

# 2022 Allocation Report

A.P. Møller – Mærsk A/S  
March 2, 2023





# 1. Letter

## from our CFO

Over the course of 2022, we have seen many new challenges arise in the geopolitical landscape. Although the most difficult trials of the pandemic appear to be behind us, the war in Ukraine, subsequent energy crisis and threat of global recession have created an environment of continued uncertainty. Despite the turmoil that our societies and economies face, we have held our ESG commitments at the forefront of our business strategy and operations. It is essential that we continue to do so in order to support the acceleration of the green energy transition, and to stay true to our company purpose to improve life for all by integrating the world.

During 2022, we have made marked strides towards our 2030 and 2040 targets across a variety of Maersk businesses. We have invested in an additional six methanol-enabled vessels for a total of 19 vessels on order. Furthermore, we have signed Memorandums of Understanding with nine green fuel producers to bolster the future production pipeline for green methanol. Finally, we have progressed in the electrification of our Logistics & Services and Terminals businesses, including ordering 400 heavy duty electric vehicles to our land-based fleet in North America.

Maersk's ESG strategy is based on our commitment towards active responsibility for the society and environment in which we operate. This commitment led to Maersk's decision to exit the Russian and Belarussian

markets due to the severe loss of life and damage created by Russia's invasion of Ukraine. We have withdrawn from operations in these markets in a responsible way and acting with care towards affected employees.

As we continue our journey to decarbonize our business, substantial investment will continue to be essential in the coming years. We are grateful to the finance and investment communities for their engagement and support in our initial steps of the journey, including the financing of our inaugural green bond and inaugural green credit facility.

As in our first allocation report, we show how the remaining proceeds from our inaugural green bond have been allocated in 2022. We additionally provide an update on the total green financing in our green finance portfolio.

The allocation report for the 2022 reporting year has been prepared, in all material respects, in accordance with Maersk's Green Financing Framework. Once the assets financed by our green debt portfolio have been delivered, we will additionally report the ESG impact of these assets.

Yours sincerely,

**Patrick Jany, CFO**

# 2. ESG: An integral part of our strategic transformation

Maersk's updated ESG strategy has taken our ambitions to a new level. Our target for net zero greenhouse gas emissions has been moved one decade earlier than the initial 2050 ambition, while the related 2030 targets ensure that we will be an industry leader in green offerings and make significant progress towards our 2040 goals in the coming years.

The three core commitments outlined below encompass all material impacts, risks, and opportunities, and are underpinned by supporting targets and KPIs outlined on the following page. Our 2030 targets set tangible milestones at the operational level, including a 50% reduction in emissions per transported container for our Ocean fleet, as well as a 70% reduction in absolute emissions from

Maersk-controlled terminals. When met, these targets should lead to a 35-50% reduction in 2020 baseline emissions and should result in ca. 5 million tons of CO<sub>2</sub> savings by 2030.

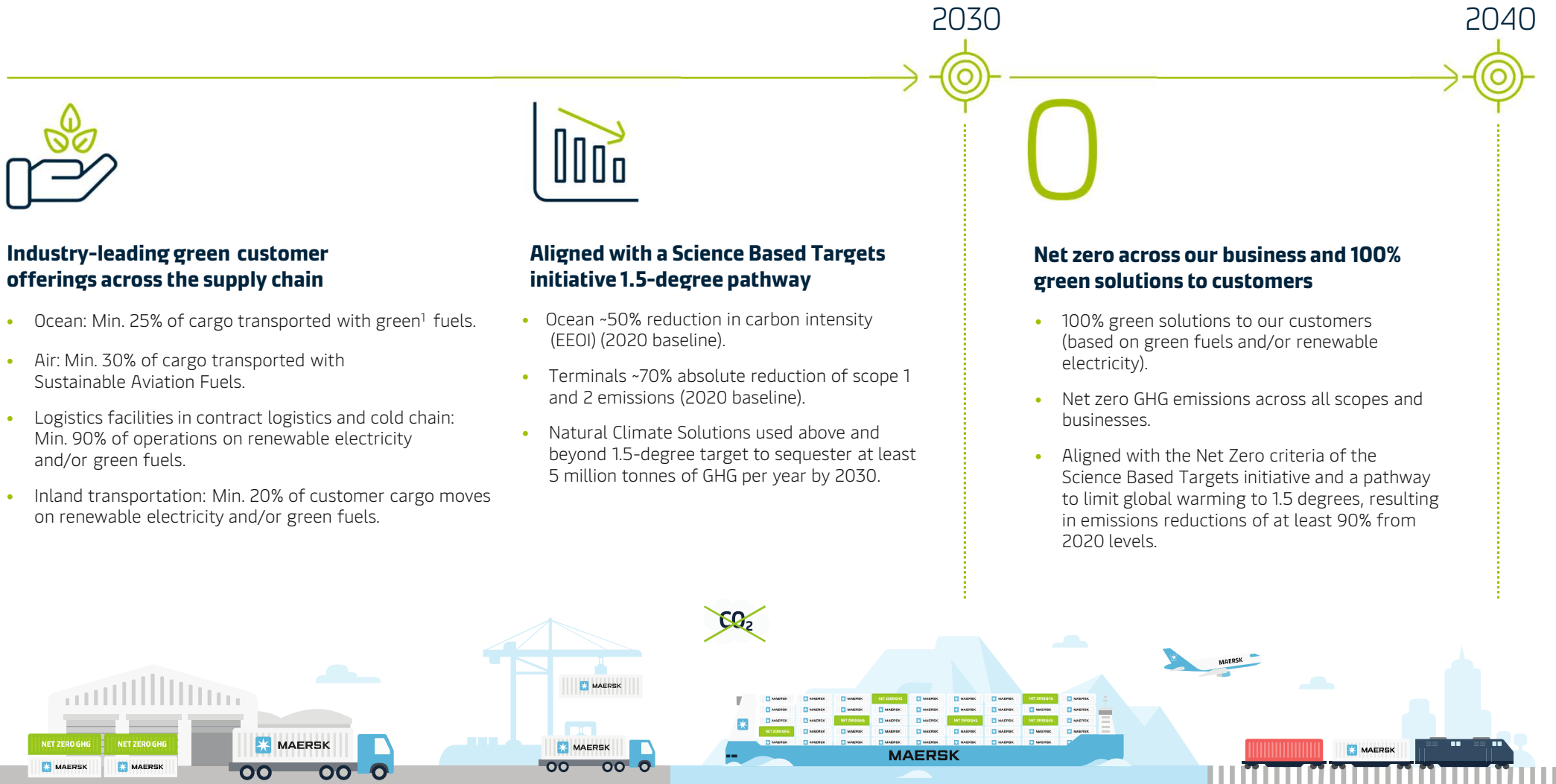
We report our progress towards these targets annually via our sustainability report. Efforts to define and develop our ESG strategy and targets originated from a

variety of sources including science-based frameworks, internal and external stakeholder expectations, and the UN Sustainable Development Goals. We understand that our targets will have to be continuously improved and evolved as reporting and target-setting methods develop, as well as goals and expectations from our customers, regulators and broader society.

	 <b>Environment</b>		 <b>Social</b>			 <b>Governance</b>		
Commitments	<b>We will take leadership in the decarbonisation of logistics</b> We will deliver on our customer commitment to decarbonise their supply chains in time and our societal commitment to act and have impact in this decade		<b>We will ensure that our people thrive at work by providing a safe and inspiring workplace</b> We create an engaging environment for all colleagues We facilitate diversity of thought We ensure everyone gets home safe by preventing fatal and life-altering incidents			<b>We operate based on responsible business practices</b> We live our Code of Conduct We procure sustainably We protect and treat data with respect		
Strategic targets <i>All targets are for end of year</i>	<b>2040:</b> <ul style="list-style-type: none"> <li>Net zero across the business</li> <li>100% green solutions to customers</li> </ul>	<b>2030:</b> <ul style="list-style-type: none"> <li>Aligned with the Science Based Targets initiative 1.5°C pathway</li> <li>Industry-leading green customer offerings across the supply chain</li> </ul>	<b>2025:</b> <ul style="list-style-type: none"> <li>Employee Engagement Survey score in the top quartile of global norm</li> </ul>	<b>2025:</b> <ul style="list-style-type: none"> <li>&gt;40% women in management and leadership</li> <li>&gt;30% diverse nationality (non-OECD) of executives</li> </ul>	<b>2023:</b> <ul style="list-style-type: none"> <li>100% of Learning Teams completed following a High Potential Incident</li> <li>Global Leadership (Top 1,200) upskilled in Maersk safety and security principles</li> </ul>	<b>2023:</b> <ul style="list-style-type: none"> <li>100% of employees* trained in the Maersk Code of Conduct</li> </ul>	<b>2024:</b> <ul style="list-style-type: none"> <li>100% of suppliers* committed to the Supplier Code of Conduct</li> </ul>	<b>2023:</b> <ul style="list-style-type: none"> <li>100% of employees* trained on data ethics</li> </ul>
Overview of all ESG categories	<b>Climate change</b> <b>Environment and ecosystems (incl. ship recycling)</b>		<b>Employee relations and labour rights</b> – <b>Safety and security</b> – <b>Human capital</b> <b>Sustainable and inclusive trade</b> – <b>Diversity, equity and inclusion</b> – <b>Human rights</b>			<b>Business ethics</b> – <b>Governance</b> – <b>Responsible tax</b> <b>Sustainable procurement</b> – <b>Data ethics</b> – <b>Citizenship</b>		

\*In scope (for more information, see our accounting policies on p. 64 of the 2022 Sustainability Report)

# Maersk's updated targets provide transparency and accountability at an operational level



## Industry-leading green customer offerings across the supply chain

- Ocean: Min. 25% of cargo transported with green<sup>1</sup> fuels.
- Air: Min. 30% of cargo transported with Sustainable Aviation Fuels.
- Logistics facilities in contract logistics and cold chain: Min. 90% of operations on renewable electricity and/or green fuels.
- Inland transportation: Min. 20% of customer cargo moves on renewable electricity and/or green fuels.

## Aligned with a Science Based Targets initiative 1.5-degree pathway

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

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

- 100% green solutions to our customers (based on green fuels and/or renewable electricity).
- Net zero GHG emissions across all scopes and businesses.
- Aligned with the Net Zero criteria of the Science Based Targets initiative and a pathway to limit global warming to 1.5 degrees, resulting in emissions reductions of at least 90% from 2020 levels.

<sup>1</sup>Green is defined as fuels or energy that have 'low' or 'very low' greenhouse gas emissions on a life cycle basis. The vessels will be operated using green e-methanol or bio-methanol as soon as possible. Biodiesel can be used without modification.

## 3. Green financing

In conjunction with the publication of our Green Financing Framework, we issued our inaugural green bond (EUR) in November 2021. The 10-year bond was issued under our Euro Medium Term Note Programme with our lowest ever coupon of 0.75%, and was met with exceptional investor appetite, with the final orderbook reaching a subscription of 7.4x the issue size.

In the year following our first green bond issue, the proceeds of the bond have now been fully allocated towards eligible green investments under our financing framework. During the course of 2022, we have further increased our green financing by an additional USD 725m via an undrawn green loan with the Export-Import Bank of Korea (KEXIM). The loan will be used to finance the dual-fuel vessels on order.

### Categories under our Green Financing Framework<sup>1</sup>



#### Clean Transportation (maritime)

Investments connected to the acquisitional of dual-fuel container vessels designed for Green methanol, the retrofitting of existing vessels, and the procurement of Green methanol all fall within the category of clean maritime transportation projects.



#### Clean Transportation (land)

Expenditures and/or investments that are connected to carbon-neutral land-based transportation would fall under this category. This could include transport via freight rail and/or freight transport by road.



#### Green buildings

Investments connected to green logistics centers would be eligible under the green buildings category. This could include the construction of new buildings, renovation of existing buildings, and the installation and maintenance of energy efficiency equipment.

### Outstanding green bonds and bilateral loans

Debt Issue (ISIN)	Coupon p.a.	Pricing / Signing Date	Maturity	Face value	Net proceeds (USD) <sup>2</sup>
EUR Bond (XS2410368042)	0.75%	18-11-2021	25-11-2031	EUR 500m	USD 552m
USD bilateral loan (undrawn) KEXIM	Undisclosed	05-07-2022	Undisclosed	USD 725m	Non applicable

<sup>1</sup>Project categories are in accordance with the ICMA Green Categories <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Green-Bond-Principles-June-2021-100621.pdf>

<sup>2</sup>Net proceeds in foreign currencies are converted to USD as per the swap that was entered into on the respective pricing date.

# 4. Allocation report<sup>1</sup>

The net proceeds of our November 2031 green bond have been fully allocated in line with our Green Financing Framework<sup>2</sup>. The allocation has been conducted on the basis of capital expenditure for the respective projects. In 2021, a large portion of the green bond proceeds were allocated towards our green methanol vessel newbuilding projects (new investments, ICMA Clean category: Clean Transportation). In 2022, we have allocated the remaining proceeds of our Green bond towards ongoing payments for the 2,000 TEU methanol vessel and the twelve 16,000 TEU methanol vessels on order, as further described on the following page.

## Amounts allocated by bond

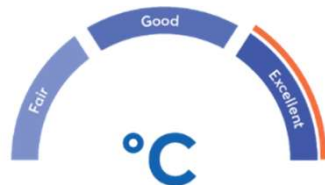
Debt Issue (ISIN)	Coupon p.a.	Issued	Maturity	Face value	Net proceeds (USD) <sup>3</sup>	Proceeds allocated 2021 <sup>4</sup>	Proceeds allocated 2022	Total allocated proceeds	To be allocated
<b>EUR Bond (XS2410368042)</b>	0.75%	18-11-2021	25-11-2031	EUR 500m	USD 552m	USD 452m	USD 100m	USD 552m	USD 0m

## Amounts allocated by project category

Debt Issue (ISIN)	Coupon p.a.	Maturity	Net proceeds (USD)	Project	GFF Project Category	Proceeds allocated 2021	Proceeds allocated 2022	Total allocated proceeds
<b>EUR Bond (XS2410368042)</b>	0.75%	25-11-2031	USD 552m	16,000 TEU methanol vessels	Clean Transportation (maritime)	USD 437m	USD 95m	USD 532m
				2,000 TEU methanol vessels	Clean Transportation (maritime)	USD 15m	USD 5m	USD 20m



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<sup>1</sup>As per section 2.4 (Reporting) of our Green Financing Framework, an impact report will be published once the vessels are delivered, subject to the availability of suitable information, data and permitted disclosure in accordance with relevant confidentiality agreements and competition laws.

<sup>2</sup>Our Green Financing Framework can be found on our website under the following link: <https://investor.maersk.com/green-finance>.

<sup>3</sup>Net proceeds in foreign currencies are converted to USD as per the swap that was entered into on the respective pricing date.

<sup>4</sup>USD 2m of the 2021 allocated proceeds have been re-allocated into the 2022 allocation.

# 5. Project highlights

## 2,000 TEU Methanol Feeder Vessel

In February 2021, we announced that we have ordered a dual-fuel feeder vessel purpose-built to run on green methanol as well as conventional fuel oil, to be delivered in 2023. This is seven years ahead of our initial target set in 2018, and it will be the world's first methanol-powered container vessel.

The vessel was scaled to fit the largest available dual-fuel engine on the market at the time of ordering, and its capacity will be 2,000 TEU.

The feeder vessel qualifies as green investment in line with our Green Financing Framework and is related to the EU Taxonomy activities *6.10. Sea and coastal freight water transport, vessels for port operations and auxiliary activities*.

## 16,000 TEU Methanol Vessels

In August 2021, we took a significant step towards decarbonising shipping with the purchase of eight large - 16,000 twenty-foot equivalent units (TEU) - container vessels to be delivered in 2024. These vessels are built with ground-breaking design allowing the vessels to operate on green methanol. This requires an engine five times more powerful than for the smaller feeder vessel announced in February 2021. In January 2022, we exercised the option to purchase four additional 16,000 TEU vessels to be delivered in 2025.

The process of cutting the steel for the vessels began just before the end of 2022. The next key stage will be the factory approval test of the main engine in Spring 2023. The twelve vessels qualify as green investments in line with our Green Financing Framework and are related to the EU Taxonomy activities *6.10. Sea and coastal freight water transport, vessels for port operations and auxiliary activities*. We intend to operate all of the dual-fuel vessels on green e-methanol or bio-methanol as soon as possible. However, sourcing a

sufficient quantity of methanol will be challenging, as it will require a significant increase in global production. Maersk is actively engaged in a number of collaborations and partnerships globally to support this development.

Biodiesel can also be used to power the vessels without any necessary modification. The vessels will not be equipped with scrubbers, so in the event that conventional fuel is used, it must comply with low-sulphur fuel regulations.



# 6. Assurance report of the independent auditor

## To the green bond investors and the Management of A.P. Møller - Mærsk A/S

### Limited assurance conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information for the 2022 reporting year has not been prepared, in all material respects, in accordance with A.P. Møller - Mærsk's Green Financing Framework.

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

### Selected Information

The scope of our work was limited to assurance over the information presented in the A.P. Møller - Mærsk's Allocation report on page 6 in the tables 'Amounts allocated by bond' and 'Amounts allocated by project category' under the columns 'Proceeds allocated 2022', 'Total allocated proceeds' and 'To be allocated'. (the 'Selected Information')

### Professional standards applied and level of assurance

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (revised),

'Assurance Engagements other than Audits and Reviews of Historical Financial Information' and additional requirements under Danish auditor regulation to obtain limited assurance in respect of our conclusion. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

### Our independence and quality control

We have complied with the independence requirements and other ethical requirements in the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior, and ethical requirements applicable in Denmark.

PricewaterhouseCoopers applies International Standard on Quality Management 1, ISQM 1, which

requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

### Summary of work performed

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information. In doing so, we:

- Made inquiries of relevant A.P. Møller - Mærsk management to assess whether the reporting has been prepared in accordance with A.P. Møller - Mærsk's Green Financing Framework;
- Performed analytical review of the Selected Information, including the allocation of amounts as presented in A.P. Møller - Mærsk's Allocation report 2022; and
- Evaluated the evidence obtained.



### Management's responsibilities

The Management of A.P. Møller - Mærsk A/S is responsible for:

- Designing, implementing and maintaining internal control over information relevant to the preparation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- Establishing objective criteria for preparing the Selected Information as described in A.P. Møller - Mærsk's Green Financing Framework;
- Measuring and reporting the Selected Information based on A.P. Møller - Mærsk's Green Financing Framework; and
- The content of the Selected Information.

### Auditor's responsibilities

We are responsible for:

- Planning and performing the engagement to obtain limited assurance about whether the Selected Information are free from material misstatement, whether due to fraud or error and are prepared, in all material respects, in accordance with A.P. Møller - Mærsk's Green Financing Framework;
- Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- Reporting our conclusion to the Management of A.P. Møller - Mærsk A/S and the green bond investors.

This report, including our conclusions, has been prepared solely for the Management of A.P. Møller - Mærsk A/S and the green bond investors to assist the Management in reporting on A.P. Møller - Mærsk's green bond. We permit this report to be disclosed online at A.P. Møller - Mærsk A/S' website in respect of the 2022 reporting year, to assist A.P. Møller - Mærsk A/S in responding to their governance responsibilities by obtaining an independent assurance report in connection with the Selected Information.

The maintenance and integrity of A.P. Møller - Mærsk's website and its content are the responsibility of the Management; the work carried out by us will not involve consideration of these matters and, accordingly, we will accept no responsibility for any changes that may have occurred to the Green Financing Framework dated 15 November 2021, presented on A.P. Møller - Mærsk's website.

Hellerup, 2 March 2023

### PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab  
CVR no 3377 1231

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