Remuneration Policy 2023

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Introduction

Remuneration objectives

The Remuneration Policy ('Policy') sets out the remuneration principles and elements to enable a total executive remuneration package that has a clear link to the business strategy and aligns with shareholder interests. The objectives of the Policy are described below, and further details of each remuneration component are detailed throughout the Policy, including how they support the sustainability of the company and link to the short-term company performance goals, stakeholder interests and long-term shareholder value creation.

Ensure competitive remuneration
The remuneration design and decisions are guided by market practice to ensure the total remuneration package provided is supporting the attraction and retention of executive leaders. This is reflected in the remuneration components offered, and the total remuneration value provided.

Link to business strategy
Remuneration supports the need for executive leaders to focus on delivering short and long-term business progress through a combination of short and long-term incentive components. The design and relative weight of these components motivate behaviours and performance that contribute positively to the company's sustained performance and avoid excessive risk-taking.

Align with shareholder interest
The Policy is designed to support the delivery of strong financial and operational results over time, which will ultimately grow shareholder value. Consequently, a sizeable part of the remuneration for the Executive Board members is delivered in the form of a share-based component to align their interests with those of shareholders.

Summary of key changes 2023

The Remuneration Committee ('Committee') continuously monitors prevailing market practice and developments within our peer group companies specifically. We value ongoing dialogue with our shareholders, institutional investors and other stakeholders to ensure that our Policy remains fit for purpose and helps drive execution of the company's strategy.

To further strengthen the link between delivery of long-term company success and remuneration, and to align further with shareholder value creation and after considering external market practice and feedback from investors at the previous Annual General Meeting, the Board of Directors has made a number of important changes to the policy adopted at the Annual General Meeting in March 2022. This is summarised in the table below with more information further described in the sections 'Short-term incentive' and 'Long-term incentive'.

The Policy is effective from adoption at the 2023 Annual General Meeting. Subject to shareholder approval, changes made to the Long-term and Short-term Incentive Plans and benefits allowance will take effect from performance year 2023 for all Executive Board members.

Overview of changes

	New	Current	Rationale for change
Long-term incentive	• Three-year vesting period (with a shareholding requirement) • The weight of a single performance measure should be no more than 60% • Up to 150% of the annual base salary at target grant for CEO, and up to 100% for other Executive Board members	• Four-year vesting period • The weight of a single performance measure should be no more than 50% • Up to 100% of the annual base salary at target grant	• Simplified approach to ensure robust target setting • Stronger link of Executive Remuneration pay-out opportunity and long-term company performance • Further align the interest between Executive Board members and shareholders
Shareholding requirement	Introduction of a minimum personal shareholding requirement for Executive Board members	No shareholding requirement	Shareholder alignment and market practice
Short-term incentive	The target pay-out is up to 100% of the annual base salary, with actual pay-out ranging from 0% to 200% of the target level.	The target pay-out is up to 50% of the annual base salary, with actual pay-out ranging from 0% to 200% of the target level.	Stronger link between total actual annual remuneration and short-term company performance; target levels are considered in total remuneration benchmarking
Notice period	Up to 18 months in the event of termination by the company	Up to 24 months in the event of termination by the company	More balanced and market-aligned termination terms compared to European peer group
Non-compete (Executive Board)	The non-compete clause for the Executive Board members is applicable 12 months following the date of termination of the contract (end of notice period)	The non-compete clause for the Executive Board members is applicable 12 months following the date of release from duty	To better protect and/or maintain company's competitive advantage(s)
Benefits allowance	A benefits allowance is carved out from base salary to cover material benefits such as pension/retirement contribution, car/transportation allowance and other cash benefits.	Pension/retirement contribution and car/transportation allowance is inclusive in the base salary	Continuous commitment and transition towards the intended pay mix between fixed and variable pay
Fee for the Chair of the Board	The fee for the Chair of the Board is set as a multiple of the regular board fee plus the additional Committee fees if applicable	The fee for the Chair of the Board can be set as inclusive of Committee work and all other additional duties	Consideration of shareholder input from the past year and market practice alignment

The Remuneration Committee

The company's Remuneration Committee ('Committee') consists of three members of the Board and meets at least four times per year.

The Committee meetings are attended by the company's Chief People Officer and, when invited by the Committee, the Chief Executive Officer (CEO), other members of the Executive Board, relevant A.P. Moller - Maersk employees and external advisors may be present to provide input on selected topics.

Decision-making process

The Committee recommends the Policy and Executive Board members' remuneration terms for Board approval. The Policy is reviewed for appropriateness by the Committee on an annual basis, considering market practice and fit to business strategy. Recommended changes are reviewed and presented to the Board.

The Committee conducts an annual review and provides a recommendation for the Board for approval of the following items:

- The total remuneration for the Executive Board members.
- The performance measures applied to incentive programmes, including weighting and measurement scale, to ensure that the metrics reflect the business priorities short- and long-term.
- Long-term incentive grant levels and terms in advance of grants being delivered.

The Committee is responsible for evaluating and making recommendations to the Board on the fees payable to the members of the Board. The Board brings proposals for Board fees to the shareholders for approval at the Annual General Meeting.

Conflict of interest

As the Committee discusses and prepares proposals for the Board, individual members – and anyone else present at the Committee meeting – are obliged to disclose any conflict of interest without delay. A conflict of interest will result in 1) the Committee member leaving the meeting and 2) the conflict of interest being highlighted to the Board as part of introducing a proposal.

More information about the Committee can be found in the Rules of Procedure of the Remuneration Committee published on the company website.

Remuneration – Board of Directors

In line with market practice, members of the Board are paid a fixed annual fee and are not entitled to any incentive-based remuneration.

Fixed fee

The level of fixed fees is set to reflect the requirements and responsibilities of the Board member's role.

The fee for the Chair and the Vice Chair of the Board is set as a multiple of the standard Board member fee.

Board members serving on Board Committees or performing any additional duties beyond the normal responsibilities as a Board member, receive an additional annual fee.

Shareholding requirement

To align the interests of the Board with shareholders, members of the Board must hold a specific minimum level of A.P. Møller - Mærsk A/S shares. Within 24 months of the member first being elected to the Board, the member must have a holding value equal to 25% of the fixed annual Board fee (excluding Committee fees) before taxes.

Should a Board member be re-elected, the member must increase his/her shareholding within 24 months of the member being elected, so it equals the value of 50% of the annual Board fee (excluding Committee fees) before taxes.

Remuneration structure at a glance

Fixed fee

Attracts individuals with a broad range of experience and skills, rewards the Board members for setting strategy and overseeing its implementation.

Shareholding requirement

Aligns the interests of the Board members with shareholders.

Remuneration – Executive Board

The remuneration structure for the Executive Board members reflects the company's intent to offer a market-relevant total remuneration package with an appropriate balance between base salary and variable pay, which includes short- and long-term incentive components.

The remuneration of the Executive Board members includes a base salary, a benefits allowance, variable pay as well as other benefits.

To underline the responsibility of the Executive Board members to deliver a sustained long-term performance, it is intended, over time, to increase the proportion of variable remuneration versus fixed remuneration as described under short-term and long-term incentives. This will be achieved by delivering future increases primarily in the form of short and long-term incentives until the targeted remuneration mix is achieved.

Peer group

The starting point for peer group selection is the individual Executive Board member's role. In selecting the appropriate peer companies, role and incumbent specific factors such as scope, key drivers, skills and competences as well as company factors such as size and complexity are considered. The Committee reviews the peer companies annually to ensure they remain relevant.

Base salary

The base salary is the annual fixed pay which recognises market value and reflects the nature of the role in terms of scale, complexity and responsibility as well as the individual's experience, contribution and sustained performance level.

The base salary is reviewed by the Board at least once a year. The Board may consider off-cycle reviews if suggested by the Committee in certain extraordinary circumstances.

Variable pay

The variable pay components are in place to incentivise the delivery on the company's strategic ambitions and the annual priorities towards the long-term business plan.

The variable pay includes a short-term cash bonus plan and a long-term share-based incentive plan.

Both the short-term and long-term incentives are awarded annually.

Short-term incentive

The Short-Term Incentive (STI) rewards the achievement of annual company goals guided by the long-term business strategy. STI is entirely driven by business performance in the specific financial year.
The target pay-out is up to 100% of the annual base salary, with actual pay-out ranging from 0% to 200% of the annual base salary.

Performance measures and targets are set at the start of the financial year. Metrics are selected to reflect the specific business goals for the financial year and should include a combination of financial metrics, operating performance and other non-financial metrics, including, but not limited to project progression, transformation and ESG measures. The Committee may also take broader views to consider other relevant measures, which directly or indirectly support the business strategy.

Annual performance targets are proposed by the CEO. The Committee independently reviews the proposal considering business goals, objectives, past performance and outcomes of scenario analyses. Following the review, a recommendation is brought to the Board for approval.

Key aspects of the Short-Term Incentive

Purpose
Link a sizeable portion of the total remuneration with short-term business results. It motivates Executive Board members to deliver short-term business results to progress towards the long-term goals of the company.

Key features
- Annual cash plan.
- Target value up to 100% of annual base salary, with actual payout ranging from 0% to 200% of annual base salary.
- Performance measures can include both financial and non-financial measures.
- The combination of financial measures should have a weight of at least 75%.
- The weight of a single performance measure should be at least 10% and no more than 40%.

Leaver provision
Treatment under the short-term incentive plan in the event of employment termination is defined in the respective plan rules and in line with market practice, subject to applicable legislation.

Following the end of a financial year, the Board independently reviews performance of the set metrics against data sources which may include audited financial figures, key performance indicators with tracking available as well as any relevant internal assessments. Performance for any qualitative metric(s) will be at the Board's discretion, if applicable.

In case of extraordinary circumstances and/or unforeseen events, impacting for example safety, company strategy, environment or society, the Board can decide to deviate from the performance metrics and targets.

Key features of the Short-Term Incentive are detailed in the table on page 6.

Long-term incentive

One of the key objectives for the Executive Board members is delivering on the long-term ambitions of the company and maximising long-term value creation for shareholders and other stakeholders.

The Long-Term Incentive (LTI) is to incentivise the achievement of sustainable company performance by linking a sizeable portion of the total remuneration to company results and the development in share price over time. The long-term incentives are furthermore in place to support the retention of the Executive Board members.

From 2023, the LTI is delivered in the form of a single plan – the Performance Share Plan. The transformation of the company is successfully underway, and with a Performance Share Plan, the focus is on motivating and rewarding the achievement of long-term business goals, competitive business performance and value creation for shareholders and other stakeholders. More information about the Performance Share Plan can be found in the table to the right.

Benefits

Executive Board members receive a fixed benefits allowance in lieu of company's pension/retirement contribution, car allowance and other material/cash benefits.

Other benefits-in-kind such as mobile phone, health check and internet connection may be provided in addition to the benefits allowance.

Specific benefits-in-kind may be provided in the event of recruitment and termination cases, such as relocation service, tax assistance on annual filing, outplacement service and others.

Service contract – main terms

The Executive Board members have open-ended service contracts containing standard conditions for executive officers in Denmark and Europe, including notice periods.

The Executive Board member can ordinarily terminate the contract by giving 12 months' notice, and the company may ordinarily terminate the contract by giving the Executive Board members 18 months' notice.

Treatment of STI and share-based awards in case of termination of the contract follows the respective leaver provision described under Short-term incentive and Long-term incentive.

The Executive Board member also has a non-compete clause in the service contract, which restricts the individual to directly or indirectly participate in any competitive business competing wholly or partly with the company within 12 months following the date of termination of the contract (end of notice period), unless approved by the Board.

Key aspects of the Performance Share Plan

Purpose

Link a sizeable portion of the total remuneration with long-term company performance. It motivates Executive Board members to deliver business results in a sustained manner to nurture long-term value creation and thereby align with shareholder interests. It also supports attraction and retention of the Executive Board members.

Key features

- Performance Share grants have a three year vesting period.
- The actual value of Performance Shares is directly linked to company share price and the achievements (in full or in part) of specific performance measures determined for the specific grant.
- Performance measures can include, but are not limited to, return on invested capital, relative share performance, revenue growth and ESG elements.
- The weight of a single performance measure should be at least 20% and no more than 60%.
- The Board has a discretion (based on factual observations) to adjust or waive a performance measure should it become obsolete or not appropriate during the three-year performance period due to events which could not be foreseen at the beginning of the performance period, such as strategy changes, acquisitions/divestments, etc.

Grant value

- The total grant value of the Performance Shares awarded within a given financial year is up to 150% of the base salary for the CEO and up to 100% of the base salary for other Executive Board members.
- The number of Performance Shares awarded is determined corresponding to a percentage of the individual Executive Board member's annual base salary in the year of grant divided by the grant share price.
- At the end of the vesting period, the number of shares awarded can range between 0% and 200% of the original grant size. The final number of shares awarded depends on performance outcome against the set targets of each grant.

Leaver provision

In line with market practice, entitlement to granted but unvested awards is differentiated between good leaver and bad leaver, as defined in the respective plan rules, subject to applicable legislation.

Shareholding requirement

Executive Board Members are required to hold A.P. Møller - Mærsk A/S shares with a value equal to 200% of the annual base salary.

For newly appointed members, the holding requirement is to be reached within 5 years from appointment. For existing Executive Board Members, the requirement must be reached within five years from the effective date of this Policy.

Exceptional compensation

To attract external candidates during recruitment, compensation may be offered to compensate any awards foregone upon joining A.P. Moller - Maersk.

The Committee seeks to minimise such arrangements. To the extent practicable, the Committee favours buy-outs delivered in the form of matching A.P. Møller - Mærsk A/S shares over cash.

The company would require reasonable documentation to confirm the nature and value of any forfeited awards. Consideration of appropriate compensation is given by considering the forfeited award terms, potential value, time to vesting and any performance conditions.

The exceptional recruitment compensation, if applicable, is in addition to the awards granted under the regular long-term incentive plans.

The Board may consider extraordinary compensation to reward exceptional company and/or individual performance or to support retention in appropriate circumstances.

Rights of amendments

For short- and long-term incentive awards provided as of 1 January 2020 or later, the Board can reduce the size of the awards before (Malus) and after (Claw-back) payment/vesting/exercise, in case of a trigging event that has resulted in a material financial or reputational loss for the company. In addition, under such provision, if an award is subsequently proven to be based on misstated information or individual misconduct, the company is entitled to demand full or partial repayment of the award to the extent possible under the applicable law. These awards can be recovered (or 'clawed back') up to 24 months after the short-term incentive payment and/or the shares vesting.

If events occur that affect the share capital of the company or change in control, the Board may exercise the discretion to maintain the value of share-based awards during the vesting period. Such adjustment will ultimately be determined with binding effect by an auditor appointed by the company.

The Board is at its sole discretion to amend the general terms and conditions of the incentive plans not limited to complying with local requirements or changes in statutory law. Such discretion may include, but is not limited to, the size and time of the award, the vesting conditions, treatment of the unvested awards in the event of merger, change in control or others. The information is further detailed in the general terms and conditions of the incentive components.

Implementation of such amendment will be documented and disclosed in the company's Annual Remuneration Report for the respective year.

Consideration of wider employee group and stakeholder views

It is important to the Board that the approach to remuneration is consistent across the company.

The remuneration reviews and decisions for the Executive Board members are made applying the same remuneration principles as applied for the wider employee group:

- Total target remuneration is based on the role, individual experience, skill, and sustained performance level.
- The remuneration level and relative weight of the remuneration components are reflective of market practice for the roles and the fit to business needs and priorities.
- Short-Term Incentive payments are based on the annual business performance metrics.
- Senior leaders who have the broader responsibility are eligible for Long-Term Incentives to underline the long-term sustainable performance of the company.
- Benefits-in-kind are tailored to the local market where the individuals are employed.
- Remuneration is normally reviewed annually considering market movement, business and individual performance.

The company maintains a close dialogue with the major shareholders and other stakeholders to consult their views in remuneration matters. Their feedback, together with the understanding of market relevance, has been and will continue to be key in shaping the Policy and developing changes.

Indemnification Scheme

The company may decide to take out appropriate and customary directors' and officers' liability insurance to attract qualified Board and Executive Board members.

Board and Executive Board members may be offered indemnification by the company in respect of claims raised by a third party in relation to the exercise of their duties as Board and Executive Board members of the company to the fullest extent permitted by law.

Any indemnification will be for the sole benefit of the Board and Executive Board members, and may include any loss incurred by the Board and Executive Board members in relation to the claim, and will exclude any loss related to:

- Claims raised by the company or its subsidiaries.
- Claims arising out of the Board and Executive Board member's fraud or wilful misconduct.
- Claims arising out of the Board and Executive Board member's deliberate criminal acts.
- Claims where an indemnification would be inconsistent with applicable law.

Any indemnification paid by the company shall cover any applicable personal taxes owed by any Board and Executive Board members having benefitted from the indemnification.

Deviation from the Policy

In the event of exceptional circumstances, including, but not limited to, M&A, the Board may decide to deviate from the Policy to safeguard the long-term interests of the company and the shareholders. The Board may offer extraordinary compensation such as one-off bonus, additional share award or others when it deems it appropriate.

Such discretion shall only be approved based on verifiable criteria, and application of the derogation will be disclosed in the company's Remuneration Report for the respective financial year.

Approval and publication

This Policy has been prepared in accordance with Sections 139 and 139a of the Danish Companies Act and sets the framework for remuneration of the members of the Board of Directors ('Board') and the Executive Board of A.P. Møller - Mærsk A/S.

This Policy will be presented for approval at the company's Annual General Meeting 2023. Subject to shareholder approval, it replaces the Policy as latest amended at the Annual General Meeting in March 2022, and it will take effect from 15 March 2023 and be in force for the subsequent four years, except for the changes to the Long-Term and Short-Term Incentive and implementation of a benefits allowance which will take effect from performance-year 2023.