2017
Corporate governance statement
A.P. Møller - Mærsk A/S
This statutory corporate governance statement for A.P. Møller - Mærsk A/S (also referred to as the Company) covers the accounting period 1 January to 31 December 2017 and is prepared pursuant to section 107b (1) and (3) of the Danish Financial Statements Act. The statement forms part of the Directors’ Report in the Annual Report for 2017.

The statement includes a description of the Company’s management structure, a description of the main elements of the Company’s internal control and risk management systems in connection with the financial reporting, as well as the Company’s comments on the status of compliance with the “Recommendations for Corporate Governance” issued by the Danish Committee on Corporate Governance. The recommendations have been implemented by Nasdaq Copenhagen in the Rules for issuers of shares (“Regler for udstedere af aksier”).

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

The Board of Directors
Pursuant to the Articles of Association, the Board of Directors shall consist of 4–13 members elected by the General Meeting. The Board members are elected for a two-year term but there are Board members up for election every year. A two-year term ensures continuity in the work of the Board of Directors and reflects the long-term nature of the business. Board members are eligible for re-election. Presently, the Board consists of 11 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 A.P. Møller - Mærsk A/S and ensures the proper organisation of the Company.

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

The Board of Directors usually meets 7-9 times a year and is otherwise convened when deemed necessary. The composition of the Board of Directors and its permanent committees is as follows:

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<tr>
<th>The Board of Directors</th>
<th>Members of the Chairmanship</th>
<th>Members of the Audit Committee</th>
<th>Members of the Remuneration Committee</th>
<th>Members of the Transformation &amp; Innovation Committee</th>
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<td>Jim Hagemann Snabe, Chairman</td>
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<td>Ane Mærsk Mc-Kinney Uggla, Vice Chairman</td>
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![Member] Member  ![Chair] Chair
The Chairmanship is elected by and among the members of the Board of Directors and is comprised by the Chairman and the two Vice Chairmen. The Chairmanship performs certain preparations and planning in relation to board meetings, nomination of candidates for the Board of Directors and coordination with the Executive Board. A majority of the members are independent.

The Audit Committee consists of 3–4 Board members appointed by and among the Board members. The committee reports to the Board of Directors and currently has three members. The tasks of the committee include the review of accounting, auditing, risk and control matters, which are dealt with at meetings with the external auditors, the CFO and the heads of the accounting and internal audit functions. The committee is furthermore tasked with reviewing material related party transactions. The committee determines the frequency of its meetings and it usually meets six times per year. The tasks of the Audit Committee are described in rules of procedure approved by the Board of Directors. All of the members are independent.

The Remuneration Committee consists of the Chairman and the two Vice Chairmen elected by and among the Board of Directors. The committee makes proposals to the Board of Directors for the remuneration of the members of the Executive Board based on European benchmarks, remuneration policies and incentive guidelines and reviews incentive schemes and overall budgets for salary adjustments. Furthermore, the committee reviews the size of the proposed annual overall remuneration, including pensions, incentives and the like, for key leaders. The committee normally meets four times a year. A majority of the members are independent.

The Transformation & Innovation Committee consists of 3–4 Board members appointed by and among the Board members. The committee reports to the Board of Directors and currently has three members. The committee is established with the purpose of supporting the development of the Company’s overall strategic direction and innovation agenda by providing strategic insight in three main areas: transformation, consolidation and growth. A majority of the members are independent.

Information on the members of the Board of Directors, including names, photos and occupations as well as other management duties can be found on http://investor.maersk.com/directors.cfm.

The Executive Board
The members of the Executive Board are appointed by the Board of Directors and carry out the day-to-day management of the Company. Among others, this includes business development, preparation of strategy proposals to the Board of Directors, strategy implementation, preparation and execution of investments/divestments, monitoring and planning capital resources, driving performance, enterprise risk management and organisational development of the Company. As of 1 January 2017, the members of the Executive Board were Søren Skou, Claus V. Hemmingsen and Jakob Stausholm. On 1 December 2017, Søren Toft, Vincent Clerc and Morten H. Engelstoft were appointed as additional members of the Executive Board. Thus, on 31 December 2017, the members of the Executive Board were Søren Skou, CEO, Claus V. Hemmingsen, Vice CEO, Jakob Stausholm, CFO, Vincent Clerc, CCO, Morten H. Engelstoft, CEO of APM Terminals, and Søren Toft, COO.

Information on the members of the Executive Board, including names, photos and occupations can be found on http://investor.maersk.com/management.cfm.

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

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

II Recommendations on corporate governance in Denmark
Nasdaq Copenhagen refers to a “comply or explain” principle, and specifies that it is not decisive whether a company follows the recommendations or chooses to explain deviations from them. The Board of Directors of A.P. Møller - Mærsk A/S is continuously considering the “Recommendations for Corporate Governance” implemented by Nasdaq Copenhagen in the “Rules for issuers of shares”. The Company:
- Complies with 36 of the recommendations,
- Complies partly with five of the recommendations, i.e.: 3.3.2, 3.4.1, 3.4.6, 4.1.2 and 4.2.1.
- Does not comply with six of the recommendations, i.e.: 1.3.1, 3.1.4, 3.1.5, 3.5.1, 4.2.2 and 4.2.3.

A.P. Møller - Mærsk A/S’ comments to the “Recommendations for Corporate Governance” from May 2013 (and as updated in November 2014), included in the latest version of “Rules for issuers of shares”, can be found below. Where not otherwise indicated in the comments, the Company complies with a recommendation. On 1 December 2017 updated “Recommendations for Corporate Governance” were adopted to take effect as of the Annual Report for 2018. The updated recommendations are thus not included in this statutory corporate governance statement for A.P. Møller - Mærsk A/S.

1. COMMUNICATION AND INTERACTION BY THE COMPANY WITH ITS INVESTORS AND OTHER STAKEHOLDERS

1.1 Dialogue between company, shareholders and other stakeholders
1.1.1 The committee recommends that the board of directors ensure ongoing dialogue between the company and its shareholders in order for the shareholders to gain relevant insight into the company’s potential and policies, and in order for the board of directors to be aware of the shareholders’ views, interests and opinions on the company.
A.P. Møller - Maersk A/S’ Investor Relations office ensures an ongoing dialogue between the Company and its shareholders, whether existing or potential, as well as analysts etc. The Company wishes to be open to national as well as international investors, and on the Company’s website, www.maersk.com, a specific site with detailed material of interest to shareholders is available. Prior to the Annual General Meeting, the Company’s shareholder site is open to questions from shareholders, which are responded to on a current basis. The Investor Relations office regularly holds meetings with analysts and investors, and information from these meetings is passed on to the Executive Board and where relevant to the Board of Directors.

In connection with the publishing of the Annual Report and Interim Reports, open teleconferences are held for investors, analysts, the press and other stakeholders. Furthermore, individual meetings are held with analysts and potential investors.

Since 2012, the Company has hosted Capital Markets Days, aiming at providing investors and analysts with a more detailed insight into the Company’s strategy and goals.

The Company publishes stock exchange announcements, Annual and Interim Reports, Annual Magazines as well as press releases, which are all available on the Company’s website. Information of considerable importance for the shareholders’ and financial markets’ assessment of the Company is published in accordance with the legislation and Nasdaq Copenhagen’s Rules for issuers of shares.

1.2 General Meeting

1.2.1 The Committee recommends that, when organising the company’s general meeting, the board of directors plans the meeting to support active ownership.

Comment:
A.P. Møller - Mærsk A/S has an active dialogue with the shareholders before and during the Annual General Meeting.

In accordance with the Company’s Articles of Association, notices convening general meetings are published on the Company’s website. Likewise, complete proposals and all other information required by law is available for the shareholders on the website, and is submitted to any registered shareholder having requested to receive the information. Shareholders with voting rights can record their voting instructions for each agenda item via postal vote or by a proxy form available on the Company’s website and via the Company’s shareholder portal. Proxy can also be given to the Board of Directors or a named third party to represent the shareholder at a General Meeting. In this manner, the shareholders can exercise their voting rights if they are not able to attend a General Meeting. Reference is also made to the comment under 1.1.1 above regarding access to pose questions at the Company’s website.

The Annual Report, agenda as well as other information concerning the Annual General Meeting is available on the Company’s website (http://investor.maersk.com/annual-general-meeting.cfm). The Chairman’s report at the Annual General Meeting is webcasted via the Company’s website.

1.2.2 The Committee recommends that proxies granted for the general meeting allow shareholders to consider each individual item on the agenda.

Comment:
In connection with General Meetings a proxy form as well as a postal vote form is made available for all registered holders of shares with voting rights (A shares). Via either
of these forms the shareholders can record their voting instructions for each individual item on the agenda at the General Meetings.

1.3 Takeover bids
1.3.1 The Committee recommends that the company set up contingency procedures in the event of takeover bids from the time that the board of directors has reason to believe that a takeover bid will be made. According to such contingency procedures, the board of directors should not without the acceptance of the general meeting, attempt to counter the takeover bid by making decisions, which in reality prevent the shareholders from deciding on the takeover bid themselves.

Comment:
The Company has not set up a contingency procedure since more than 50% of the votes in the Company are owned by one shareholder; a takeover bid will be forwarded and discussed with this shareholder.

2. TASKS AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

2.1 Overall tasks and responsibilities
2.1.1 The Committee recommends that at least once a year the board of directors take a position on the matters related to the board’s performance of its responsibilities.
2.1.2 The Committee recommends that at least once a year the board of directors take a position on the overall strategy of the company with a view to ensuring value creation in the company.

Comment:
In its annual meeting schedule, the Board of Directors defines its most important work themes, considering the financial and managerial control of the Company and other matters relating to the Board of Directors’ performance. The development and definition of the Company’s strategy constitute an important management task. At a board seminar, usually held once a year, the Board of Directors decides on strategic priorities and goals for the Company.

2.1.3 The Committee recommends that the board of directors ensure that the company has a capital and share structure ensuring that the strategy and long-term value creation of the company are in the best interest of the shareholders and the company, and that the board of directors presents this in the management commentary on the company’s annual report and/or on the company’s website.

Comment:
The Board of Directors regularly and at least once a year evaluates the Company’s present capital and share structure to ensure appropriateness and that the Company has the funds to fulfil its existing and future liabilities and can support the business strategy on an ongoing basis.

2.1.4 The Committee recommends that the board of directors annually review and approve guidelines for the executive board; this includes establishing requirements for the executive board on timely, accurate and adequate reporting to the board of directors.

Comment:
The Board of Directors has specified certain guidelines, tasks, obligations and limits are binding upon the Executive Board and are subject to review by the Board of Directors on an ongoing basis and at least once per year. The Board of Directors has chosen not to issue rules of procedure for the Executive Board in a separate document in order to maintain simplicity and ensure coherence between the respective obligations of the Board of Directors and the Executive Board.

2.1.5 The Committee recommends that at least once a year the board of directors discuss the composition of the executive board, as well as developments, risks and succession plans.

Comment:
At least once a year the Board of Directors discusses the composition of the Executive Board, as well as developments, risks and succession plans. When composing the Executive Board, the Board of Directors takes into account that the short absence of a member of the Executive Board should not significantly affect the day-to-day operations of the Company and its business units.

2.1.6 The Committee recommends that once a year the board of directors discuss the company’s activities to ensure relevant diversity at management levels, including setting specific goals and accounting for its objectives and progress made in achieving the objectives in the management commentary on the Company’s annual report and/or on the company’s website.

Comment:
The Board of Directors annually discusses the Company’s efforts to ensure diversity at management levels. In this connection, policies, action plans, including specific targets have been prepared. Among others, such targets address gender and nationality diversity and support efforts to increase diversity at specific management levels and in general. This is described in the Sustainability Report.
2.2. Corporate social responsibility

2.2.1 The Committee recommends that the board of directors adopt policies on corporate social responsibility.

Comment:
In 2009, the Company joined the UN Global Compact, which then became the frame for the Company’s policies on corporate social responsibility and sustainability.

In accordance with the Global Compact and the Danish Financial Statements Act (årsregnskabsloven), the Company annually publishes a sustainability report, which fulfils the Company’s obligation to provide annual communication on progress to the UN Global Compact (UNGC). The annual A.P. Møller - Mærsk A/S Sustainability Report is prepared using the Global Reporting Initiative’s (GRI) G4 Sustainability Reporting Guidelines to determine content and quality in terms of materiality, stakeholder inclusiveness, context, completeness, balance, comparability, accuracy, timeliness, clarity and reliability. GRI-specific disclosures are not applied. The report is independently assured and available on [www.maersk.com/sustainability](http://www.maersk.com/sustainability) along with further information on the Company’s sustainability performance, commitments and partnerships.

2.3. Chairman and vice-chairman of the board of directors

2.3.1 The Committee recommends appointing a vice-chairman of the board of directors who will assume the responsibilities of the chairman in the event of the chairman’s absence, and who will also act as effective sparring partner for the chairman.

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

2.3.2 The Committee recommends ensuring that, if the board of directors, in exceptional cases, asks the chairman of the board of directors to perform special operating activities for the company, including briefly participating in the day-to-day management, a board resolution to that effect be passed to ensure that the board of directors maintains its independent, overall management and control function. Resolutions on the chairman’s participation in day-to-day management and the expected duration hereof should be published in a company announcement.

Comment:

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

3. Composition and organisation of the Board of Directors

3.1 Composition

3.1.1 The Committee recommends that the board of directors annually accounts for;
- The skills it must have to best perform its tasks,
- The composition of the board of directors, and
- The special skills of each member.

Comment:

Prior to the Annual General Meeting, the Board of Directors reviews its composition, including the members’ skills and assesses which skills are needed to perform its tasks.

The Annual Report includes an overview of the Board of Directors’ composition. The individual Board members’ CVs are available on the Company’s website [http://investor.maersk.com/directors.cfm](http://investor.maersk.com/directors.cfm).

3.1.2 The Committee recommends that the selection and nomination of candidates for the board of directors be carried out through a thoroughly transparent process approved by the overall board of directors. When assessing its composition and nominating new candidates, the board of directors must take into consideration the need for integration of new talent and diversity in relation to age, international experience and gender.

Comment:

The Chairman of the Board of Directors is responsible for ensuring a thorough and transparent process for the selection and nomination of candidates to the Board of Directors. The composition of the Board of Directors is intended to ensure the skills and expertise necessary for the Board to perform its duties in the best possible way. The entire Board of Directors makes an assessment of new candidates, including the professional and personal qualifications of potential candidates, before recommending them for election at the Annual General Meeting. Diversity is one of the criteria considered, which is also reflected in the Board of Directors’ current composition. In 2015 the Board of Directors has increased its target for the share of the underrepresented gender on the Board of Directors and a deadline for reaching such target as required by Danish legislation. Further information is provided in the Sustainability Report, which is part of the Annual Report.

3.1.3 The Committee recommends that a description of the nominated candidates’ qualifications, including information about the candidates’;
- Other executive functions, e.g. memberships in executive boards, boards of directors, and supervisory boards, including board committees in foreign enterprises, be accompanied by the notice convening the general meeting when election of members to the board of directors is on the agenda.
- Demanding organisational tasks, and information
- About whether candidates to the board of directors are considered independent.

Comment:

When convening the Annual General Meeting, the notice contains a description of the candidates’ management experience including position, education and information on the candidates’ other demanding executive functions held...
in Danish and foreign enterprises. The notice also stipulates whether the candidates are considered to be independent.

3.1.4 **The Committee recommends** that the company’s articles of association stipulate a retirement age for members of the board of directors.

**Comment:**
The Board of Directors includes age in the assessment of the qualifications of a Board member, but the Board is of the opinion that age in itself cannot constitute any ground for qualification or disqualification. As a result, the Company does not have any rules regarding age limits or age requirements for Board members. The Annual Report and the Company’s website, contain information on Board members’ year of birth [http://investor.maersk.com/directors.cfm](http://investor.maersk.com/directors.cfm). Therefore, the Company does not comply with the recommendation.

3.1.5 **The Committee recommends** that members of the board of directors elected by the general meeting be up for election every year at the annual general meeting.

**Comment:**
The Board members are elected to serve two-year terms in accordance with the Articles of Association.

The Board members are elected for a two-year term but there are Board members up for election every year. The two-year term is appropriate to ensure some measure of necessary continuity in the work of the Board of Directors and reflects the long-term nature of the business. The Company does therefore not comply with the recommendation.

3.2 **Independence of the board of directors**

3.2.1 **The Committee recommends** that at least half of the members of the board of directors elected by the general meeting be independent persons, in order for the board of directors to be able to act independently of special interests. To be considered independent, this person may not:

- be or within the past five years have been member of the executive board, or senior staff member in the company, a subsidiary undertaking or an associate,
- within the past five years, have received larger emoluments from the company/group, a subsidiary undertaking or an associate in another capacity than as member of the board of directors,
- represent the interests of a controlling shareholder,
- within the past year, have had significant business relations (e.g. personal or indirectly as partner or employee, shareholder, customer, supplier or member of the executive management in companies with corresponding connection) with the company, a subsidiary undertaking or an associate.
- be or within the past three years have been employed or partner at the external auditor,
- have been chief executive in a company holding cross-memberships with the company,
- have been member of the board of directors for more than 12 years, or
- have been close relatives with persons who are not considered independent.

**Comment:**
After the election of Board members at the Annual General Meeting in 2017 six of the 11 members of the Board of Directors were considered to be independent in accordance with the definition in the recommendation. The Company’s website lists the Board members considered to be independent.

3.3 **Members of the board of directors and the number of other executive functions**

3.3.1 **The Committee recommends** that each member of the board of directors assesses the expected time commitment for each function in order that the member does not take on more functions than he/she can manage satisfactorily for the company.

**Comment:**
All members of the Board of Directors regularly assess the expected time commitment for the relevant board work and strive to perform their work for the Company in a satisfactory manner.

3.3.2 **The Committee recommends** that the management commentary, in addition to the provisions laid down by legislation, includes the following information about the members of the board of directors:

- the position of the relevant person,
- the age and gender of the relevant person,
- whether the member is considered independent,
- the date of appointment to the board of directors of the member,
- expiry of the current election period,
- other executive functions, e.g. memberships in executive boards, boards of directors, and supervisory boards, including board committees in foreign enterprises and
- demanding organisational tasks, and
- the number of shares, options, warrants and similar in the company, and other group companies of the company, owned by the member, as well as changes in the portfolio of the member of the securities mentioned, which have occurred during the financial year.

**Comment:**
The Annual Report comprises information on the Boards’ members’ existing and, if relevant, previous position, other executive functions, incl. directorships. Any trading of the Company’s shares by Board members must be reported to and is published by the Danish Financial Securities Authority pursuant to the provisions of the EU Market Abuse Regulation. For this reason, the Board of Directors has not found it necessary or useful to publish the trading of the individual Board members in the Annual Report by stating the Board members’ total shareholdings and any changes to such holdings during the financial year, as otherwise recommended. The Annual Report states when each member joined the Board of Directors, the time of the most recent re-election, year of birth and gender, the expiry of the current election period and whether each member is considered independent.
Also, the Company’s website lists the Board members and whether they are considered to be independent and the list of Board candidates up for election at the Annual General Meeting states whether Board candidates are considered to be independent at the time of election.

3.4 Board committees

3.4.1 The Committee recommends that the company publish the following on the company’s website:
- The terms of reference of the board committees,
- the most important activities of the committees during the year, and the number of meetings held by each committee, and
- the names of the members of each committee, including the chairmen of the committees, as well as information on which members are independent members and which members have special qualifications.

Comment:
The members of the Board of Directors are collectively responsible for the work of the board committees, thus the Board committees are internal to the Board of Directors. Further, the Danish Act on Approved Auditors and Audit firms (revisorloven) specifies the areas for which the Audit Committee is responsible with which the Company is fully compliant. For these reasons, the Board of Directors has decided not to publish terms of reference on the Company’s website. The members of the Board committees, information on members’ independence and the number of meetings held by Board committees appear on the Company’s website and in the Annual Report. The Company therefore complies partly with the recommendation.

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

Comment:
All of the members of the Audit Committee are independent, the majority of the members of the Chairmanship, the Remuneration Committee and the Transformation & Innovation Committee are independent. The Board of Directors elects the members for the committees on the basis of a collective assessment of qualifications. Independence is part of the assessment, but it is not the decisive factor, since the Board of Directors finds that, among other things, insight into the Company’s businesses, markets and the committee’s work area carries more weight.

3.4.3 The Committee recommends that the board of directors set up a formal audit committee composed such that
- the chairman of the board of directors is not chairman of the audit committee, and
- between them, the members should possess such expertise and experience as to provide an updated insight into and experience in the financial, accounting and audit aspects of companies whose shares are admitted to trading on a regulated market.

Comment:
The Audit Committee covers and reports to the Board of Directors on the items recommended. The tasks include a review of accounting, auditing and risk and control matters and are carried out by monitoring of accounting processes and review of audit plans and risk management processes presented by and discussed with external auditors, the CFO and the heads of the accounting and internal audit functions. Examples of the tasks of the Audit Committee are provided in the Annual Report. The Audit Committee operates under rules of procedure approved by the Board of Directors.

3.4.4 The Committee recommends that, prior to the approval of the annual report and other financial reports, the audit committee monitors and reports to the board of directors about:
- significant accounting policies,
- significant accounting estimates,
- related party transactions, and
- uncertainties and risks, including in relation to the outlook for the current year.

Comment:
In accordance with the Danish Act on Approved Auditors and Audit firms (revisorloven), the Company has set up an Audit Committee that consists of three Board members appointed by and among the Board members of A.P. Møller - Mærsk A/S. The Company’s website and the Annual Report provide information on committee members.

Comment:
The Chairman of the Board of Directors is not Chairman of the Audit Committee. The composition of the Audit Committee is in accordance with the provisions on audit committees in the Danish Act on Approved Auditors and Audit firms (revisorloven), and it is ensured that the committee has the competences relevant for the sectors in which the Company operates, and possesses the required expertise and experience in financial as well as accounting and auditing affairs in listed companies.

3.4.5 The Committee recommends that the audit committee:
- annually assesses the need for an internal audit, and in such case, makes recommendations on selecting, appointing and removing the head of the internal audit function and on the budget of the internal audit function, and
- monitor the executive board’s follow-up on the conclusions and recommendations of the internal audit function.

Comment:
The Company’s internal audit function (Group Internal Audit) was established by the Board of Directors in 1998, and its main function is to review the effectiveness of internal procedures and control systems and to deal with the prevention and detection of any irregularities.
of the Board of Directors. On a current basis, the Audit Committee assesses the work of the internal audit function and annually reviews the budget of the internal audit function.

The Audit Committee monitors the Executive Board’s follow up on the conclusions and recommendations of the internal audit function.

3.4.6 The Committee recommends that the board of directors establish a nomination committee chaired by the chairman of the board of directors with at least the following preparatory tasks:

- describe the qualifications required by the board of directors and the executive board, and for a specific membership, state the time expected to be spent on having to carry out the membership, as well as assess the competences, knowledge and experience of the two governing bodies combined,
- annually assess the structure, size, composition and results of the board of directors and the executive board, as well as recommend any changes to the board of directors,
- annually assess the competences, knowledge and experience of the individual members of management, and report to the board of directors in this respect,
- consider proposals from relevant persons, including shareholders and members of the board of directors and the executive board for candidates for the board of directors and the executive board, and
- propose an action plan to the board of directors on the future composition of the board of directors, including proposals for specific changes.

Comment:
The Chairmanship of A.P. Møller - Maersk A/S performs the tasks recommended concerning the candidates for the Board of Directors. Candidates to the Executive Board are selected by the Board of Directors collectively on the basis of qualifications, including managerial and functional qualifications. The Board of Directors has not formally established a nomination committee and the Company therefore only complies with the principles of the recommendation.

3.4.7 The Committee recommends that the board of directors establish a remuneration committee with at least the following preparatory tasks:

- to recommend the remuneration policy (including the general guidelines for incentive-based remuneration) to the board of directors and the executive board for approval by the board of directors prior to approval by the general meeting,
- make proposals to the board of directors on remuneration for members of the board of directors and the executive board, as well as ensure that the remuneration is in compliance with the company’s remuneration policy and the assessment of the performance of the persons concerned. The committee should have information about the total amount of remuneration that members of the board of directors and the executive board receive from other companies in the group, and
- recommend a remuneration policy applicable for the company in general.

Comment:
The Company has set up a Remuneration Committee, the members being the Chairman and the two Vice Chairmen. The Committee makes proposals to the Board of Directors for the remuneration of the members of the Executive Board, remuneration policies and incentive guidelines, reviews incentive schemes and overall budgets for salary adjustments. The Chairman of the Board of Directors makes proposals regarding the remuneration of the Board of Directors. For further information on the Remuneration Committee, please see above under “I - Management Structure”. The Committee reviews the remuneration, incentives, etc. for key leaders.

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

Comment:
The Remuneration Committee does not consult with the same external advisers as the Company’s Executive Board.

3.5 Evaluation of the performance of the board of directors and the executive board

3.5.1 The Committee recommends that the board of directors establish an evaluation procedure where contributions and results of the board of directors and the individual members, as well as collaboration with the executive board are annually evaluated. Significant changes deriving from the evaluation should be included in the management commentary or on the company’s website.

Comment:
The Annual General Meeting evaluates the work and results of the Board of Directors. The Chairman of the Board of Directors is to ensure that the Board functions and attends to its duties in a satisfactory manner. The Chairman evaluates the performance and achievements of the Board of Directors and its members at each meeting. Further, the Chairman and the Board of Directors evaluate the cooperation with the Executive Board on an ongoing basis. So far, the Board of Directors has found that continuous evaluation is a better tool for the evaluation of the Board of Directors’ work than a formal annual procedure. The Board of Directors has therefore chosen not to comply with the recommendation on an annual evaluation procedure.

3.5.2 The Committee recommends that in connection with preparation of the general meeting, the board of directors consider whether the number of members is appropriate in relation to the requirements of the company. This should help ensure a constructive debate and an effective decision-making process in which all members are given the opportunity to participate actively.
4.1.1 Form and content of the remuneration policy

The Committee recommends that the board of directors prepare a clear and transparent remuneration policy for the board of directors and the executive board, including:

- a detailed description of the components of the remuneration for members of the board of directors and the executive board,
- the reasons for choosing the individual components of the remuneration, and
- a description of the criteria on which the balance between the individual components of the remuneration is based.

The remuneration policy should be approved by the general meeting and published on the Company’s website.

Comment:
The Board of Directors regularly discusses the number of members. The Board of Directors finds that a constructive debate and an effective decision-making process is possible with the existing 11 members. When preparing the Annual General Meeting, the Board of Directors also considers whether the number of members is appropriate in relation to the Company’s requirements.

3.5.3 The Committee recommends that at least once every year the board of directors evaluate the work and performance of the executive board in accordance with predefined clear criteria.

3.5.4 The Committee recommends that the executive board and the board of directors establish a procedure according to which their cooperation is evaluated annually through a formalised dialogue between the chairman of the board of directors and the chief executive officer and that the outcome of the evaluation be presented to the board of directors.

4. REMUNERATION OF MANAGEMENT

4.1 Form and content of the remuneration policy

4.1.1 The Committee recommends that the board of directors prepare a clear and transparent remuneration policy for the board of directors and the executive board, including:

- limits be set on the variable components of the total remuneration package,
- a reasonable and balanced linkage be ensured between remuneration for governing body members, expected risks and the value creation for shareholders in the short and long terms,
- there be clarity about performance criteria and measurability for award of variable components,
- there be criteria ensuring that qualifying periods for variable components in remuneration agreements are longer than one calendar year, and
- an agreement be made which, in exceptional cases, entitles the company to reclaim in full or in part variable components of remuneration that were paid on the basis of data, which proved to be misstated.

Comment:
The Executive Board’s remuneration includes variable components the value of which are limited as a percentage of fixed base salary in accordance with the Company’s Remuneration Policy and Overall Guidelines for Incentive Pay. The Company uses incentive pay, short-term as well as long-term, to secure a high degree of alignment of interests between the Company’s Executive Board and the shareholders, to strengthen attraction/retention and to promote and support value creation both in the short and long term and retain key employees. Information on incentive pay can be found in the “General guidelines on incentive pay for the Board of Directors and the Management Board”, which are available on the Company’s website http://investor.maersk.com/guidelines.cfm. The Executive Board’s remuneration includes a short-term cash incentive driven by criteria measured over the course of one calendar year. This variable part of the remuneration package is not subject to a qualifying period of more than one calendar year and does not comply with the recommendation. However, the remuneration package includes another variable part in the form of stock options which – subject to the executive not having served or received notice of termination – will become exercisable earliest three years from the time of granting; this part of the variable remuneration complies with the recommendation.

So-called “claw-back” clauses are used in the Company’s remuneration agreements for the Executive Board when required by the nature of the remuneration program and its components. So far, this has not been required.

4.1.3 The Committee recommends that remuneration of members of the board of directors does not include share options.
Comment:
The remuneration to the Board of Directors comprises only fixed fees and does not include share options or any other type of incentive or performance-based remuneration.

4.1.4. The Committee recommends that if share-based remuneration is provided, such programmes be established as roll-over programmes, i.e. the options are granted periodically and should have a maturity of at least three years from the date of allocation.

Comment:
At the Annual General Meeting in 2017, revised General Guidelines on Incentive Pay were adopted. Share options are granted to members of the Executive Board on a revolving basis, generally once per year, and are exercisable earliest three years from the time of grant and shall lapse latest four years from when they first become exercisable.

Agreements about share-based remuneration for members of the Executive Board, entered into before the adoption of the 2017 guidelines, will continue on the terms already agreed.

The “General guidelines on incentive pay for the Board of Directors and the Management Board” are available on the Company’s website (http://investor.maersk.com/guidelines.cfm). The Company’s Annual Report provides information on the granted, outstanding, exercised and forfeited share options and other share-based remuneration.

4.1.5 The Committee recommends that agreements on termination payments should not amount to more than two years’ annual remuneration.

Comment:
The Company’s notice period relative to termination of members of the Executive Board is up to 24 months. During this period, the Executive member is entitled to receive up to 24 months’ worth of total remuneration.

4.2 Disclosure of the remuneration policy

4.2.1 The Committee recommends that the company’s remuneration policy and compliance with this policy be explained and justified annually in the chairman’s statement at the company’s general meeting.

Comment:
When the current remuneration policy was presented for adoption at the Annual General Meeting in 2017, the Chairman included an explanation in his report. When changes are implemented in the policy or the Company’s compliance, the Chairman comments on such at the relevant Annual General Meeting. The Company complies partly with the recommendation.

4.2.2 The Committee recommends that the proposed remuneration for the board of directors for the current financial year be approved by the shareholders at the general meeting.

Comment:
The Board of Directors seeks the shareholders’ approval of the Board’s remuneration for the past year as part of the approval of the Annual Report. This allows the shareholders to assess the remuneration in light of the past year’s achievements and work of the Board of Directors. The Company’s general remuneration policy is described above. The recommendation is therefore not considered complied with.

4.2.3 The Committee recommends that the total remuneration granted to each member of the board of directors and the executive board by the company and other companies in the group, including information on the most important contents of retention and retirement/resignation schemes, be disclosed in the annual report and that the linkage with the remuneration policy be explained.

Comment:
The aggregate remuneration to the Executive Board is stated in the Annual Report. In order to provide transparency with respect to the composition of the remuneration, this figure is further divided into subcategories: Fixed annual fee, cash incentive, share-based incentive plans, lump sum retirement payment and remuneration in connection with redundancy, resignation and release from duty to work. The accumulated remuneration to members of the Board of Directors, which consists of a fixed fee only, is also set out in the Annual Report.

The Company’s Board of Directors and Executive Board each consists of several members (11 and 6, respectively). Certain responsibilities of each of these Boards are shared among its members and tasks are performed by coordinated and concerted efforts. Therefore, the Company considers it relevant to disclose the remuneration for each Board on an aggregate level. Furthermore, information about remuneration on an individual basis does not, in the opinion of the Company, serve any objective purpose. For these reasons, the Company has decided to not comply with the recommendation to provide information on an individual level.

The period of notice from the Company’s side for the members of the Executive Board is up to 24 months. The members of the Board of Directors and the Executive Board do not have a pension scheme in connection with their work for the Company.

Contracts of employment for members of the Executive Board contain terms customary in Danish listed companies, including termination notice and competition clauses. Retention schemes are described above under the comment to recommendation 4.1 and in the ‘General Guidelines on Incentive Pay for the Board of Directors and the Management Board’.
5. FINANCIAL REPORTING, RISK MANAGEMENT AND AUDITS

5.1 Identification of risks and transparency about other relevant information

5.1.1 The Committee recommends that the board of directors in the management commentary review and account for the most important strategic and business-related risks, risks in connection with the financial reporting as well as for the company’s risk management.

Comment:
Once a year, the Board of Directors undertakes a discussion of the most important strategic and business risks. Furthermore, the Company’s risk profile is regularly discussed with the Board of Directors among other things in connection with the planning of strategies and major investments or divestments.

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

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

A description of the Enterprise Risk Management framework is included in the Annual Report.

5.2 Whistleblower scheme

5.2.1 The Committee recommends that the board of directors decide whether to establish a whistleblower scheme for expedient and confidential notification of possible or suspected wrongdoing.

Comment:
In January 2011, the Company established a global whistleblowing scheme, which allows for confidential and anonymous notification of possible or suspected violations. The scheme allows employees, as well as external parties, to submit notifications online and by telephone in approximately 75 different languages. Relevant notifications from the whistleblowing scheme are reported to the Audit Committee on a yearly basis.

5.3 Contact to auditor

5.3.1 The Committee recommends that the board of directors ensure regular dialogue and exchange of information between the auditor and the board of directors, including that the board of directors and the audit committee at least once a year meet with the auditor without the executive board present. This also applies to the internal auditor, if any.

Comment:
The dialogue between the Board of Directors and the auditors is ensured partly via the statutory Auditor’s Long-form Report, partly via the Audit Committee reporting to the Board of Directors after each meeting. The auditors attend the Board of Directors’ meeting at which the Annual Report is evaluated.

The members of the Audit Committee meet with the auditors several times a year without the Executive Board being present, likewise with the head of the internal audit function. The members of the Audit Committee report to the Board of Directors after each meeting. The Chairman regularly meets with the head of internal audit.

5.3.2 The Committee recommends that the audit agreement and auditors’ fee be agreed between the board of directors and the auditor on the basis of a recommendation from the audit committee.

Comment:
Based on a recommendation from the Audit Committee, the Board of Directors approves the audit agreement and the auditor’s fee.

III The main elements of the company’s internal control and risk management systems in connection with its financial reporting

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

Control environment
The Board of Directors/Audit Committee and the Executive Board regularly assess material risks and internal controls in connection with the Company’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 Executive Board. The managements of the brands and business units are responsible for ensuring an efficient control environment for the respective brand or business unit.

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

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

In addition, the Company 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**
At least once a year, as part of risk assessment, the Board of Directors/Audit Committee and the Executive Board undertake a general identification and assessment of risks in connection with the financial reporting, including the risk of fraud, and consider the measures to be implemented in order to reduce or eliminate such risks.

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

**Control activities**
Specific control activities have been defined for each significant brand and business unit. The performance of such control activities is monitored on both brand/business unit and on a corporate level. This monitoring includes controller reports with follow-up on findings and recommendations as well as an annual statement of representation from management of the most significant brands and business units.

**Information and communication**
The Board of Directors is overall responsible for the Company having information and reporting systems in place to ensure that its financial reporting is in conformity with rules and regulations. For this purpose, the Company has set out detailed requirements in policies, manuals and procedures and a global consolidation system with related reporting instructions implemented. Also, risk and control catalogues have been established and collated for all significant brands and business units as well as for corporate 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 within the Company.

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 relevant policies and instructions. Any weaknesses, omissions and violations are reported to the Executive Board. The Board of Directors/Audit Committee receive reports from the Executive Board and from Group Internal Audit on the compliance with the guidelines, etc., as well as on the weaknesses, omissions and violations of the policies, procedures and internal controls found.

The auditors elected by the Annual General Meeting account for any material weaknesses in the internal control systems related to financial reporting in the Auditor’s Long-form Report to the Board of Directors. Minor irregularities are reported in Management Letters to the Executive Board.