

Remuneration Policy 2020

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Introduction

This Remuneration Policy ("Policy") 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 ("APMM" or the "Company").

The Policy outlines the principles of remuneration design, the total remuneration by components and how each component supports the achievement of the strategy, long-term interest and sustainability of the Company.

The Policy significantly expands on and substitutes the former Incentive Guidelines and Remuneration Policy adopted by the Annual General Meeting in 2018 and has been prepared in accordance with Sections 139 and 139a of the Danish Companies Act.

Remuneration objectives

The Policy supports the business needs by enabling an appropriate total remuneration package that has a clear link to 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 following sections, 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 appropriate total 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: The Policy supports the business plan and the need for executive leaders to focus on delivering an on-going progress to achieve the Company's strategic goals, reflected in a combination of short and long-term incentive components. The design and relative weight in terms of value of these components are set to promote behaviours and performance that contribute positively to the Company's sustained performance and to 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 is delivered in the form of share-based components to align the interests of executive leaders directly with those of shareholders.

Peer group

The market we compare to consists of a European peer group and of a Nordic peer group. The companies are selected based on the size and complexity and exclude financial services companies.

The Remuneration Committee (the "Committee") reviews the selected companies included in each peer group annually to ensure that they remain comparable and fit to the business.

Consideration of wider employee group and stakeholder views

It is imperative to the Board that the approach to remuneration is consistent across the Company.

The remuneration reviews and decisions for the Executive Board 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.
- The short-term incentive component is based on the annual business performance metrics.
- The same long-term incentive components are in place for both the Executive Board and other senior business leaders to underline the sustained value creation for the Company.
- Benefits 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.

The Remuneration Committee

The Company has set up a Remuneration Committee. The 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 Human Resources Officer and Chief Executive Officer (CEO). When invited by the Committee, other members of the Executive Board, relevant APMM employees and external advisors will be present to provide input on selected topics.

Decision-making process

The Committee recommends the Policy and individual Executive Board 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 reviews the annual performance metrics applied to the short-term incentive component, including the weighting and measurement scale, to ensure that the metrics reflect the business priorities for the year. Based on the review, the Committee provides a proposal for the short-term incentive to the Board for approval.

The Committee reviews long-term incentive grant levels and terms in advance of grants being delivered. With no performance criteria included as part of the long-term

incentive programmes, no review of performance metrics takes place as part of this process. The outcome of the review is presented to the Board for approval.

The Committee is responsible for evaluating and making recommendations to the Board on the fees payable to the members of the Board. The fee for the Board members including the Chairman is determined by the Board. If changes are agreed by the Board, these will be brought to the shareholders for approval as part of the approval of the Annual Report.

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 either 1) that the Committee member and/or meeting participant leaves the meeting or 2) that the conflict of interest is highlighted to the Board as part of introducing a proposal.

The Chairman does not participate in the discussion of his/her own fee.

More information about the Committee can be found in the Rules of Procedure of the Remuneration Committee published on the Company's 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.

Remuneration structure at a glance

Component	Purpose and link to strategy
Fixed fee	Attract individuals with a broad range of experience and skills; reward Board members for setting strategy and overseeing its implementation.
Shareholding requirement	Give right to vote and align the interests of the Board members with shareholders.

Fixed fee

The level of fixed fees is set to reflect the role of the Board members in terms of requirements and responsibilities.

The fee for the Chairman of the Board is set as inclusive of Committee work and all other additional duties. Other Board members serving on Board Committees or performing any additional duties beyond the normal responsibilities as a Board member, receive an additional annual fee.

The Board reviews their remuneration once a year.

Shareholding requirement

Members of the Board must hold a certain minimum level of APMM shares. Within 24 months of the member 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 after 2020, 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 – Executive Board

The remuneration structure for the Executive Board reflects the Company's desire 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 variable pay components in place to incentivise the delivery on the Company's strategic ambitions and the annual priorities towards the longer-term business plan include:

- A cash-based short-term incentive with a target value up to 50% and maximum opportunity of 100% of base salary to drive the achievement of annual goals.
- Long-term incentives with a total annual grant value of up to 100% of base salary to encourage alignment with shareholder interests and long-term share value creation.

To underline the responsibility of the Executive Board members to deliver a sustained long-term performance, it is intended, over time, to position the total target remuneration mix close to 40% weight on base salary and 60% weight on variable pay. This will be achieved by delivering any future increases primarily in the form of long-term incentives.

An overview of the remuneration structure and the description of each element is detailed in the following sections. Where individual Executive Board member's terms are not aligned to this Policy, it is the intention to make adjustments over time to achieve this alignment.

Remuneration structure at a glance

Component	Purpose and link to strategy	Performance link
Base salary (Inclusive of pension and company car)	Recognise market value, the nature of the role in terms of scale, complexity and responsibility and the Executive Board members' experience, sustained performance and contribution.	Indirect. The individual's long-term performance affects the Committee's decision on the annual base salary review.
Short-term incentive	Reward the achievement of annual Company goals guided by the long-term business strategy.	Entirely driven by business performance in the specific financial year. The target pay-out is up to 50% of annual base salary, with actual pay-out ranging from 0% to 100% of annual base salary.
Long-term incentives	Link executive remuneration to the achievement of long-term Company goals and support executive retention. Delivered through Restricted Shares and Stock Options.	Both components are entirely linked to the market performance of the Company, i.e. the development of share price itself. The annual target award level is up to 100% of base salary, based on the fair value at the time of grant.
Benefits	Provide for the Executive Board members' health and welfare needs; certain benefits may be provided to support relocation if applicable.	Not applicable.

Base salary

Base salary is the annual guaranteed cash wage awarded to the Executive Board member. The base salary provides the fixed remuneration to reflect the nature of the role in terms of scale, complexity and responsibility and the individual's experience, contribution and sustained performance level.

The base salary is inclusive of employer pension contribution and company car, which also applies to the top 90 business leaders below the Executive Board level. This is a simplified and transparent approach that gives the executives flexibility to make personal investment choices.

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

Short-term incentive

The short-term incentive is to incentivise the achievement of annual business targets for the specific financial year guided by the longer-term business plan.

The target short-term incentive is set at 50% of base salary, and the actual pay-out opportunity ranges from 0% to 100%.

Performance metrics and targets determining the short-term incentive pay-out 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 metrics, including, but not limited to, project progression, transformation and Environmental, Social and Government (ESG)

measures. Financial metrics, including leading indicators, have a weight of at least 75%. The Committee may also take broader views to consider other relevant metrics, which directly or indirectly support the business strategy.

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

Following the end of a financial year, the Board reviews business 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 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.

Long-term incentives

Delivering on the long-term ambitions of the Company and maximising long-term value for shareholders and other stakeholders is paramount to the role of the Executive Board. The long-term incentive components are in place to link a sizeable portion of the total remuneration to the sustained performance of the Company. This is achieved through the close link between the actual total remuneration and share price development. The long-term incentives are furthermore in place to support the retention of Executive Board members.

The long-term incentives consist of two components, Restricted Shares and Stock Options, which offer a total grant value of up to 100% of base salary to underline the significance of ensuring the Company's long-term performance relative to short-term performance.

Currently the weight of the long-term incentives is close to 50% of base salary. The Company plans to increase the weight of the long-term incentives in the coming years by granting future remuneration adjustment primarily through the long-term incentive components.

The key aspects of the long-term incentive components are set out in the table below:

Key aspects

	Restricted Shares	Stock Options
Purpose	Both the Restricted Share and Stock Option support the retention, and drive alignment between executive and shareholder interests by motivating executives to deliver business results and longer-term value of the company.	
Key features	<ul style="list-style-type: none"> Restricted Share grants have a five-year vesting period. Actual value of Restricted Shares is directly linked to Company share price. 	<p>The stock options are premium priced, meaning the exercise price for the stock option is set at 110% of the grant share price.</p> <ul style="list-style-type: none"> The stock options have a three-year vesting period. Any vested stock options must be exercised within three years of the vesting date or they will expire. A stock option award gives the right to purchase one B share in APMM based on the set price (i.e. the exercise price). The stock option value is calculated based on the Black Scholes Valuation Model. The total gain is capped for each grant when the total cumulative market value of shares at exercise is three times higher than the total cumulative exercise price.
Grant value	<ul style="list-style-type: none"> The total grant value of the Restricted Shares and Stock Options awarded within a given financial year is up to 100% of the base salary of the Executive Board, prorated based on the actual employment period in the year of the grant. The number of Restricted Shares awarded is determined corresponding to a percentage of the individual Executive Board member's annual base salary divided by the grant share price. The number of options is calculated based on the percentage of the individual Executive Board member's annual base salary divided by the option value derived from the Black Scholes Valuation Model. The share price at grant is set as the volume weighted average share price of APMM B shares, traded on NASDAQ Copenhagen on the five trading days immediately following publication of the Company's annual or quarterly report most recent to the time of grant. 	
Leaver provision	If the Executive Board member is a "good leaver" (i.e. termination is initiated by the Company without cause), he or she will retain the unvested awards following the original vesting schedule. If the Executive Board member is a "bad leaver" (i.e. he or she resigns from the Company or is terminated with cause), any unvested award will be forfeited.	Any unvested award will lapse in full at termination irrespective of the reason for termination.

Benefits

The total benefits provided to the Executive Board members in addition to the base salary are of limited monetary value.

Where benefits are provided to the Executive Board, they are broadly aligned to what the Company provides to the general workforce in the same country. Benefits include, but are not limited to, insurance coverage, health check, mobile phone, newspaper subscriptions, internet connection, sports club, long service awards and other benefits according to the relevant benefit policies.

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

Service contract – Main terms

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

The Executive Board member can resign from the Company by giving 12 months' notice, and the Company may terminate the contract by giving the executive 24 months' notice. In the event of termination by the Company, the severance payment can be up to 24 months of the total remuneration package including the notice period.

In case of termination the Executive Board members may remain eligible to receive the short-term incentive for the financial year, where they leave the role in line with the market practice, and pay-out is normally based on employment time and business performance. Treatment of share-based awards follows the leaver provision described in section 4.4 Long-term incentives.

The Executive Board member also has a non-competition 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 release from duty, unless approved by the Board.

Other benefits such as relocation service, outplacement support and tax assistance may be made to the individual as per the policy applicable to the wider employee population.

Exceptional compensation

To attract external candidates during recruitment, compensation may be offered to compensate any awards foregone upon joining APMM.

The Committee seeks to minimise such arrangements. To the extent practicable, the Committee favours buy-outs delivered in the form of matching APMM 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 taking into account 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-term 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 triggering 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 Restricted Shares vesting or the Stock Options are exercised.

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 annual Remuneration Report for the respective year.

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 Remuneration Report for the respective financial year.

Approval and publication

This Policy will be presented for approval at the Company's Annual General Meeting 2020. Subject to shareholder approval, it will take effect from 2020 and be in force for the subsequent four years. However, the Committee may seek approval for a new Policy at an earlier point, if applicable. The Policy is further published and available on the Company's website.