shareholders in the short and long term,

- there be clarity about performance criteria and measurability for award of variable components, and
- there be criteria ensuring that vesting periods for variable components of remuneration agreements are longer than one calendar year.

**Comment:**

The Management's remuneration includes variable components. The Company uses incentive pay to retain key employees and to ensure a high degree of coinciding interests between the Company's management and its shareholders. Information on incentive pay can be found in the "General guidelines on incentive pay for the Board of Directors and the Management Board", which are available on the Company's website <http://investor.maersk.com/guidelines.cfm>.

6.1.6 The Committee **recommends** that remuneration of members of the supreme governing body do not include share or warrant programmes.

**Comment:**

The remuneration to the Board of Directors comprises fixed fees and does not include any incentive or performance based remuneration.

6.1.7 The Committee **recommends** that if members of the executive board receive share-based remuneration, such programmes be established as roll-over programmes, i.e. the options are granted periodically and should not be exercisable earlier than three years from the date of grant. An explanation of the relation between the redemption price and the market price at the time of grant should be provided.

**Comment:**

As noted above under the comments to 6.1.1-6.1.5, a change to the existing revolving incentive pay programme and guidelines was adopted by the ordinary Annual General Meeting in 2012.

Under the incentive pay programme existing up and until the ordinary Annual General Meeting 2012, members of the Management Board (Firmaet A.P. Møller) were obliged to acquire share options, at their own expense, at a value of up to 25% of the fixed annual remuneration. The exercise price for the share option cannot be less

than 110% of the listed price of the Company's shares at the time of granting/purchase.

Agreements about incentive pay for members of the Management entered into before the adoption of the new guidelines in 2012 will continue on the terms already agreed. Any change of existing agreements will be subject to the new guidelines.

The new incentive pay guidelines adopted in 2012 allow for restricted shares (but not for share options). The guidelines are available on the Company's website (<http://investor.maersk.com/guidelines.cfm>). Should the Company choose to allocate restricted shares as part of the remuneration to the Management the number of allocated shares will be stated in the Company's annual report.

6.1.8 The Committee **recommends** that, in exceptional cases, companies should be able to reclaim in full or in part variable components of remuneration that were paid on the basis of data, which proved to be manifestly misstated.

**Comment:**

So-called "claw-back" clauses are used in the Company's remuneration agreements for the Management when required by the nature of the remuneration programme and its components. So far, this has not been required.

6.1.9 The Committee **recommends** that termination payments should not amount to more than two years' annual remuneration.

**Comment:**

Agreements on severance payment have a maximum value that corresponds to the remuneration of the past two years. There are no unusual termination schemes for the Management.

**6.2 Disclosure of the remuneration policy**

6.2.1 The Committee **recommends** that the remuneration policy be clear and easily understandable and that it be disclosed in the annual report and posted on the company's website.

**Comment:**

Reference is made to comments to recommendations 6.1.1-6.1.4. A remuneration policy was adopted by the

Annual General Meeting in 2012, and was published on the Company's website, <http://investor.maersk.com/guidelines.cfm>.

6.2.2 The Committee **recommends** that the company's remuneration policy and compliance with this policy be explained and justified in the chairman's statement at the company's general meeting.

**Comment:**

The Chairman included an explanation of and compliance with the remuneration policy in his report at the Annual General Meeting in 2012.

6.2.3 The Committee **recommends** that the total remuneration granted to each member of the supreme governing body and the executive board by the company and other consolidated companies be disclosed in the (consolidated) financial statements and that the linkage with the remuneration policy be explained.

**Comment:**

The level of remuneration to the Management and members of the Board of Directors can be assessed from the information in the annual report concerning the remuneration to the Management and the members of the Board of Directors. Information about remuneration on an individual basis does not, in the opinion of the Company, serve any objective purpose, including market considerations. For this reason, the Company does not comply with the recommendation to provide information at an individual level.

6.2.4 The Committee **recommends** that the details of any defined-benefit schemes offered to members of the supreme governing body or the executive board and the actuarial value of such schemes as well as changes during the year be included as part of the information on the total remuneration.

**Comment:**

The members of the Board of Directors and the Management do not have a pension scheme in connection with their work for the Company.

6.2.5 The Committee **recommends** that the most important aspects of retention and severance programmes be disclosed in the company's annual report.

**Comment:**

Contracts of employment for members of the Management contain terms customary in Danish listed companies, including termination notice and competition clauses. Retention schemes are described above under the comment to recommendation 6.1.

6.2.6 The Committee **recommends** that the proposal for remuneration of the supreme governing body for the current financial year be approved by the shareholders at the general meeting.

**Comment:**

The Board of Directors seeks the shareholders' approval of the board's remuneration for the past year as part of the approval of the annual report. This allows the shareholders to assess the remuneration in light of the past year's achievements and work of the Board of Directors. The Company's general remuneration policy is described above.

## FINANCIAL REPORTING

### 7.1 Other relevant information

7.1.1 The Committee **recommends** that the annual report and other financial reports be supplemented by additional financial and non-financial information, if deemed necessary or relevant in relation to the information needs of the recipients.

**Comment:**

The annual report and the other financial reports are prepared in accordance with the Danish requirements governing listed companies, including financial reporting according to international reporting standards (IAS/IFRS), and the annual report contains required as well as relevant information. It is regularly assessed whether there is a need for additional information.

### 7.2 Going concern assumption

7.2.1 The Committee **recommends** that, upon consideration and approval of the annual report, the supreme governing body decide whether the business is a going concern, including supporting assumptions or qualifications where necessary.

**Comment:**

By signing the annual report, the Board of Directors has decided that the financial reporting has been performed

on a going concern assumption.

## RISK MANAGEMENT AND INTERNAL CONTROL

### 8.1 Identification of risks

8.1.1 The Committee **recommends** that the central governing body at least once every year identify the most important business risks associated with the realisation of the company's strategy and overall goals as well as the risks associated with financial reporting.

#### Comment:

The Board of Directors undertakes at least once a year an identification and assessment of the most important business risks. Furthermore, the Company's risk profile is regularly discussed with the Board of Directors among other things in connection with the planning of strategies and with major investments or divestments.

The Audit Committee and the Management undertake at least once a year a general identification and assessment of risks in connection with the financial reporting, including the risk of fraud, and consider the measures to be implemented in order to reduce or eliminate such risks.

Decisions on measures to reduce or eliminate risks are based on an assessment of materiality and probability of errors and omissions.

8.1.2 The Committee **recommends** that the executive board currently report to the supreme governing body on the development within the most important areas of risk and compliance with adopted policies, frameworks etc. in order to enable the supreme governing body to track the development and make the necessary decisions.

#### Comment:

The Management regularly updates the Board of Directors on developments within the most material risk areas and compliance with any adopted policies.

### 8.2 Whistleblowing

8.2.1 The Committee **recommends** that the supreme governing body decide whether to establish a whistleblowing scheme for expedient and confidential notification of possible or suspected wrongdoing.

#### Comment:

In January 2011, the Company established a global whistleblowing scheme for confidential notification of possible or suspected violations. The scheme allows employees as well as external parties to submit notification online and by telephone in approximately 40 different languages. Relevant notifications from the whistleblowing scheme are reported to the Audit Committee on a yearly basis.

### 8.3 Openness about risk management

8.3.1 The Committee **recommends** that the management commentary in the annual report include information about the company's management of business risks.

#### Comment:

The Company discloses the Company's management of business risks in the annual report.

## AUDIT

### 9.1 Contact to auditor

9.1.1 The Committee **recommends** that the supreme governing body maintain a regular dialogue and exchange of information with the auditor.

#### Comment:

The dialogue between the Board of Directors and the auditors is furthermore ensured partly via the statutory long-form audit report, partly via the Audit Committee reporting to the Board of Directors after each meeting. The auditors attend the Board of Directors' meeting at which the annual report is evaluated.

9.1.2 The Committee **recommends** that the auditor agreement and auditors' fee be agreed between the supreme governing body and the auditor on the basis of a recommendation from the audit committee.

#### Comment:

Based on a recommendation from the Audit Committee, the Board of Directors approves the audit agreement and the auditors' fee.

9.1.3 The Committee **recommends** that the supreme governing body and the audit committee meet with the auditor at least once every year without the executive board present. This also applies to the internal auditor, if any.



**Comment:**

The members of the Audit Committee meet with the auditor at least once a year without the Management being present, and meet with the head of the internal audit function several times a year without the Management being present. The members of the Audit Committee report to the Board of Directors after each meeting.

**9.2 Internal audit**

9.2.1 The Committee **recommends** that the supreme governing body, on the basis of a recommendation from the audit committee, once every year decide whether to establish an internal audit for support and control of the company's internal

control and risk management systems and state the reasons for its decision in the annual report.

**Comment:**

As noted above under the comment to 5.10.6, the Group's internal audit function was established by the Board in 1998. The main focus of the Group's internal audit function, Group Internal Audit, is to review the effectiveness of internal procedures and control systems and to prevent and detect any irregularities. Based on a recommendation from the Audit Committee, the Board of Directors regularly and at least once a year assesses the work of the internal audit function.

The head of the internal audit function reports to the Chairman of the Board of Directors and to the Audit Committee.

## III – The main elements of the Group's internal control and risk management systems in connection with its financial reporting

The Group's risk management and internal controls in connection with its financial reporting are planned with a view to reducing the risk of errors and omissions in the financial reporting.

**Control environment**

The Board of Directors/Audit Committee and the Management regularly assess material risks and internal controls in connection with the Group's financial reporting process. The Audit Committee has a supervisory responsibility and reports to the entire Board of Directors. The responsibility for the everyday maintenance of an efficient control environment in connection with the financial reporting rests with the Management. The management of the Group's business units are responsible for ensuring an efficient control environment for the respective business units.

Based on the applicable rules and regulations, the Board of Directors and the Management prepare and approve the general policies, procedures and controls in significant areas in connection with the Group's financial reporting.

The starting point is a clear organisational structure, clear chains of command, authorisation and certification procedures and segregation of duties as well as adequate accounting and consolidation systems, including validation controls.

In addition, the Group has set up policies, manuals and procedures within significant areas in connection with its financial reporting. The policies, manuals and procedures adopted are updated and disseminated on an ongoing basis.

**Risk assessment and management**

As part of risk assessment, the Board of Directors/Audit Committee and the Management undertake at least once a year a general identification and assessment of risks in connection with the financial reporting, including the risk of fraud, and consider the measures to be implemented in order to reduce or eliminate such risks.

Decisions on measures to reduce or eliminate risks are based on an assessment of materiality and probability of errors and omissions.

### **Control activities**

Specific control activities have been defined for each significant business unit with a view to minimising risks specific to both the Group and the business units.

The performance of such control activities is checked on both business unit level and Group level. This includes an annual statement of warranties and representations from the most significant business units in the Group as well as controller reports including findings and recommendations.

### **Information and communication**

The Board of Directors has decided that the Group should have information and reporting systems in place to ensure that its financial reporting is in conformity with rules and regulations as well as the requirements laid down in the policies, manuals and procedures set up by the Group. A global consolidation system and related reporting instructions have been implemented for this purpose. Also, control catalogues have been established and collated for all significant business units and for Group functions.

### **Monitoring**

The monitoring of risk management and control systems in connection with financial reporting takes the form of ongoing assessments and control at different levels in the Group.

Any weaknesses, control failures and violations of the applicable policies, manuals and procedures or other material deviations are communicated upwards in the organisation in accordance with the Group's relevant policies and instructions. Any weaknesses, omissions and violations are reported to the Management. The Board of Directors/Audit Committee receive reports from the Management and from Group Internal Audit on the compliance with the guidelines, etc. as well as on the weaknesses, omissions and violations of the policies, procedures and internal controls found.

The auditors elected by the Annual General Meeting account for any material weaknesses in the Group's internal control systems related to financial reporting in the long-form audit report to the Board of Directors. Minor irregularities are reported in Management Letters to the Management.