

A.P. Møller - Mærsk A/S

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

This statutory annual corporate governance statement for A.P. Møller - Mærsk A/S is part of the Directors' report in the 2009 Annual Report and covers the financial period 1 January to 31 December 2009.

The statement includes a description of the Company's management structure, a review of how the Company considers the "Recommendations for corporate governance" issued by NASDAQ OMX Copenhagen as well as a description of the main elements of the Group's internal control and risk management systems in connection with the Group's financial reporting.

## MANAGEMENT STRUCTURE

As a Danish listed Company, A.P. Møller - Mærsk A/S has a management structure consisting of the Board of Directors and the Management Board.

### **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 elected at the Annual General Meeting are elected for a two-year term. This means that every year some of the members are up for election and ensures continuity in the work of the Board of Directors. Board members are eligible for re-election. Today, the full 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 A.P. Møller - Mærsk Group and ensures the proper organisation of the Company.

The Board of Directors usually meets 7-9 times a year and is otherwise convened when deemed necessary. The Board of Directors is organised into the following committees:

*The Chairmanship*, which consists of the Chairman of the Board of Directors, Michael Pram Rasmussen, and the Vice-chairmen, Poul J. Svanholm and Ane Mærsk Mc-Kinney Ugglå. The Chairmanship meets regularly and as required.

*The Audit Committee* 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, Lars Kann-Rasmussen 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 and the Heads of Accounting and Group Internal Audit. The committee determines the frequency of its meetings and usually meets three times a year. The tasks of the Audit Committee are described in terms of reference and a set of procedures approved by the Board of Directors.

*The Remuneration Committee* consists of the Chairman and the two Vice-chairmen. At the Board meeting at which the annual report is considered, the committee makes a proposal for the remuneration of the Management Board (Firmaet A.P. Møller). The committee approves the allocation of the remuneration among the partners of Firmaet A.P. Møller and also decides on the annual adjustment of salaries – in per cent – for the staff

of Rederiet A.P. Møller A/S and Mærskolie og Gas A/S. Furthermore, the committee determines the size of the proposed annual overall remuneration, including pensions, bonuses and the like, for key executives of the A.P. Møller - Maersk Group worldwide. The committee meets as and when required.

For names and photos of the Board members, please refer to <http://investor.maersk.com/directors.cfm>.

### **The Management Board**

The Management Board of A.P. Møller - Mærsk A/S consists of Firmaet A.P. Møller, a Danish partnership. The partners of Firmaet A.P. Møller are Mærsk Mc-Kinney Møller, Nils S. Andersen, Claus V. Hemmingsen, Eivind Kolding and Søren Skou. Each of the partners can commit A.P. Møller - Mærsk A/S by signing on behalf of Firmaet A.P. Møller using the signature "A.P. Møller".

### **Executive Board**

The Executive Board functions as the day-to-day management and consists of Nils S. Andersen (Group CEO), Claus V. Hemmingsen, Eivind Kolding, Søren Skou, Trond Westlie (Group CFO) and Jakob Thomasen.

In the following, the Management Board and the Executive Board are collectively referred to as "the Management".

### **Remuneration of the Management**

The remuneration payable to the Management Board is determined by considering what is reasonable in relation to the size, activities and other circumstances of the Company. A total of DKK 111 million was paid to the Management Board in 2009, and is disclosed in note 4 of the 2009 Annual Report. The Board of Directors is paid a fixed remuneration determined for one year at a time. Special remuneration is paid for participation in committees. The total remuneration to the Board of Directors is disclosed in note 4 of the 2009 Annual Report and amounted to DKK 16 million in 2009.

In order to attract, retain and motivate the key executives of the A.P. Møller - Maersk Group, and in order to emphasise alignment between these employees' interests and the interests of the shareholders, a long-term incentive programme for the Group's key executives, comprising about 110 people, was established in March 2008. A significant element of this is a share option pro-

gramme, which once a year will grant the applicable employees share options at a fair value corresponding to 1-2 months' pay for the individual employee.

The options are allocated with a "strike price" of 110% of the average of the share prices (for A.P. Møller - Mærsk A/S B shares "all trades") on the first five trading days following the publication of the Company's annual report. The options are exercisable after two years and within five years at the latest. The first grant of share options took place in April 2008.

A similar incentive programme was introduced for the members of the Management Board with effect from April 2008. At their own expense, they are obliged to acquire share options at market value for an amount corresponding to about two months' remuneration.

At the Annual General Meeting on 29 April 2008, the "General Guidelines for Incentive Pay" for the Management of A.P. Møller - Mærsk A/S were adopted. The guidelines are published at [www.investor.maersk.com/da/guidelines.cfm](http://www.investor.maersk.com/da/guidelines.cfm).

### **Internal audit**

The main focus of the A.P. Møller - Maersk Group's internal audit function (Group Internal Audit) is to review the efficiency of the internal control and risk management 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.

## **RECOMMENDATIONS FOR CORPORATE GOVERNANCE IN DENMARK**

The Board of Directors of A.P. Møller - Mærsk A/S continues to consider the "Recommendations for corporate governance" prepared by NASDAQ OMX Copenhagen. Most of the recommendations have been complied with, but there are some which the Board of Directors has chosen not to follow. With reference to the "comply or explain" principle, NASDAQ OMX Copenhagen has stated that companies should either comply with the recommendations or explain why they deviate from them.

### **The role of the shareholders and their interaction with the management of the Company**

Communication between A.P. Møller - Mærsk A/S and the shareholders is carried out primarily at the Annual General Meeting and through company announcements. In addition, online presentations are made for investors, analysts, the press and other stakeholders in connection with the publication of annual and interim reports and interim management statements, and individual meetings are held with share analysts as well as current and potential investors. Investors and share analysts are welcome to contact the Company's Investor Relations office.

Information about the Group's activities, capital structure, press releases, company announcements and annual reports is published at [maersk.com](http://maersk.com). The annual report, press releases and company announcements are published in both Danish and English.

The Annual General Meeting constitutes, within the boundaries laid down in the articles of association, the supreme authority in the affairs of the Company. The Annual General Meeting must be held in Copenhagen, Svendborg or Århus, Denmark, before the end of April. In accordance with the articles of association, Annual General Meetings are normally convened with three weeks' notice, but must be convened at no fewer than eight days' and no more than four weeks' notice. Notices of Annual General Meetings are announced in the Danish daily press and in the Danish Commerce and Companies Agency's information system. Registered shareholders receive an invitation with an agenda and appendices, including the annual report, if requested. They also receive a proxy form on which they can record their proxy voting instructions for each item on the agenda. The Board of Directors or a named third party can be appointed proxy. It is also possible to appoint a proxy via [maersk.com](http://maersk.com). This ensures that 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 at [maersk.com](http://maersk.com). Procedures for the Company's Annual General Meeting are laid down in articles 8-14 of the articles of association. The articles of association are available at <http://investor.maersk.com/guidelines.cfm>.

The Board of Directors believes that the Company's capital structure, together with the majority shareholding held by the A.P. Møller Foundations, benefits the development of the Company, and that a continuation would be advantageous to both class A and class B shareholders.

### **The role of stakeholders and their importance to the Company**

The Board of Directors has laid down guidelines for the Company's relationship with its stakeholders. In "The Maersk Principles of Conduct", which is available at [maersk.com](http://maersk.com), the Board of Directors has laid down the fundamental business principles that describe, on the basis of the Company's fundamental values, the Company's relationship to the local communities in which the Group operates, as well as policies on environmental and labour-related matters, etc.

### **Openness and transparency**

The Management has prepared an information and communication policy, which has been approved by the Board of Directors.

Significant information of importance to the assessment of A.P. Møller - Mærsk A/S and its activities, business objectives, strategies and results by shareholders and the financial markets is published as soon as possible via company announcements.

In order to ensure ongoing dialogue between the Company and its existing and potential shareholders as well as share analysts, etc., an Investor Relations office to which questions concerning the Company can be addressed has been established.

The Company's annual report is prepared in accordance with "International Financial Reporting Standards" (IFRS) – as adopted by the EU – as well as Danish disclosure requirements for the annual reports of listed companies. The annual report, which also includes a range of non-financial disclosures, is published at [maersk.com](http://maersk.com).

In connection with the preparation of the Company's annual report, the Board of Directors decides on additional relevant non-financial disclosures.

Annual and interim reports as well as interim management statements and announcements on significant (share price relevant) circumstances concerning the

Company, are presented. They are all published at maersk.com. Announcements are published between annual and interim reports and interim management statements when changes or circumstances that may influence the share price occur.

### **The duties and responsibilities of the Board of Directors**

As prescribed by Danish law, the Board of Directors is responsible for the overall governance of the Company and lays down guidelines for, and supervises the work of, the Management. The development and definition of the Group's strategies constitute an important management task. The Board of Directors regularly discusses and determines its duties in this relation, at least once a year.

The Board of Directors has established a set of procedures. At individual Board meetings, the Board of Directors decides which duties are to be performed on a daily basis and in the long term. It is the opinion of the Board of Directors that this method of operation is the most suitable for the Company – more appropriate, for example, than formal, detailed job and duty descriptions for the Chairman and the Vice-chairmen which could prove restrictive.

The Board of Directors is organised with a Chairman and two Vice-chairmen. When allocating the duties of the Board of Directors, and during the general discussion at Board meetings, the Chairman strives to ensure that the special knowledge and competence of the individual Board members are put to the best possible use for the benefit of the Company.

The Board of Directors' set of procedures outlines the reporting made by the Management to the Board of Directors. This is to ensure that the Board of Directors receives on an ongoing basis the information it requires regarding the Company's activities.

The set of procedures for the Board of Directors' is reviewed once a year to ensure alignment with the requirements of the Company.

### **The composition of the Board of Directors**

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. This is

intended to ensure a composition that provides the skills and expertise necessary for the Board to perform its duties in the best possible way.

Candidates are presented to the entire Board of Directors which makes an assessment of the professional and personal qualifications of potential candidates. A number of recruitment criteria can be established, but it is the opinion of the Board of Directors that it is neither appropriate nor relevant to prepare an exhaustive list of specific recruitment criteria. This means that the recommendation to provide information about the recruitment criteria established by the Board of Directors is not followed.

The individual Board members have been nominated and elected on the basis of an overall assessment of the qualifications of the Board of Directors and the individual members, including any relevant and necessary knowledge and experience in relation to the needs of the Company. The other management positions and significant organisational duties of the individual Board members are disclosed in the annual report. This means the recommendation to publish a yearly profile of the composition of the Board of Directors and information about any special skills or qualifications that individual Board members may have is not followed.

When new members join the Board of Directors, they receive an introduction to the most important departments of the Company and are introduced to the day-to-day operations. The Chairman of the Board and new members discuss whether the new members require supplementary training.

It is the opinion of the Board of Directors that the individual Board members are otherwise responsible for calling attention to any needs they may have for updating their qualifications and expertise. For this reason, it has not been deemed necessary for the Board of Directors to annually assess any such need, as suggested in the recommendations.

The Board of Directors currently consists of 12 members, which, given the size, complexity and global nature of the A.P. Møller - Maersk Group, is considered appropriate.

The majority of the members of the Board of Directors are considered to be independent. As Board members from the principal shareholder – A.P. Møller og Hustru

Chastine Mc-Kinney Møllers Fond til almene Formaal – Ane Mærsk Mc-Kinney Uggla and Leise Mærsk Mc-Kinney Møller are not considered to be independent. As employees of the A.P. Møller - Mærsk Group, John Axel Poulsen and Cecilie Mose Hansen are not considered to be independent.

As stated above, the Board of Directors normally meets 7-9 times a year and is otherwise convened when deemed necessary.

The Company has not established any boundaries which determine the number of other management positions held by individual Board members. This means the individual Board members are expected to balance time they spend on Board work with their management positions in a responsible manner.

All Board members are obliged to own A shares in the Company and to have these registered. The Board members are only allowed to trade the Company's shares within the four weeks immediately following the publication of the Company's annual report and the issue of the Company's interim report. Any trading in the Company's shares by Board members will be reported to and published by NASDAQ OMX Copenhagen pursuant to the provisions of the Danish Securities Trading Act. For this reason, the Board of Directors and the Management Board have not found it necessary or useful to publish the trading of the individual Board members in the annual report by stating the members' total holdings and resultant changes, as otherwise recommended by NASDAQ OMX Copenhagen.

Along with their invitation to the Annual General Meeting, registered shareholders receive a list of candidates that states the candidates' ages, etc. The Board of Directors is of the opinion that age may be included in the assessment of the qualifications of a Board member, but that age cannot constitute grounds for qualification or disqualification in and of itself. As a result, the Company does not have any rules regarding age limits or age requirements for Board members.

At A.P. Møller - Mærsk A/S, Board members are elected to serve two-year terms in accordance with the articles of association. A two-year period has been considered suitable to ensure both the opportunity to renew the Board of Directors and the necessary level of continuity.

The Board of Directors collectively signs for and acts on behalf of the Company. As a result, the terms of reference for the Audit Committee and the Remuneration Committee are considered to be a matter between the individual committees and the Board of Directors and are not described in the annual report, as otherwise recommended.

The Annual General Meeting evaluates the work and results of the Board of Directors. The Chairman of the Board ensures on an everyday basis that the Board functions satisfactorily and that the duties of the Board are attended to. Improvements are made regularly. As a result, the recommendation for a formal assessment procedure has not been adopted.

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. It has not been considered necessary to follow the recommendation to formalise the dialogue with, and the reporting to, the entire Board of Directors. The Management does not participate in those parts of Board meetings during which the Board of Directors discusses the relationship with the Management.

#### **Remuneration of the Board of Directors and the Management Board**

As described in the introduction, the remuneration payable to the Management is a reflection of what is considered reasonable in relation to the size, global activities and other circumstances of the Company. The same applies to the remuneration of the Board of Directors.

The recommendations for a written remuneration policy, a statement of the implementation of such policy in the past, present and coming year, and a presentation of the current year's remuneration to the Board of Directors for approval by the Annual General Meeting have not been adopted. The Company's general remuneration policy is mentioned above under "Remuneration of the Management".

The remuneration of the Management and the entire Board of Directors for the previous year and for a comparative year is stated in note 4 of the 2009 Annual Report. In this way, the Annual General Meeting can determine whether the remuneration is reasonable. Unless special conditions apply, the Chairman of the Board will not elaborate on the remuneration policy in his report to the Annual General Meeting.

At the Annual General Meeting of the Company on 29 April 2008, the “General Guidelines for Incentive Pay” were adopted. These general guidelines require a revolving share option programme with a fixed redemption price that is higher than the market price on the date of allocation. Incentive programmes for the Management established prior to the adoption of the general guidelines are in accordance with the guidelines. The remuneration to the Board of Directors comprises fixed fees that do not include share options.

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

There are no unusual termination schemes for the Management. Information about details of the schemes is considered to be an internal matter. The amounts paid in 2009 in connection with the resignation of two members of the Company’s Management, DKK 30 million, are regarded as being customary.

### **Risk management**

The A.P. Møller - Maersk Group is exposed to various types of risks as a consequence of the Group’s activities. Risk management is anchored in the Group’s management. In 2009, the organisation of the Group’s risk monitoring was changed and implementation of an improved risk management tool was initiated. The purpose is to further strengthen the existing processes for identification, monitoring and management of the Group’s and the business areas’ most significant risks.

### **Audit**

The Board of Directors performs a specific and critical assessment of the independence, competence, etc. of the auditors for the purpose of making a recommendation to the Annual General Meeting concerning the appointment of auditors.

The independence of each auditor is assured by the general framework for the auditors’ delivery of non-audit services adopted by the Board of Directors. On this basis,

the Audit Committee annually reviews the auditors’ services. The Audit Committee regularly reviews and assesses the Company’s internal control systems as well as the Management’s guidelines and supervision.

The significant accounting policies applied and accounting estimates are reviewed at Board meetings at which the Board of Directors discusses the annual report with the auditors.

At the same time, and on the basis of a review of the long-form audit report, the Board of Directors assesses the work of the appointed auditors.

### **THE MAIN ELEMENTS OF THE GROUP’S INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN CONNECTION WITH THE FINANCIAL REPORTING**

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

### **Control environment**

The Board of Directors, the Audit Committee and the day-to-day 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 Group’s day-to-day management. The day-to-day management of the Group’s business units is 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 day-to-day management prepare and approve the general policies, procedures and controls in significant areas in connection with the Group’s financial reporting. Basis is a clear organisational structure, clear reporting lines, authorisation and certification procedures, 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, the Audit Committee and the day-to-day 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 likelihood of errors or omissions occurring.

### **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 monitored on both business unit level and Group level. This includes an annual management statement from the most significant business units in the Group as well as reports from selected local auditors.

### **Information and communication**

The Board of Directors has decided that the Group should have information and reporting systems in place to ensure that the 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, inadequacies and violations are reported to the day-to-day management. The Board of Directors and the Audit Committee

receive reports from the day-to-day management and from Group Internal Audit on the compliance with the guidelines etc. as well as on the weaknesses, inadequacies and violations of the policies, procedures and internal controls identified.

The auditors appointed by the Annual General Meeting report 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 day-to-day management.