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### ABOUT THE REPORT

This report covers activities in the 2017 calendar year. Our approach to reporting is to focus on material issues and activities, in line with stakeholder concerns and relevance in terms of context, completeness and balance. We strive for optimal accuracy, timeliness, clarity and reliability in the way we communicate.

This report also represents our statutory statement on social responsibility and underrepresented gender in accordance with sections §99a & b of the Danish Financial Statements Act.

The A.P. Møller - Maersk Sustainability Accounting Principles can be downloaded here: maersk.com/business/sustainability/sustainability-reports-and-publications/reports

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### PORTFOLIO NOTE
The future A.P. Møller - Maersk will be an integrated and focused shipping, ports and logistics company. Oil and oil-related businesses are to be separated. This has resulted in portfolio changes in 2017:

- The sale of Maersk Tankers to APMM Invest, a subsidiary of A.P. Møller Holding, closed in October 2017.
- A.P. Møller - Maersk has signed an agreement to sell Maersk Oil to Total S.A. The transaction is subject to regulatory approval from relevant authorities. Closing is expected to take place during Q1 2018.
- The acquisition of Hamburg Süd by Maersk Line was closed in December 2017. Hamburg Süd sustainability data will be integrated from 2018.

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Q&A with the CEO

Sören Skou
CEO, A.P. Møller – Maersk A/S

Søren Skou, now that nearly 18 months have passed since the new A.P. Moller – Maersk organisation and strategy were made public, how do you see the company and its future? We have begun executing to achieve our new vision, which is to become the integrator of the entire industry. We are working to digitise the paperwork and documentation in international trade, and to develop digital and engaging ways to interact with customers.

What are the economics of doing this? Is this the right time to make such a move? Digitisation will be a disruptive force for our entire industry. We are working to digitise the ways we operate our assets, transactions, and interactions with customers, and to develop new digital service offerings. This will reduce the paperwork and documentation in international shipping, and provide our customers with a better service. Our partnerships with IBM and Microsoft are already well on the way towards achieving this goal. At the same time, the work will make it possible for more people and businesses from all over the world to participate in international trade. As it is, documentation costs and complexity are a real barrier to trade for many, particularly small companies.

Digitisation also brings with it the availability of big data. We will tap into this potential. For example, containers can be turned into smart boxes and data generators, helping customers reduce costs and better understand their supply chains. Another example is that by getting continuous data from our assets to optimise operations, we will reduce our fuel consumption and our carbon footprint. We are also looking into how, through data sharing, we can help relevant organisations that work to protect the health of the oceans.

What have these changes meant for your sustainability priorities? Some things stay the same. For example, operating our business responsibly with respect and support for international commitments, such as the UN Global Compact continues to be the foundation for how we work. This goes for all of our businesses, including the remaining energy companies.

However, in light of our new business strategy, and with a view to how we can best contribute to the Sustainable Development Goals, we reviewed our sustainability priorities. We have four top priorities: decarbonising logistics, multiplying the benefits of trade, helping food loss in the supply chain, and leading change in the ship recycling industry. As an integrated container logistics provider, trade is the context for all our activities. We are a major part of the global trade system with its positive and negative impacts. We acknowledge the climate impacts related to trade, and we have ambitious targets for reducing CO2 from our vessels. What is also clear is that the opposition to free trade is stronger than we have seen in decades. Firmly believe in the benefits of international trade, but we need to recognise that those benefits have not been shared equally. Why this is the case and how more people can be included to share in the benefits of trade is something our company, our industry and the global community, need to understand better. I’ve convinced that businesses can work in a way where what we do is not only good for the economy, but for society more broadly speaking.

Working at the heart of trade, I think we have a particular responsibility towards making global trade available for everybody, and free trade is a key element on that journey. As leaders in our industry, we want to take responsibility for the world around us. A.P. Moller-Maersk carries 27% of all food transported in containers, which creates a strong link between our business and the issue of food loss in the supply chain. We see ourselves making a difference on this issue, as well as creating benefits for our businesses. We will be working with partners and using our expertise within cold chain logistics to tackle this challenge.

Looking at the company’s sustainability performance, what are you most impressed with? Very aware that companies can no longer stay on the sidelines when it comes to global issues, and I’m very satisfied with the level of our sustainability ambitions. What we are and will be doing is fitting for a company of our size, knowledge, reach and leverage. The issues of climate change, trade and food loss are also areas where we can make a positive impact when developing new business solutions. More specifically, I’m impressed with what has been achieved over such a relatively short period of time in the ship recycling project. After 25 months, three yards in Alang, India, are performing at the same level or better than yards in China and Turkey, which used to be the only options for economically viable and responsible ship recycling. The door to changing an otherwise gridlocked situation has been opened, and we need to accelerate this development. We hope other shipowners will join us in transforming the entire Alang ship recycling industry by demanding high standards for safety, human rights and the environment, and by supervising implantation on the ground on a daily basis.

It is about businesses and other partners working together to solve a complex problem. Who will you collaborate with to fulfill your ambitions? Everyone who has a stake in a problem could play a part in solving it. From a level playing field perspective, we believe businesses working together to solve a shared problem makes a lot of sense. The tasks ahead of us demand many types of inputs and ideas, just consider what it will take to decarbonise logistics. This is a task that many sectors and actors will need to work on, not just businesses.

We will be working with many different partners from international organisations, to small startups, like the Maersk is Clean Tech. We will need disruptive innovations to get A.P. Moller-Maersk and the world at large closer to where we need to be. Innovative partnerships are key to this development.

Are there issues where you’re not happy with the current state of affairs? I work closely with my colleagues as they do their daily work. So there are milestones and targets, but also in our quest to adapt to and embrace the huge opportunities in this period of business unusual which we face.

So what is meant for sustainability at A.P. Moller – Maersk? What has really come into focus is the need to expand the scope of our efforts in order to drive real change at a systemic level. This is why we will move from looking at our own CO2 emissions to the entire logistics system, and from pilot projects to scaled up solutions for increasing trade benefits. Our focus on reducing emissions extends our efforts to much broader areas. We believe it is important that we contribute to a sustainable development from all our perspectives, not just our own.

A.P. Moller – Maersk
Our business

A.P. Moller - Maersk employs over 85,000 people across operations in over 120 countries. Our vision is to be the global integrator of container logistics, aiming to connect and simplify our customers’ supply chains. Examples of where some of our material issues can occur across our businesses and value chains are shown below.

KEY RESOURCES

<table>
<thead>
<tr>
<th>Key Resource</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invested capital (USD million)</td>
<td>46,362</td>
</tr>
<tr>
<td>Total assets (USD million)</td>
<td>63,227</td>
</tr>
<tr>
<td>Employees</td>
<td>85,667</td>
</tr>
</tbody>
</table>

OUTCOMES

<table>
<thead>
<tr>
<th>Outcome</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue (USD million)</td>
<td>30,945</td>
</tr>
<tr>
<td>Result (USD million)</td>
<td>356</td>
</tr>
<tr>
<td>Underlying result (USD million)</td>
<td>1,191</td>
</tr>
<tr>
<td>Tax (USD million)</td>
<td>816</td>
</tr>
<tr>
<td>GHG emissions (1,000 tonnes CO₂ eq.)</td>
<td>29%</td>
</tr>
<tr>
<td>Oil spills to water above 10 m³</td>
<td>0</td>
</tr>
<tr>
<td>Facilitation payment reduction for Maersk Line compared to 2016</td>
<td>96%</td>
</tr>
</tbody>
</table>

ENERGY

In the efforts to create an integrated shipping, ports and logistics company, execution on the separation of the oil and oil-related businesses, Maersk Oil, Maersk Tankers, Maersk Drilling, and Maersk Supply Service, moved forward in 2017.

The objective of the separation has been to find solutions before the end of 2018, which ensures the most optimal development opportunities for the capabilities and assets built in the individual companies.

Already during 2017, two significant steps were taken, as structural and viable solutions for the future ownership of Maersk Oil and Maersk Tankers were established. See the portfolio note on the contents page.
A changing world

A.P. Moller - Maersk has been instrumental in driving growth and opportunity through connecting economies and communities for over a century. We plan to still be doing so in another 100 years from now. However, the way we fill that role will look different in the future.
Transforming our business

As the world changes, A.P. Moller - Maersk is preparing our business to contribute to changing logistics, the food loss challenge, making ship recycling more responsible and multiplying the benefits of trade.

Our sustainability priorities

- Help decarbonise logistics
  - 60% relative CO₂ reduction by 2030 (2007 baseline)
  - Develop low-carbon offerings to customers

- Contribute to halving food loss
  - Invest in innovations reducing food loss in the transport and storage chain

- Help multiply the benefits of trade
  - Invest in digital solutions facilitating trade
  - Dedicated support fund for the full implementation of the WTO Trade Facilitation Agreement
  - Drive the transformation of the ship recycling industry in India

In A.P. Moller - Maersk, we produce containers that carry cargo around the globe. We operate vessels and trucks as well as ports that handle and transport cargo from producer to customer. And so, as long as we have businesses in the energy division, we will be engaged oil and gas-related activities.

But we find ourselves in changing circumstances. Global events, mega trends and broad societal change have affected the course of global development faster than most of the world imagined possible only five years ago. We see a growing opposition to globalisation, which is ushering in a steep increase in protectionist measures worldwide.

As the world changes, A.P. Moller - Maersk is preparing our business to contribute to changing logistics, the food loss challenge, making ship recycling more responsible and multiplying the benefits of trade.

A new role for business

A changing world brings changing expectations for business, adding up to a new role for the private sector in general and large businesses in particular. This is evident in the United Nations’ Sustainable Development Goals (SDGs), which express the global community’s most important priorities for the future.

We also see that resource scarcity – lack of water, food products and natural minerals for example – is no longer a far-off risk, but a reality in some parts of the world, and will affect more and more people and businesses within the next 10–15 years. Finally, digitisation is about to disrupt our industry and significantly change the landscape in which we operate.

We are taking steps to adapt our company to this changing world. Our vision is to become a global integrator of container logistics through digital innovation, connecting and simplifying the global supply chain. This includes providing simple solutions to our customers’ complex supply chain needs, elevating the customer experience and extending the industry’s most effective and efficient delivery network to every market in the world. We want to make the shipping of containerised goods as easy for our customers as it is to send a package from A to B today.

Alongside this, we will be finding visible solutions for our activities in the energy sector.

1. A.P. Moller - Maersk, Sustainability Report 2017
5. Maersk Line, Sustainability Report 2017

Sustainable Development Goals

The United Nations’ Sustainable Development Goals (SDGs) expresses the most important issues that the global community has identified as future priorities.

Our business touches, directly or indirectly, on all 17 SDGs. We have selected five SDGs, where we can have the greatest positive impact, and where we intend to track our progress.

Stakeholders By Report 2017
Weighing in on trade

Trade is at the heart of economic development and globalisation — and A.P. Moller - Maersk is at the heart of trade. Today, trade accounts for almost 60% of global GDP, up from 40% 25 years ago, due to global agreements on trade liberalisation, technological advances and relative global stability. Now, the world faces the consequences of the way globalisation has played out so far.

What is at stake now is ensuring that the value created by trade is accessible to all. The solution is not to restrict international trade but to ensure that the global community, including the private sector, comes together to support more balanced and open opportunities that will make trade and growth more inclusive for those who have been disproportionately left behind.

Multiplying the benefits of trade

At A.P. Moller - Maersk, we believe that by working together to multiply the benefits of trade we can create stronger, more inclusive growth, for the benefit of our customers and society. We can play a role in helping to make it easier to participate in trade.

And with our strategic direction set for an even wider role in tomorrow’s and end-to-end logistics solutions, we are inviting broad collaboration to answer the question: How can we multiply the benefits of trade together? We will work with our customers and partners to simplify supply chains, digitise processes and accelerate trade documentation to boost global trade, and make growth more inclusive as barriers for countries, entrepreneurs and small businesses are removed or reduced.

Building on what we know

Do the last four years, we have invested in projects and advocacy to enable more people to become part of global trade. The majority of projects are now being scaled up (see case stories).

We will continue to focus on enhanced trade facilitation in the shape of simplified, modernised and aligned export and import processes. It has been estimated that this can add USD 1 trillion to global GDP reduce trade costs by an average of 14.3% and create 20 million new jobs.

The platform projects

There are two applications for this project and investing in the development of an open digital platform that will enable easy access and sharing of data between supply chain parties as well as a space where participants can develop digital solutions for themselves and their customers.

The platform solution has been described as a ‘game changer’ in the logistics industry, elevating the normal flow and pace of business. To create widespread benefits from this, the platform will be open to all with clear protection of corporate data privacy and secure access.

Together with IBM, we have created the first two applications for this platform, one called Paperless Trade and the other targeting the Shipping Information Hub. The platform integrates global trade documentation using blockchain technology to securely and efficiently stamp and announce documents for clearance and costs.

The first digitises the complete visibility of shipment events through a supply chain. The second gives stronger controls and transparency on containers. The two applications will be improved and new applications on board along with our shared data and technologies. This is being continuously updated to improve functionality.

The platform will be launched in 2017, and is being continuously updated to improve functionality. At the same time, we are working on challenges related to trade between small and medium enterprises, which impose significant costs on firms engaging in trade, such as delays, extra ports fees, storage and inventory costs as well as lost orders and reduced trust.

The platform projects

These studies apply the concept of ‘Total Transport and Logistics Costs’ (TTC), which was developed by A.P. Moller - Maersk through our socio-economic impact study programme. It combines trade costs with yields and customs fees with measures of indirect costs, which most studies of trade costs leave out. Yet, they are key to improving trade.

For example, delays have been determined to be the primary factor blocking developing countries from integrating value chains in logistics and shipping times have been shown to impose significant costs on firms engaging in trade, so they lead to penalties, extra port fees, storage and inventory costs as well as lost orders and reduced trust.

The 2017 studies of trade barriers from the port of Mombasa through to Kenya and Tanzania in Rwanda, in Kenya and Rwanda, in Kenya and Tanzania in the year 2017, and with plans to expand into Asia.

Working to digitise global trade

Our initiative on enabling trade, we tracked containers from Kenya to Mombasa in 2014. We found 200 different, mostly paper-based exchanges between 30 individuals and organisations, doubling the shipping costs, and creating an issues for small and medium-sized enterprises, which WTO research finds are particularly strong drivers of economic growth that benefits local communities.

The project, Working to digitise global trade, is working to solve some of these issues. If they did, their potential for success would increase significantly. For example, delays have been determined to be the primary factor blocking developing countries from improving trade.

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Reducing the cost of delays

One of the contributions of the Alliance’s work on reducing costs and delays and the cost of these in specific geographic areas. Two such studies were completed in Kenya and Ghana in 2017. These studies apply the concept of ‘Total Transport and Logistics Costs’ (TTC), which was developed by A.P. Moller - Maersk through our socio-economic impact study programme. It combines trade costs with yields and customs fees with measures of indirect costs, which most studies of trade costs leave out. Yet, they are key to improving trade.

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More secure and simple trade with Africa

Inspired by the ConnectAmericas platform, we initiated the development of a digital B2B trading platform, known as Forinto, which connects African sellers and buyers with international customers and suppliers. The project is designed to support the growth of international and regional trade in Africa. We consider Forinto a source of future growth for A.P. Moller - Maersk, and at the same time a potential for African producers and traders to expand their networks and business.

Originating as a pilot project in A.P. Moller - Maersk, Forinto now operates as a start-up owned by our company. The first version of the Forinto platform was launched in 2017, and is being continuously updated to improve functionality. At the same time, we are working on challenges related to trade between small and medium enterprises, which impose significant costs on firms engaging in trade, so they lead to penalties, extra port fees, storage and inventory costs as well as lost orders and reduced trust.

The 2017 studies of trade barriers from the port of Mombasa through to Kenya and Tanzania in Rwanda, in Kenya and Tanzania in the year 2017, and with plans to expand into Asia.

Connecting to opportunity

Many small and medium-sized enterprises may not know how to get their products out to international markets. If they did, their potential for success would increase significantly.

The 2017 studies of trade barriers from the port of Mombasa through to Kenya and Tanzania in Rwanda, in Kenya and Tanzania in the year 2017, and with plans to expand into Asia.

We have developed a company-wide program launch a transport cost estimator and a three-hour online training programme on international trade and Transport. At the end of the year, 2,271 people had signed up for the course.

We also became partners in the project along with Google, DHL, Alibaba, Facebook and Mastercard. We carried out different initiatives to use the company’s platform in the Latin American region and externally through webinars and education. As a result, 90% of customers in Latin America are now familiar with ConnectAmericas.

TOP: Organic superior producer Estates benefits from being part of ConnectAmericas, exporting 600 tones of organic produce a year, and with plans to expand to Asia.
Effects of reducing barriers to trade

Since 2013, A.P. Moller - Maersk has piloted various models to enable more people to participate in global trade.

"To me, the fact that what we do affects not just us, but the world, has been a guiding star. Our vision of simplifying global supply chains matters. The work we do connecting entrepreneurs, businesses, products and consumers plays a vital part in enabling trade and has a positive, very tangible impact in every corner of the world."

SØREN SKOU
CEO, A.P. Moller - Maersk

POTENTIAL BENEFITS

NEW JOBS
20m
jobs can potentially be created globally by enhanced trade facilitation.

GDP GROWTH
1tn USD
is estimated to be added to global GDP by enhanced trade facilitation.

ISSUE TO ADDRESS

UNEQUAL DISTRIBUTION
62%
increase in real income for the global top 1 percent of income distribution.

23%
increase in real income for the global bottom 10 percentiles of income distribution.

IMPACT ON SUSTAINABLE DEVELOPMENT GOALS

8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation
8.3 Promote development-oriented policies that encourage small and medium-sized enterprises
8.5 By 2030, achieve employment and decent work for all
9.3 Increase access of small-scale enterprises to financial services, affordable credit, and integration into value chains and markets

17.10 Promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system
17.11 Significantly increase the exports of developing countries
17.12 Realize timely implementation of market access for all least developed countries
17.16 Enhance the global partnership for sustainable development

CONNECTAMERICAS
An online platform helping traders in Latin America connect to each other and world markets. This potentially distributes economic growth to more people through increased participation of small and medium-sized enterprises in cross-border trade. The project is fully operational (see case story on page 11).

GLOBAL TRADE DIGITISATION SOLUTION
An online platform for exchanging shipping documentation and information is under development. It will decrease time to market and costs of trade, allowing more traders to connect to global trade (see case story on page 11).

FROMTU
Inspired by the ConnectAmericas model, we have built and are developing a connections and trading platform for the African continent, creating opportunity for integration in international trade by reducing trade barriers (see case story on page 10).

The Bitung Project
Investments in Bitung port and trade facilities led to enhanced inclusion in trade lanes. While creating benefits such as growth in trade from the port, the project did not result in a scalable model that could be driven through our business.

8.10 Strengthen the rules and mechanisms of the World Trade Organization
17.15 Enhance effective cooperation and partnership with developing countries (especially the least developed countries)
Climate change: pursuing solutions

We all currently live not just under the threat but the reality of the consequences of climate change. As a response, the world’s sovereign states in 2015 agreed to work to maintain global warming below 2 degrees Celsius. In 2017, the U.N. announced its intention to withdraw from the Paris Agreement. However, the current trajectory points to a 3–4 degrees Celsius increase.

Combating climate change relies on reducing greenhouse gas emissions. This includes reducing the world’s reliance on fossil fuel energy. While such a transition to decarbonised energy requires substantial levels of investment, it will still be less costly than not taking action. One scenario suggests that the value of investments could be reduced by as much as 20% in 2030 compared to a scenario without global warming. This risk can be substantially lowered by reducing greenhouse gas emissions.11

Shipping’s share

The transport sector is responsible for 23% of global energy-related emissions. Shipping alone is responsible for 3–4% of global emissions.12 As other sectors decarbonise, this share is expected to grow. For example, a rapid uptake of low-carbon alternatives throughout the shipping sector is expected for land-based transport, while shipping is likely to mainly focus on improved efficiency.

Supporting regulation

A.P. Møller - Maersk supports sector-wide agreements that help ensure a level playing field. We are actively pushing for increased regulation of shipping’s greenhouse gas emissions through the International Maritime Organization (IMO). We would have liked to see more progress made at the 2nd Plenary Meeting of the IMO in October 2017. On the other hand, we recognise that more and more countries are moving in the right direction. We remain hopeful that the IMO will deliver an ambitious and relevant strategy which supports a long-term ambition compatible with the Paris Agreement by the designated deadline in April 2018.

Our 2017 performance on CO2

More than 97% of A.P. Møller - Maersk’s carbon footprint in our logistics business comes from container vessels. In Maersk Line, we continue to pursue the target of a 60% reduction in CO2 per container moved by 2030 compared to 2007 efficiency improvements have so far reduced CO2 emissions by 43%.

<table>
<thead>
<tr>
<th>TRANSPORT SECTOR EMISSIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>23% of global energy-related emissions come from the transport sector.</td>
</tr>
</tbody>
</table>

ECONOMIC IMPLICATIONS OF TRANSITION TO A LOW-CARBON ECONOMY13

- The expected transition to a low-carbon economy is estimated to require around USD 1 trillion of investment a year for the foreseeable future, generating new investment opportunities.
- The Economist Intelligence Unit estimated the cost of inaction in a 2015 study. It suggested that as much as USD 43 trillion of the value of the total global stock of manageable assets could be at risk before the world of the century.
- A PWC report from 2015 concluded that assets being valued are only the tip of the iceberg. To keep global warming below 2°C, a worldwide energy transition would need to take place with “vast financial implications.” However, the report states that “research suggests that investment opportunities arising from the energy transition will actually outweigh climate-related risks in the long term.”

In 2017, CO2 emissions per container moved by Maersk Line decreased by 2.0% compared to 2016. Operational improvements in efficiency were made mainly through network optimisation and planning, new and more fuel-efficient vessels entering our fleet as well as our retrofitting programme of existing vessels. Some of those improvements were offset by vessels sailing at increased speeds, primarily as a result of the cyberattack against A.P. Møller - Maersk in June 2017. This ensuing breakdown in communications caused significant delays. To meet customer expectations, and enabled by the low cost of oil, vessels sailed at higher speeds than usual. Average speeds still remain lower than those of previous decades. Since 2009, all A.P. Møller - Maersk companies have worked towards a common target of 30% CO2 reduction in 2020 compared to 2010. In 2016, we reached a 25% reduction. In 2017, the target was met because the data on emissions from this year forward – to reflect the continuing businesses – does not include Maersk Oil, Maersk Drilling, Norsepower, Titan and Maersk Supply Service.

Improvements in the pipeline

In the coming years, we expect to see new performance improvements. First of all, we will receive eight new vessels in 2018, which will replace other less-energy efficient ones. Equally important, we expect substantial improvements to be...
achieved through the roll-out of our Connected Vessels project, which focuses on upgrading data collection and reporting systems on our vessels. In doing so, we enhance our ability to monitor and plan for operational performance of our vessels. Real-time, coordinated data for the routes sailed and the amount of time spent in ports will lead to lower fuel consumption, less time wasted and fewer delays (see case study on current work below).

In total, we expect these initiatives to reduce our fuel consumption by 0.1% every year over five years, corresponding to a reduction of approximately 65,550 tonnes of CO2, or 167,000 USD savings.

A future beyond efficiency

A.P. Moller - Maersk led the container shipping industry onto an efficiency path in 2008, when we set our first CO2 reduction target. This has been raised several times since, and according to the Clean Cargo Working Group’s benchmarks, our average weighted CO2 performance is slightly lower than in previous years, but still approximately 10% ahead of the industry average.

In 2018, Danish Shipping conducted a study outlining what shipping would have to do to meet the Paris Agreement on par with other industries. The conclusion from this study is that fuel efficiency is not sufficient, and that new low-carbon energy sources for shipping will increasingly be needed from 2030 onwards.

Through early innovation projects, A.P. Moller - Maersk has been testing different technologies that may contribute to this new paradigm in shipping. Among these projects, we have explored how the use of alternative fuels may be used to power vessel operations. Our ventures into alternative fuels have been few so far, but it is an area where we intend to intensify our efforts in the coming years.

Based on our experience from efficiency work, innovation and advocacy, it is clear that the transition to low-carbon shipping is a challenge for the whole industry rather than any one company. In 2017, we expanded the scope of our climate change work, and will be working with the industry towards decarbonising logistics.

WHAT CARBON PARTNERS CAN DO

Maersk Line is helping Philips Lighting realise its ambition of becoming carbon neutral by 2020. In what is called a Carbon Pact, the two companies collaborate on targets for CO2 emission reductions, based on three-year projections, and for transparency and development of tools.

With more than 40% of Philips Lighting’s total carbon footprint coming from its supply chain logistics, this is an obvious place to begin the road towards carbon neutrality. Shared targets have been set after Maersk Line analysed the challenges involved, analysed training patterns and identified actions that can be taken today as well as in the future. Philips Lighting receives a report detailing its precise carbon footprint performance. By shipping with Maersk Line, Philips Lighting has saved approximately 1,700 tonnes of CO2, compared to the industry average.

“The supply chain is one of the first places a company needs to look to make sure it is doing everything possible to bring down its carbon footprint,” says Greg Boyle, Global Director Ocean Trade for Philips Lighting. “Maersk Line’s commitment to the Connected Vessel project, the input of its supply chain experts and the industry focus on decarbonisation make us confident that the transition to low-carbon shipping is possible.”

Based on our experience from efficiency work, innovation and advocacy, it is clear that the transition to low-carbon shipping is a challenge for the whole industry rather than any one company. In 2017, we expanded the scope of our climate change work, and will be working with the industry towards decarbonising logistics.

SHARE OF CO2 EMISSIONS IN OUR TRANSPORT AND LOGISTICS BUSINESSES

Maersk Line’s CO2 emissions constitute a majority of the total emissions of our continuing businesses in container shipping, ports, and logistics.

97.7%

Maersk Line

1.3%

APM Terminals

0.1%

Damco

0.7%

Svitzer

0.2%

Maersk Container Industries

Taking on the food loss challenge

Reducing the loss of food is increasingly important. By 2050, food demand is predicted to have increased by 50%. Already, some 1.1 billion people are suffering from food scarcity. At the same time, one-third of all food is wasted either in the fields, during transport or while it is stored at the end consumer.

Of all food loss, one-third occurs during post-harvest, on the journey from producer to market. Key factors causing this are inadequate infrastructure and means of transport, as well as lack of access to adequate technologies for storing, transporting and processing perishable goods.

Combining opportunity and responsibility

A.P. Moller - Maersk holds about 27% of the global market for transporting food in refrigerated containers both by sea and land. Our ambition is to use our competencies and products to expand cold chains to earlier stages in the supply chain. This will be part of our ambition of creating new value chains and we believe it holds significant business potential. It also enables potentially large reductions in food loss, making it a clear sustainability priority for A.P. Moller - Maersk.

Consequently, we will establish partnerships to support and enable our businesses to develop solutions that will protect food in the post-harvest part of its journey towards consumption. This will increase productivity for food producers, and potentially have a positive impact on local economic development.

We are taking on this issue as a combined business development and sustainability challenge, and we will invest on the scale of millions of USD in developing technical solutions over the next three years. We believe that the outcome of these investments could create scalable solutions to food loss in logistics.

It is critical to strengthen supply chains for the safe transport of agricultural products to combat hunger and improve food security.

CORINNE FLEISCHER

Director, Supply Chains, World Food Programme

“It is critical to strengthen supply chains for the safe transport of agricultural products to combat hunger and improve food security.”
In a year of re-organisation and transition, sustainability governance adapts to new circumstances.

Since September 2016, A.P. Moller - Maersk has been transforming from a conglomerate to one company with multiple brands focused on transport and logistics, while separating out its activities in the energy sector. This change offers a new lens through which to look at our business, and sustainability governance and integration must therefore also be adapted to suit the new organisation and its priorities.

Adapting structures and processes
With the adaptation of our sustainability priorities to our new business strategy, we will establish these project boards, each with an executive sponsor, to drive the work on shared value projects within climate change, trade and food loss. The board oversees projects and sets priorities to our new business strategy, and we will establish three project boards, reporting to the CEO, with an executive sponsor.

The companies in the Energy division are A.P. Moller - Maersk, improving safety, sustainability governance accordingly. As we finalise the planned structural changes in 2018, we will adjust our sustainability governance accordingly.

Key Council activities in 2017
In 2017, members of the Sustainability Council were: Claus V. Hemmingsen (Chair and Vice-CEO of A.P. Moller - Maersk), Søren Toft (Maersk Line), Kevin Fumiss (APM Terminals), Martin Holme (Damco), Leonardo Boni (S Swift), Jørn Madsen (Maersk Drilling), Christine Healy (Maersk Oil), Steen Karstensen (Maersk Supply Services) and Annette Stube (Stibale). Among the items on the Council’s agenda for the year were the review of the company’s sustainability priorities, sustainability governance in the future A.P. Moller - Maersk, improving safety, and revisions to the responsible procurement programme.

Solidifying materiality
2017 was the second year we applied our new materiality approach, which assesses and groups issues as either risk, responsibility or shared value. This takes us beyond the materiality matrix, which we have found to be too static. With our new approach, we have a tool that enables a deeper conversation about the nature and impact of the issues, the inclusion of a wider range of sources for discussing and assessing materiality, and better guidance on how critical issues should be managed.

Changes made in 2017
In 2017, we updated the risk register that provides the basis for assessing sustainability issues as risks to our business. Sustainability risks that meet the financial threshold are also incorporated in our enterprise risk management system. As part of this process, we identified two new potential issues related to partnerships. We found neither of these to be material at this time, but we will re-evaluate and analyse these further in 2018.

Another outcome was the downgrading of the issue of ballast water. The Ballast Water Treatment Convention entered into force in 2017, and the US Coast Guard has now approved six systems to perform the task. The risk reported in previous years relating to the installation of non-compliant ballast water treatment systems has therefore significantly reduced. A.P. Moller - Maersk has a compliance plan, and is currently working with suppliers to implement it. We also believe that the regulation...

Participating in the materiality assessment program was a very positive experience for me. The involvement of the entire global leadership team of Damco in the process of discussions and decision-making has reinforced a sense of ownership.

Martin Hilme
A.M. Hilme
Damco
Prioritise material issues

In terms of developing a tool to improve our assessment of reputational risk, we did not progress further in 2021.

In light of the changes to our business, we also analysed our sustainability priorities vis-à-vis the United Nations’ SDGs, which raised the importance of food loss and the health of oceans when determining material issues. The oceans are primarily a responsibility shared value approach. This is to be a challenge that we can take on and we can engage with relevant external stakeholders through their daily work and in dedicated fora.

We collaborate closely with the UN Global Compact, the Clean Cargo Working Group, the World Economic Forum, the Caring for Climate initiative, the Sustainable Shipping Initiative, the Maritime Anti-Piracy Network, the Global Alliance for Trade Facilitation, the World Clean Council, and the Logistics Emergency Teams organisation. As members, we contribute to industry organisations such as Danish Shipping, the Baltic and Nordic Maritime Organisation and the World Shipping Council. We communicate regularly with issue experts in the International Maritime Organisation and other UN agencies, as well as national agencies, for example the Danish Institute of Human Rights.

We are also in regular contact with non-governmental organisations, such as Defra IBI, Action Aid, and Transparency International, universities and think tanks, just as we respond to questionnaires and surveys from investors and rating agencies.

**MATERIALITY MODEL**

1. **INPUT**

   - Stakeholder engagement
   - Issues research
   - Megatrends analysis

2. **ANALYSIS**

   - Frameworks and filters
     - UN Guiding Principles on Business and Human Rights
     - UN Sustainable Development Goals
     - UN Global Compact principles
   - Risk
     - UN Sustainable Development Goals
   - Issue
     - A.P. Moller - Maersk
     - Core Values
     - Business strategy
     - UN Sustainable Development Goals
   - Risk assessment using enterprise risk management methodology

   **Assessment criteria**
   - Does society expect us to contribute to managing the issue?
   - Do our values and commitments require us to take action?
   - Does A.P. Moller - Maersk have significant impact on the issue?
   - Can we drive collective action for change within the industry?

3. **ASSESSMENT**

   **New issues in 2017 are highlighted in blue.**

   **RESPONSIBILITY**

   - Where do we have an opportunity to mitigate significant potential negative impact on people, society, or the environment?
   - Issues:
     - Injuries and fatalities
     - Labour rights in indirect hiring and subcontracted workers
     - Diversity and inclusion
     - Tax practices and transparency
     - Transport and other services to/from conflict zones
     - Land acquisition and resettlement by linked third parties
     - Disaster response
     - Armed security services
     - Health of the oceans

   **RISK**

   - Where do sustainability issues pose a significant financial or reputational risk to our business?
   - Issues:
     - Major accident / oil spill / chemical spill
     - Major non-compliance with corruption regulations
     - Suppliers non-compliance with A.P. Moller – Maersk Third-Party Code of Conduct
     - Unlawfully playing field in the enforcement of global/US regulations

   **SHARED VALUE**

   - Where can we, through our business, pursue and scale solutions to meet significant systemic challenges for the benefit of society and, at the same time, create opportunities for our business?
   - Issues:
     - Disposal of vessels and rigs for recycling
     - Reduction of CO2 emissions
     - Inclusive trade
     - Food loss

A.P. Moller - Maersk
A.P. Moller - Maersk has set its sights on becoming the world’s leading integrated container logistics provider. We will be offering solutions to our customers covering the full range of their logistics needs.

We are guided by the commitments we have made to operate in accordance with the 10 principles of the UN Global Compact and the UN Guiding Principles on Business and Human Rights, our internal policies and standards, expectations from stakeholders in general and as expressed in the Sustainable Development Goals, and not least our Core Values. We are also committed to managing both the risks to society and the risks to our business from sustainability issues.

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<thead>
<tr>
<th>AMBITIONS</th>
<th>PROGRESS</th>
<th>IMPACT</th>
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<tbody>
<tr>
<td><strong>Personal Safety</strong></td>
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<tr>
<td>Safety at work is a basic human right.</td>
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<td>Respect for human rights contributes to an environment for all workers</td>
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<td>5.5 Ensure women's full and equal participation in all political processes</td>
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<td>8.5 Ensure women's full and equal representation in public and political life</td>
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<td>8.8 Promote the rule of law at all levels, including labour rights</td>
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<td>16.3 Promote the rule of law at national and international levels</td>
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<tr>
<td><strong>Environmental Protection</strong></td>
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<tr>
<td>We strive to minimise our operations' negative impact on human health</td>
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<tr>
<td>Emissions from our activities contribute to long-lasting impacts on human health and/or the natural environment.</td>
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<td>1.18 Reduce greenhouse gas emissions</td>
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<td>1.22 Reduce the operational carbon footprint</td>
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<td>1.24 Reduce emissions of other greenhouse gases</td>
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<tr>
<td><strong>Corporate Responsibility</strong></td>
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<tr>
<td>1.25 Manage resources and risks in the natural environment, including labour rights, in our operations.</td>
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<td>1.29 Support the science community in developing sustainable solutions</td>
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<td><strong>Global Partnerships</strong></td>
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<td>Enhance the global partnership for sustainable development to support sustainable development to support the</td>
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<td>12.1 Strengthening the rule of law at national and international levels</td>
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<td>16.3 Promote the rule of law at national and international levels</td>
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<td>17.10 Increase access of small-scale enterprises to international markets</td>
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<td>17.11 Significantly increase the exports of all countries</td>
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<td><strong>Transparency and Ethics</strong></td>
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<td><strong>Human Rights</strong></td>
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<td>All workers, regardless of gender and previous experience, should have access to good working conditions.</td>
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<td>Talents is diverse by nature. It is about being able to retain diverse talent and to support that talent</td>
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<td>5.5 Ensure equal opportunity and political inclusion of all people</td>
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<td>8.5 Ensure women's full and political inclusion of all people</td>
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<td><strong>Shared Values</strong></td>
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<td>Values at the heart of A.P. Moller - Maersk. A global business with a strong commitment to doing the right thing.</td>
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<td>A.P. Moller - Maersk's commitment to responsible business practices.</td>
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Nothing is more important to A.P. Moller - Maersk than to keep the people who work for us safe. This has been a fundamental value for the more than 100 years we have been in business. We did not live up to this value nor meet our own expectations for safety in 2017. We experienced seven fatalities related to our activities (compared to two in 2016), which occurred in APM Terminals, Maersk Line, Maersk Container Industry and Maersk Drilling. Each of these fatalities is a deeply unsatisfactory development. We must and will take action to reverse the trend.

With the objective of reducing operational risk, each of our businesses has a five-year safety strategy in place, which was launched in 2014. A new incident reporting tool was launched in late 2017, allowing for improved, data-driven decision-making on safety. At Maersk Line, a 2018 to 2021 safety plan has been launched with five sub-strategies: safety onboard, shore safety management including improved follow up on incidents and interaction with vessels, vessel technology including design and engagement with key suppliers, training and workshops, and cross-brand safety projects, where A.P. Moller - Maersk can address common industry challenges in the interface between the brands.

Five main priorities
Each of our businesses carries out the safety activities and campaigns that are most relevant to their operations. However, promoting safety is based on three key areas within which all businesses work: leadership, behaviour and culture, innovation and technology, competence and capability, and knowledge sharing.

Each business has activities within each of these areas. The next page provides examples of projects and their outcomes as implemented in our businesses in 2017.

Safety in everything we do

FATALITIES 2017
Business Location Description Employed by
Maersk Line Aaliya Crew member died from burns incurred during maintenance procedures. Maersk Line
Maersk Line At sea Crew member lost at sea under unknown circumstances. Maersk Line
Maersk Drilling Terneq Fjord, Norway Crew member died as result of injury from falling onboard while carrying out maintenance on a seawater pump. Maersk Drilling
Maersk Container Industry Qingdao, China Worker crushed under table during maintenance. Maersk Container Industry
APM Terminals Salalah, Oman Dead died after being found unconscious during underwater hull cleaning. Contractor
APM Terminals Salalah, Oman Dead died as result of being frozen from a height. APM Terminals
APM Terminals Callao, Peru Security guard crushed between cranes quaying for inspection outside the terminal. Contractor

Knowledge & sharing
Maersk Supply Services is a member of Shell Partners in Safety, a network of 500 maritime partners with whom Shell shares business, and in 2017, become a member of the Upstream focus group which is dedicated to safety and resilience training. The network is focused on raising safety standards. In the Upstream Focus group, experiences and best practices in learning, resilience and management commitment are shared.
A.P. Moller - Maersk Sustainability Report 2017

**MORE THAN 7 MILLION MAN-HOURS WITHOUT AN INCIDENT**

Every morning, Ames Ng puts on his hardhat, picks up his clipboard and goes to work at the COSCO Shipyards Dalian in China. He does this in spite of the fact that he does not work for the yard. Ames works for A.P. Moller - Maersk as the company’s designated safety inspector who is overseeing the construction of four vessels for Maersk Supply Services.

On 16 October 2017, with the first of the vessels delivered, the yard celebrated 7.5 million man-hours without a lost-time injury, an impressive safety track record. Just a month earlier, a similar milestone was celebrated. 

Ames plays a big part in the safety success story. He has been driving safety since day one of the contract, ensuring an excellent safety behaviour and acted as role models for their colleagues. For 10 years, the achievement was celebrated and prizes were given to teams of shipyard workers who had displayed excellent safety behaviour and acted as role models for their colleagues.

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**DRONES FOR SAFETY**

Due to the nature of their business, APM Terminals’ ports and inland terminals inevitably have many safety risks, with containers stacked high, cranes and forklifts moving around, and truck drivers entering the premises and carrying out load-related tasks without being trained in the APM Terminals safety culture.

The inland service business in China has come up with a new idea for improving safety. Since late in 2016, they have used a drone to periodically film the site’s operations, looking at traffic flows, monitoring container stack efficiency and unsafe behaviour, for example truck drivers leaving their trailers.

**IMPROVED GUIDANCE ON THE USE OF GUARDS**

In 2017, A.P. Moller - Maersk launched a governance framework with minimum standards for security work related to our activities. To strengthen monitoring and assurance, the framework will be integrated into the Commit programme (see page 18) during 2018.

The framework includes a human rights standard for interacting with private and public security providers and armed guards, which was established in 2017. We refer to this standard in specific contract clauses through our responsible procurement programmes.

With the introduction of this framework and standard, we have strengthened the guidance for local management teams.

**PROGRESS ON PRIORITY AREAS**

The 2015 impact mapping provided us with 34 human rights priority issues of which five needed further attention to close gaps in governance and management maturity. Our progress on these five areas in 2017 can be seen below.

**Enhanced integration of human rights**

Human rights provide a compass for corporate conduct in a world of rapid change and disruption. For A.P. Moller - Maersk, human rights due diligence is a continuous process. We are not perfect, but we are fully committed to the journey and to being accountable for our progress.

With an 18% share of the market for containerised trade, A.P. Moller - Maersk finds itself at the heart of globalisation. Our work depends on the liberal, rule-based and multilateral world order that has brought prosperity to millions of people. Human rights are part of the fabric of that world order. As we aim to globalise new opportunities, we also stand up for the core values and institutions that make it possible.

Our 2017 focus

In 2017, our human rights work focused on two key elements:

- **Reviewing and embedding human rights management in our company.** A.P. Moller - Maersk organised, in order to do this, we carried out an internal gap analysis that compared our existing human rights due diligence to the expectations of the UN Guiding Principles on Business and Human Rights.

- **Follow-up actions on the five issues needing improved management as identified in our 2015 human rights impact mapping (see table below).**

**Solid management with room for improvement**

The gap analysis showed that after working with human rights due diligence for several years, we have a robust understanding of our potential human rights impacts. We have well-established programmes for addressing these impacts in areas such as responsible procurement and labour standards. Moreover, our work on responsible ship recycling is an example of our efforts to build safeguarding in relation to adverse impacts related to our industry.

However, we also found that the effectiveness of our work can be enhanced if we improve the internal follow-up on human rights actions and our external policy statements expressing our commitment to respecting human rights. We will address those improvement areas by further embedding human rights due diligence into the company’s updated sustainability management framework.

**RESPONDING TO EXTERNAL REQUIREMENTS**

Along with this report, we are also publishing our second annual statement under the UK Modern Slavery Act. In this, we have added more details on how we address the risk of modern slavery in our operations and in our supply chain, among other things referencing a case on use of ‘modern’ slavery and providing further assurance of this area, the Commit programme (see page 36).

A.P. Moller - Maersk remains committed to continuous improvement and will be publishing a second statement under the Modern Slavery Act in 2018.

**IMPACT ON SUSTAINABLE DEVELOPMENT GOALS**

We have adjusted our training and training materials, as well as our responsible procurement audits, to focus more on labour practices for both own and subcontracted/tied party workers (see page 14).

In 2017, we published our first statement under the UK Modern Slavery Act, explaining how we prevent modern slavery in our operations.

We are committed to 17 of the Sustainable Development Goals (SDGs) and are confident that we can demonstrate progress on many of these goals. We will continue to progress on the SDGs and will look at new ways to achieve the goals.

**ADVANCEMENT GOALS**

We have developed a framework for how we manage assisted migration, which has been established in 2017. We refer to this framework in specific contract clauses through our responsible procurement programmes and we will continue to progress on the SDGs and will look at new ways to achieve the goals.

**SUSTAINABILITY MANAGEMENT FRAMEWORK**

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Diversity: tools in place, traction needed

In 2017, a slight acceleration in our progress in making our leadership more diverse in terms of nationality. Some of this progress can be attributed to our business operations maturing in different regions of the world. On the other hand, we see our regional talent programmes as a contributing factor to the increase in nationality diversity.

One such programme is the ‘Mpower’ talent programme, which is designed to accelerate the development of high-potential leaders in our Asia operations. In 2017, 21 participants worked with senior management representatives on visibility, learning and coaching.

Moving slowly too

Gender diversity is progressing, but we are not satisfied with the pace. A number of initiatives approved in 2017 aim to change this. In 2017, we expanded our women in leadership programmes to include lower management levels where the share of women is higher. By investing at this level, we hope to support our talent pipeline.

Furthermore, we established an online platform where the alumni of leadership programmes – about 800 women in total – have access to research, blogs and monthly webinars on leadership and personal development.

Targets and performance on representation of women on our boards

Gender representation on the Board of Directors¹

In 2017, the A.P. Møller – Mærsk A/S Board of Directors consisted of 11 members, of which 3 are women (12 members and 3 women in 2016).

The Board set a target in 2015 to be reached by the latest in 2019. Three female Board members were elected at the Annual General Meeting; if the Board consists of less than twelve members. Four female Board members if the Board consists of twelve or more members. The target was reached in 2017 due to the decrease in the number of total Board members from 12 to 11 with 3 female Board members.

The gender balance within the Board reflects the diversity of our target markets and our focus on leadership development. We have also introduced the concept of unconscious bias to leaders in various parts of the organisation. In 2017, we have hosted a wider programme on unconscious bias, which we hope to launch to all employees in 2018.

We are acutely aware that having more women in higher management positions cannot be isolated to a question of recruiting women. Rather, an organisation in pursuit of diversity needs to sensitise its organisation to unconscious biases through training and de-biasing HR processes and leadership behaviour.

‘I’d like everyone committed to diversity – women and men, alike – to make themselves visible and to help and push each other. This is not just a female issue, it impacts us all in different ways, and I’m convinced we will only make progress by working together. We must hold each other accountable and help each other with our biases.’

― A.P. Møller – Mærsk

Chief Human Resources Officer, A.P. Møller – Mærsk

A new diversity and inclusion strategy approved in April 2017 is designed to accelerate the development of high-potential leaders in our Asia operations.

The retention rate for women returning to work and unconscious biases through training and de-biasing HR processes and leadership behaviour.

With a new diversity and inclusion strategy approved in 2017, we will be devoting more of our resources to these dimensions going forward. We have defined leadership and local ownership, unconscious bias and inclusion capability building as well as communication as our three priorities through 2018.

To support the measurement of progress in achieving our gender and nationality diversity ambitions, we have revised our targets to be more ambitious and aligned to our new organisational structure.

The maternity policy one year later

Since the launch of our global maternity and paternity leave policy in April 2016, almost 1,300 employees have made use of the minimum standard of 16 weeks leave across the world. Over 800 employees have taken paternity leave, and at least 300 employees have used the 20% reduced working hours benefit after returning from leave.

The retention rate for women returning to work and remaining with the company for 12 months or longer is now 71%, compared to 70% in our baseline year of 2014. Our goal is to increase our retention rate to 90%.

One way of reaching this target is to ensure consistent and effective application of the parental leave policies and practices across the company’s many locations. An internal survey conducted in 2017 pointed to this area as one with room for improvement. We have made plans to support this area throughout 2018.

‘We are not just about gender, but that is still where the biggest gap in our company is, so this is our priority.’

― Luiza Bublitz

Head of Safmarine for East Coast South America

1 A.P. Møller - Mærsk A/S has a number of subsidiary companies that fall under the same umbrella. It is a holding company and therefore does not have a Board of Directors. The A.P. Møller - Mærsk A/S Board of Directors is the Board of Directors of the A.P. Møller - Mærsk Group.

Networks for a more inclusive workplace

Three years ago, Lucia Rublitz, Head of Safmarine for East Coast South America, took action and helped to establish MIX (Maersk Inclusion for Excellence Network), to promote diversity and inclusion at AS Møller – Mærsk. From its origins in Panama, the network has grown to include employees from other Latin American countries including Chile, Mexico and Argentina, and is now expanding further as a digital inclusion network.

As well as organising seminars and events, MIX was instrumental in pushing for better work-life balance in our Latin American offices, encouraging employees to work from home at least one day a month and introducing maternity rooms. Even such rooms now exist in Latin America, which women returning to work can use. ‘Women not just about gender, but that is still where the biggest gap in our company is, so this is our priority,’ says Rublitz. ‘We can’t do it all in one go, but we need to have opportunities and work together so that all women can benefit.’

‘We are not just about gender, but that is still where the biggest gap in our company is, so this is our priority.’

― Lucia Rublitz

Head of Safmarine for East Coast South America

The Board is aware that there is a diversity of thought in our leadership reflecting that.

Towards an inclusive culture

Our vision is to build an inclusive culture where we can attract employees from the widest talent pool, and where there is diversity of thought in our leadership reflecting that.

Natural progression and intent

In 2017, we saw a slight acceleration in our progress in making our leadership more diverse in terms of nationality. Some of this progress can be attributed to our business operations maturing in different regions of the world. On the other hand, we see our regional talent programmes as a contributing factor to the increase in nationality diversity.

The Board is aware that there is a diversity of thought in our leadership reflecting that.

Talents programmes

One such programme is the ‘Mpower’ talent programme, which is designed to accelerate the development of high-potential leaders in our Asia operations. In 2017, 21 participants worked with senior management representatives on visibility, learning and coaching.

Target development goals

The corporate Social Responsibility agenda, launched in 2015, has ambitions in terms of diversity and inclusion. Combined with a growing recognition that diversity is a fundamental human right.

In the past two years, we have focused on building networks for a more inclusive workplace. Eleven such rooms now exist in Latin American offices, encouraging employees to work from home at least one day a month and introducing maternity rooms.

IMPACT ON SUSTAINABLE DEVELOPMENT GOALS

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Risk analysis

To support the measurement of progress in achieving our gender and nationality diversity ambitions, we have revised our targets to be more ambitious and aligned to our new organisational structure.

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Supply chain: stronger focus and broader scope

A.P. Moller - Maersk continues to manage our direct suppliers through our programme for responsible procurement, which is focused on suppliers in high-risk categories. The list of categories was changed in 2017 to reflect the new company structure and strategy (see page 35). As part of this approach, we engage with approximately 1,500 suppliers out of the 20,000 suppliers with whom we have a contract and a total population of 110,000 suppliers. We engage through audits, self-assessments and documentary reviews, and establish improvement plans if the review findings indicate a need for these.

Progress in 2017

Our activities in 2017 are illustrated below, showing an increase in the number of self-assessments performed by suppliers and more audits performed by us than in the previous year. This is a result of the changes made to our responsible procurement policy in 2016, where supplier assessments are integrated into the overall supplier due diligence, and for some categories an audit is now mandatory prior to signing of a contract. Our main takeaway from these audits is that the majority of issues found are linked to the area of labour and human rights, for example overtime and the use of subcontracted labour.

We have global supplier contract management repositories and sourcing systems. However, some purchases are made by the individual companies in more than 50 countries in which we are present. This presents a challenge in terms of tracking compliance with the responsible procurement due diligence process. In 2018, to better identify and manage social and environmental risks in our supply chain, we will be adding a country dimension to the high-risk categories already in use. This will ensure that progress on compliance will be actively targeted and measured in the regions and countries with the highest risk.

Building capacity on labour rights

Following our human rights impact mapping in 2015, we conducted an in-depth assessment of labour risk. We found that the biggest challenges were related to the use of subcontractors and hiring through third parties.

Subsequently, we have adjusted our responsible procurement audits to reflect the findings of the labour and human rights assessments. The same applies for our training materials for internal courses in responsible procurement. While the training still touches on safety, the environment and anti-corruption risks, the content now gravitates towards labour and human rights issues.

We carried out 53 training workshops for a total of 307 employees across the A.P. Moller - Maersk businesses in 2017, both as face-to-face sessions and as webinars focusing on practices and rights related to labour.

The roll-out of these new materials and processes will continue in the coming years.

Increased focus on trucking

Our container shipping, ports and logistics businesses are working to integrate global corporate logistics. This implies increased focus on transport needs beyond containerised shipping, leading to an even stronger connection between the trucking industry and A.P. Moller - Maersk. From our internal analysis we know that trucking has a widespread presence of issues related to safety and security, labour conditions and rights, emissions to air and corruption. It is also a highly fragmented industry, with a very large number of suppliers.

In 2017, we developed an approach allowing us to include more of the 6,000 suppliers of trucking used by our businesses in our responsible procurement programme. The providers of trucking services that are contracted by Maersk Line, Damco or APM Terminals through the A.P. Moller - Maersk procurement system now sign off on ten requirements related to HSE issues and employment practices. The requirements are available in ten languages so far. We are well aware that this in itself does not guarantee responsible practices. We are following up by including the items covered by the ten statements in the approximately 600 health, safety, security and environment audits of suppliers we perform every year.

Building a strong partnership

We have engaged the supplier in a dialogue specifically focused on the implications of engaging the North Korean workforce, and have put in place additional diligence processes to be performed by all of the yards that we use when hiring workforce via a third party, to prevent similar occurrences going forward. Training of Maersk’s main procurement agencies has been taking place regularly since 2012.

To support our company’s vision of becoming the leading integrator of container logistics and to meet our customers’ needs for end-to-end services, we owe it to ourselves and our customers to deliver services built on, among other things, a responsible supply chain. We must accelerate progress on known and perceived risks in the supply chain, and I stand fully behind efforts to do so.

SØREN TOFT
Chief Operating Officer, A.P. Moller - Maersk

** IMPACT ON SUSTAINABLE DEVELOPMENT GOALS **

1. Tracking / Intermodal
2. Warehousing services
3. Facility management
4. Outsourced labour
5. Terminals
6. Shipbuilding yards / Drydocks
7. Security offshore
8. Promotional items
9. Custom agents
10. Security onshore
11. Construction
12. Chemicals / Paints
13. Equipment / Maintenance / Repair (EMR)
14. Container manufacturers
15. Morning - Seafarers
Managing environmental impacts at sea and on shore

A.P. Moller - Maersk operates fossil fuel powered ships which carry oil and related to our own operations, resulting in the release of CO2, SO2 and NOx into the air. Our operations also come with the risk of accidental spills of potentially harmful substances. In each of our businesses, management systems and responsible practices are in place to mitigate both the potential and actual impacts of our operations.

In 2017, knowledge sharing gained new prominence as environmental networks were established. For A.P. Moller - Maersk, knowledge sharing offers the potential to identify practices that can be shared across multiple operations. For example, APM Terminals now hosts quarterly meetings for more than 60 people that share experience and ideas, developing new environmental management controls and driving capacity building on sustainable operations.

Keeping harmful substances in check
Oil spills constitute a risk which could potentially have very high negative impact on both people and the environment, and is a risk shared across our transport and logistics as well as our energy businesses. The risk of spills is managed in each of our businesses, all of which have spill response plans prepared in accordance with national requirements as well as International Maritime Organization conventions. Training is carried out both for prevention and response. No non-contaminated spills above 10 m³ were registered in 2017.

SO2: finding solutions on the high seas
From January 2020, a global cap of 0.5% on the content of sulphur in fuel will enter into force. This brings a lot of enforcement challenges. It is unclear how non-compliance on the high seas will be detected, or how such instances will be pursued legally. At the same time, the OECD estimates that cleaner fuels will cost the container shipping industry up to USD 33 billion annually. The need for a cap on sulphur in fuels exists because it has been documented that emissions from ships have serious impacts on human health, leading to premature deaths.

We participate in discussions of possible solutions in our own right and as a member of the Ticket Alliance, an association of shipowners committed to strong enforcement of the sulphur legislation. Suggestions currently on the table include making it illegal to carry fuel with a sulphur content higher than the 0.5% limit if vessels are not fitted with a technology approved for exhaust gas cleaning such as scrubbers.

In 2017, A.P. Moller - Maersk decided not to pursue scrubbers, a technology designed to wash the sulphur out of exhaust fumes and discharge it into the sea. We will instead opt for replacing the cheaper bunker oil with fuels with a lower sulphur content.

A 0.5% cap on sulphur content in fuel is already being enforced in what is called emission control areas.2 Maersk Oil registered two non-compliances in 2017. Maersk Oil makes over 500,000 port calls annually, and has no financial benefits from the two incidents.

In March 2017, a non-compliance was determined on a Maersk Line vessel calling at Long Beach in California, with the sulphur content at nearly 0.2% in an area where the sulphur cap is 0.1%. The internal investigation confirmed that the vessel carried compliant fuel, and that the contamination was due to a human error in the switchover procedure.

In July 2017, a Maersk Line vessel the port of Antwerp, Belgium, was in breach of the area’s fuel sulphur limit of 0.1%. Our internal investigation found that the vessel’s low sulphur fuel tank had been contaminated due to human error in operating two butterfly valves between the ship’s high sulphur and low sulphur fuel tanks. The contamination raised the sulphur level in the low sulphur fuel tank to around 0.2%. We carried out a complete cleaning of the low sulphur tanks and the cetane-index systems, have implemented specific procedures to avoid this kind of contamination on all relevant vessels.

NOx: rules and compliance on track
Exhaust gases from vessels and port equipment also contain pollutants such as NOX, which, like SO2, reduces air quality and can impact human health, particularly for people living in port cities and coastal communities.

The latest development in the NOx area is the establishment of the North and Baltic Seas as emission control areas for NOx. The recently adopted rules at NOx level of 10 m³ per hour, for all vessels where construction is initiated after 1 January 2021, NOx emissions will be cut by 75% as compared to ships built earlier. In practice, this means new-builds have to be equipped with catalytic converters or use alternative means in order to comply with the regulation. A.P. Moller - Maersk fully supports this process and will, of course, comply with the rules.

Addressing compliance challenges
During 2017, the Danish Environmental Protection Agency (DEPA) asked the Police to investigate Maersk Oil in respect of occurrences of discharge of red chemicals. Maersk Oil is cooperating fully with the investigation. Chemicals are used throughout the oil production process to ensure safe and efficient operations. This includes improved cleaning of produced water protection of offshore facilities against chemical damage, removal of bacterial growth, which can cause production upssets as well as corrosion.

All chemicals undergo an environmental risk assessment to be approved for a specific use and are classified into four groups; (environmentally acceptable in most circumstances), (yellow can normally be discharged without specific restrictions, but with use monitored), (red can only be used in specific circumspect situations), and (black area prohibited in most circumstances). The risk assessment process also includes a substitution assessment to ensure that less hazardous substances are used wherever possible.

Maersk Oil is complying with regulatory orders received in 2016 relating to the temporary storage of NORM (Naturally Occurring Radioactive Material) in Esbjerg, Denmark. In doing so, Maersk Oil has implemented a number of improvement actions: NDMA consists of minerals found in the subsoil that naturally contain radioactive elements. Handling NDMA is a routine part of oil and gas production operations, especially in mature fields. The NDMA handled by Maersk Oil has low level radioactivity levels and will be handled and stored procedures ensure that it does not pose a risk to the surrounding environment, employees or the public.

Maersk Supply Service has been working closely with the French and Danish authorities on the loss of Maersk Shipper and Maersk Search, which capsize and sank off the coast of Nigeria in December 2016. The investigation carried out by the Danish Maritime Accident Investigation Board showed that this serious incident was the result of a failure by the companies involved in preparing events in both the planning and operational stages. In 2017, we worked diligently to learn from what went wrong, and implemented preventative measures to ensure that a similar incident will not happen again. This included upgrading the risk management systems, marine procedures, training programmes and third-party validation processes.

As we integrate our businesses in container shipping, ports and logistics, there is a lot we can learn from each other. Going forward, I see us changing from compliance-driven to being more proactive, driving value through core operations and focusing on design and resilience.

KEVIN FURNISS
VP, APM Terminals, and Chair of the Health, Safety and Environment Committee, A.P. Moller - Maersk

ENGAGING IN OCEAN PROTECTION
Vessels carrying our proprietary box colour and seven pointed star travel the oceans every day and every hour of the clock, connecting traders and customers across the globe.
We not only use the oceans, we also impact their health. Our vessels emit CO2, which contributes to acidification of the oceans, damaging coral reefs and change marine animalising conditions. The long-term solution to this situation is the decarbonisation of ocean transport.

Alongside working on this challenge, A.P. Moller - Maersk will explore ways to add in the protection of life under water. We envisage that the core of our efforts will involve lending out our vessels to building scientific knowledge. By working together with interested parties, we will be able to collect data that we believe will improve the understanding of climate change effects on the oceans. Gathering data is also likely to contribute to better understanding of potential solutions to the challenge of plastic litter in the oceans.
Aiming for an end to facilitation payments

Vessels carrying cargo for our customers make more than 30,000 port calls annually. In each port, the vessel itself and its papers and documentation are subject to inspection by various authorities. Either part of the logistics chain have numerous interactions with public officials for clearance and release of goods. Unfortunately, this means we operate in an environment where facilitation payments and extortion are common occurrences.

In 2017, A.P. Moller - Maersk continued its fight against facilitation payments. Maersk Line owns roughly half of the vessels in its operated fleet. Compared to 2016, we reduced facilitation payments by 96% on Maersk Line-owned vessels. This is the result of our facilitation payment elimination strategy, launched in 2015, which led to major reductions during 2016, and allowed us to address remaining issues in 2017.

We worked in collaboration with shipowners to extend our practices to the chartered portion of the fleet. This year, we received reports on facilitation payments from the vast majority of these vessels.

Our efforts to reach our zero payments target continue with ongoing communication and support for vessels owned by Maersk Line using our closed-loop financial programme. We also collaborate with chartered vessel owners to extend our practices and to share our knowledge with these vessels.

Danes reduced facilitation payments by over 50% in 2017, by establishing compliance positions across the company and by moving ahead with initiatives related to third parties. For example, vendor training days, Code of Conduct re-certification, pre-screening and audit activities.

Three determining features

For eight years, A.P. Moller - Maersk has worked both alone and in partnerships to eliminate facilitation payments. We have learned that three features determine whether the efforts have a successful outcome:

1. Capability building among our employees on how to navigate extortion is most effective.
2. Mapping of risk in processes and collaboration with local authorities to clarify local rules and regulations.
3. Making escalation channels available to ensure locally competent support in the event of complications.

Sharing our learnings

Because of the level and severity of corruption in the maritime sector, a traditional internal compliance programme is not enough to protect the company and our employees. We must work with others in both our industry and governments. In the past few years, discussions with other industry players made it clear that many companies lack the global organisation necessary to implement the type of on-site support A.P. Moller - Maersk has in place for its vessels. In order to address this, we are currently engaging in a collaborative project between the Ministry of Foreign Affairs of Denmark and a group of Danish shipping companies to test a blueprint for a public-private collaboration model. This model will feature the three characteristics of our model, and will allow companies to utilise the presence and knowledge of Danish embassies to proactively manage corruption risks.

Mitigating risks and fostering a compliance culture

While facilitation payments are a significant risk in the daily operations of A.P. Moller - Maersk, our efforts aim at combating forms of corruption such as bribery, fraud, kickbacks and preferential treatment.

We carry out due diligence of new agents, joint venture partners, key suppliers, as well as mergers and acquisitions targets prior to signing a contract. We assess the corruption risks before acquiring a company or entering a new country. We enforce rules on travel, meals, lodging and entertainment.

All of this is based on continued communication on compliance issues and progress as well as mandatory training for all employees – whether at sea or on shore.

In 2017, APM Terminals established a network of business compliance ambassadors with the company’s CEO as sponsor, one of the initiatives to enhance awareness of the anti-corruption journey. The appointed members of the network are seen as future leaders and will help to strengthen the integration of compliance measures into areas of operations that have a high risk exposure to corruption. The ambassadors take on an advisory role and work with management and the compliance department on compliance initiatives. To better integrate compliance in the business, they are a first point of contact and help to overcome language barriers.

IMPACT ON SUSTAINABLE DEVELOPMENT GOALS

BLOWING THE WHISTLE

The A.P. Moller - Maersk whistle-blower hotline provides internal and external stakeholders with a channel to report suspicions of behavior or practices that violate laws or key company policies. The hotline has been in operation for seven years and is available in 75 languages.

In 2017, reporting activity increased, and a total of 406 reports were received, of which 132 were within the system’s scope and purpose and unrelated to fraud. The hotline on suspicion of behavior or practices that violate laws or key company policies. The hotline has been in operation for seven years and is available in 75 languages.

In 2017, reporting activity increased, and a total of 406 reports were received, of which 132 were within the system’s scope and purpose and unrelated to fraud. The hotline on suspicion of behavior or practices that violate laws or key company policies. The hotline has been in operation for seven years and is available in 75 languages.

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Staying committed to responsible tax

In 2017, A.P. Moller – Maersk’s total tax payments amounted to USD 1.91 billion (USD 1.64 billion) of which USD 1.055 billion related to tax in our Energy division. Due to the separation of the Energy division and especially the pending divestment of Maersk Oil to Total S.A., tax payments will decrease in the years ahead.

Country-by-country reporting
As required by Danish legislation, we have submitted country-by-country reporting on our profits, staff numbers, assets and tax payments to the Danish tax authorities. The reporting will be exchanged automatically and in some cases upon request with the 65 countries that have signed the OECD Multilateral Competent Authority Agreement. We also publish detailed country-by-country information for Maersk Oil online with separate legal requirements.

Further, we publish a full list of all our companies on our website and, for the continuing operations, the taxes paid by region in the Annual Report. For more information on tax challenges and our approach, see the tax feature in our sustainability reports and publications.

Updated tax principles
In response to developments in stakeholders’ interest and changes in the international tax legislative framework, we have reviewed and updated our 2017 tax principles. The principles are guided by the A.P. Moller – Maersk values:

- Constant Care: Monitor developments in legislation and guidelines and manage our tax affairs in accordance with developments.
- Humbleness: We listen to and have a dialogue with authorities and investors when they ask about our tax affairs.
- Uprightness: We are honest and transparent about our tax affairs towards authorities and stakeholders.
- Our employees: Employ the right people with the right qualifications and values. We ensure that all employees are familiar with the A.P. Moller – Maersk tax principles.

Our name: We acknowledge that tax management that does not follow the intent of the law will reflect negatively on our company and its name. We wish to be associated with trustworthiness and be considered by tax authorities and governments as responsible and reliable corporate citizens.

The updated tax principles, which apply to all our global operations, are publicly available at maersk.com/front-page-requirements/tax-principles (see also page 4).

Involvement in the BT Team working group on tax
During 2017, A.P. Moller – Maersk participated in a working group convened by the BT Team, an international not-for-profit initiative to develop a set of principles for responsible tax management. See more about the BT Team at btteam.org/responsi-tax.

The working group, consisting of tax professionals from leading multinational companies, has developed a set of ambitious yet practical principles that define what we mean by responsible tax. They cover a company’s basic approach to tax, its engagement with authorities and others regarding tax affairs, and its reporting to stakeholders. The principles were developed in consultation with representatives from international civil society organisations that work on responsible tax issues.

We appreciate the leadership and support by Søren Skou, A.P. Moller – Maersk CEO, in this process.

The BT Team Responsible Tax Practice Framework was launched early in 2018, and as a founding signatory, A.P. Moller – Maersk is pleased to endorse this framework. We are committed to following the principles and to sharing our experiences with other companies and stakeholders.

The BT Team Responsible Tax Practice Framework is available on our website.

Dialogue with stakeholders
In addition to the BT Team, we continue to engage in dialogue activities with various stakeholders to increase our mutual understanding of the complex technical and ethical issues related to corporate tax for international companies.

During 2017, we engaged with, among others, the IEA/Defra led Tax Dialogue project in Denmark, which brings together a multi-stakeholder group of business, investors and NGOs. The dialogue meetings began in 2014, and will continue in 2018, focusing in particular on tax issues in developing countries.

We were also part of the International Chamber of Commerce’s Tax Commission that issued a set of guidelines on tax principles for companies in 2017.

A.P. Moller - Maersk 2017 Tax Principles
The A.P. Moller - Maersk Tax Principles have been approved by the A.P. Moller - Maersk Board of Directors and apply to A.P. Moller - Maersk A/S and all controlled entities.

1. Good Corporate Citizenship
We shall observe the A.P. Moller - Maersk values, act with integrity and maintain good corporate citizenship in handling the tax affairs of A.P. Moller - Maersk by complying with applicable regulations, acting in an upright manner towards public authorities and paying taxes as required.

2. Transparency and Relationships with Governments
We recognize that our various stakeholders have an interest in receiving appropriate insight into A.P. Moller - Maersk’s management of its tax affairs. We shall comply with all our disclosure requirements and will as appropriate contribute to increasing public understanding of the tax system.

We shall disclose all required information to enable the tax authorities to make an informed assessment of our tax liability.

We shall disclose information to the public and press upon request,更何况是了, practicable, subject to business confidentiality.

A.P. Moller - Maersk will voluntarily publish a list of countries in which it operates and offers periodic updates.

3. Value Creation for Shareholders
Within the boundaries set by legislation and practice, we shall support value creation for shareholders by improving profits and cash flow through the effective management of tax assets, costs and payments and the efficient implementation of major transactions and corporate structure.

4. Responsibility for Tax Governance
The Board of Directors of A.P. Moller - Maersk approves general tax principles and oversees governance over corporate tax affairs through tax updates on the tax positions.


We shall comply with all tax rules and regulations applicable to A.P. Moller - Maersk’s activities in all the countries in which we operate.

We shall also disclose tax information related to the tax laws of the countries in which we operate.

We shall not seek or use artificial structures to reduce our tax liabilities.

We shall disclose any tax savings to the tax authorities.

The A.P. Moller – Maersk Sustainability Report 2017
The new truth about ship recycling

N

o less than 85% of all ships are dismantled at substandard facilities in South Asia. This happens despite many large shippers having a policy on responsible ship recycling.

Since 2009, A.P. Moller - Maersk has had a responsible ship recycling standard based on a strict interpretation of the Hong Kong Convention regarding health, safety and environmental issues. As a result, we have previously sent our vessels for dismantling only in Europe, China or Turkey, ruling out options in South Asia as the yards there did not live up to the voluntary requirements above legal compliance level that are in our standard. We remain fully committed to this standard. Upholding it comes at a considerable cost compared to operating at a legal compliance level.

Past approach: high cost and low impact

In 2016, we began sending ships to selected yards in Alang, India, based on two considerations. Foremost was the fact that a handful of leading yards in Alang had begun upgrading their facilities and practices in a way that meant they were close to being able to comply with our standard regarding both safety, human rights and the environment. Secondly, while we had been applying our own voluntary standard since 2009, which implies leaving money on the table every time we send a ship for recycling, this had not proven effective in driving a solution to this industry problem any closer.

The result was that we found ourselves in a situation where we were spending money on exceeding compliance requirements, but without this effort resulting in a spread of responsible practices benefiting the environment or the workers. Furthermore, it did not help narrow the competitive disadvantage our approach was giving us. Working in accordance with our own standard did not create real change, and this is of particular concern to us. Because although we take responsibility for our own vessels, this is an industry-wide problem which we are linked to far beyond the vessels we own up to the time of recycling. We are also linked to the problems in ship recycling when we sell off vessels before end of life, when we charter vessels or when we place cargo on vessels belonging to other shipowners. This number of such vessels far exceeds the number of vessels that we send for recycling.

Going to Alang

Following improvements to a few ship recycling yards in Alang, and interest amongst a larger group of yards in possibly implementing upgrades, we saw the opportunity to create new momentum and race to the top through the use of market forces. The purpose of working with yards in Alang is to use our commercial power to change conditions on the ground in order to build the leverage to transform the industry. Our approach is to sign commercial deals with the best yards, where we accept a lower price for the ships than what is normally paid in Alang. At the same time, we commit to helping the yards upgrade their practices while contractually requiring full implementation of our standard controlled by onsite supervision throughout the process as well as quarterly audits by third parties.

The six vessels we have sent to three yards in Alang over the past 20 months represent the vanguard of the ship recycling iceberg. The purpose they fulfill, however, is to build a case for responsible ship recycling in Alang, where collaboration and investments made by yards drive performance above legal compliance. Our vision is to be part of transforming the entire ship recycling industry in Alang.

We have been heavily criticised by some stakeholder groups for this. The claims that we are sending ships to Alang to save money, and that it is irresponsible to work with the yards before they are fully compliant. For A.P. Moller - Maersk, it would have been less costly to continue to recycle a few vessels in China every year, and sell off other ships before end of life, or chartering tonnage rather than owning vessels. This approach does not drive change in those places where 85% of ships are recycled, most often under unacceptable standards. We believe that being on the ground could help solve this industry-wide problem.

The A.P. Moller - Maersk responsible ship recycling standard

• Builds on a strict interpretation of the Hong Kong Convention in relation to health, safety and environmental issues.
• Makes additional demands regarding practices with anti-corruption, subcontractor conditions, labour and human rights as well as waste management.
• Requires on-site presence by A.P. Moller - Maersk representatives, demands skills and equipment upgrades and establishes the right to stop work for all employees.

The new truth about ship recycling

The new truth about ship recycling

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Proving the case for engagement
After almost two years in Alang, we are encouraged by and truly excited about the progress made so far. The completion report for the first two vessels we sent to Alang – Miasnik Ganges and Miasnik Wyoming – shows that commercially-viable and environmentally sound recycling in Alang is possible. We delivered these first two vessels to Shree Ram Yard (plot 78) in spring 2016, and the dismantling was completed in late summer 2017. During this period, the yard’s performance has improved significantly (see page 43).

Furthermore, audits show that all the yards we work with are operating in full compliance with our standard, and are even exceeding our standard by fully eliminating contact with the intertidal zone during primary cutting, which means they are operating at or below the level we require: it is the only way to do it in China and Turkey.

Finally, we see real improvements in upgrades in many other yards, and when we sold our second batch of vessels, we saw yards competing on higher standards and not just on price. We believe these changes send a signal to the yards to improve. The second batch of vessels, we saw yards competing on upgrades in many other yards, and when we sold our second batch of vessels, we saw yards competing on upgrades in many other yards, and when we sold our second batch of vessels, we saw yards competing on higher standards and not just on price. We believe these changes send a signal to the yards to improve.

Improving health facilities in Alang
Another stated vision for engaging with ship recycling yards in Alang was to contribute to improving conditions for the wider Alang community. In the belief of A.P. Møller - Mærsk, the Public Health Institute Foundation of India carried out a survey in the summer of 2017. The purpose was to assess the prevailing health hazards in the ship-breaking yards in Wider Alang and risks faced by the workers, to assess gaps in existing health care services to address the health care needs of the workers and their families, and to provide recommendations for future efforts. Stakeholders such as the Red Cross, local hospitals and local bank, workers, local authorities and the local ship recycling industry association were consulted for this survey.

Access to health care – both in general and in emergencies – was confirmed as the most urgent unmet need. As a first intervention in this area, we have engaged in improving the environment of the workers in Wider Alang, in partnership with the Indian Red Cross.

Independent assurance report

To the Stakeholders of A.P. Moller - Mærsk A/S

A. P. Møller - Mærsk A/S engaged us to provide limited assurance on the data and information described below and set out in the Sustainability Report of A.P. Møller - Mærsk A/S for the year ended 31 December 2017.

Our conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us not to believe that the data and information in the A.P. Møller - Mærsk A/S Sustainability Report for the year ended 31 December 2017 are free from material misstatement, whether due to fraud or error.

Independent and quality control

We have completed with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other ethical requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. The firm applies International Standard on Quality Control and accordingly maintains a comprehensive system of quality control including documented policies and procedures concerning compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. Our work was carried out by an independent multidisciplinary team with experience in sustainability reporting and assurance.

Copenhagen, 9 February 2018

PricewaterhouseCoopers
Statensrevisioner I Danmark
Grundtall 37
1332 Copenhagen K

Mogens Keiser Møgelov
State Authorised Public Accountant
mma3243A
Performance on social, environmental and economic indicators

<table>
<thead>
<tr>
<th>MAERSK LINE</th>
<th>APM TERMINALS</th>
<th>DAMCO</th>
<th>SVITZER</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Social performance</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of employees (FTEs)</td>
<td>32,200</td>
<td>31,648</td>
<td>32,702</td>
</tr>
<tr>
<td>Women in leadership</td>
<td>28%</td>
<td>19%</td>
<td>22%</td>
</tr>
<tr>
<td>Gender – female/total</td>
<td>32%</td>
<td>11%</td>
<td>8%</td>
</tr>
<tr>
<td>Target achievement in leadership</td>
<td>8%</td>
<td>80%</td>
<td>6%</td>
</tr>
<tr>
<td>Target achievement/total (based on headcount)</td>
<td>8%</td>
<td>79%</td>
<td>92%</td>
</tr>
<tr>
<td>Total employee headcount</td>
<td>0.53</td>
<td>0.50</td>
<td>0.52</td>
</tr>
<tr>
<td>Energy consumption (1,000 tonnes CO₂)</td>
<td>1,086,531</td>
<td>1,053,291</td>
<td>1,072,398</td>
</tr>
<tr>
<td>Other air emissions</td>
<td>37,371</td>
<td>37,371</td>
<td>37,371</td>
</tr>
<tr>
<td>Indirect GHG emissions (1,000 tonnes)</td>
<td>1,841,259</td>
<td>1,841,259</td>
<td>1,841,259</td>
</tr>
<tr>
<td>Waste (1,000 tonnes)</td>
<td>317,537</td>
<td>317,537</td>
<td>317,537</td>
</tr>
<tr>
<td>Water (1,000 m³)</td>
<td>287,308</td>
<td>287,308</td>
<td>287,308</td>
</tr>
<tr>
<td>Economic performance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue (USD million)</td>
<td>1,016,548</td>
<td>891,312</td>
<td>934,174</td>
</tr>
<tr>
<td>Result (USD million)</td>
<td>38,524</td>
<td>38,524</td>
<td>38,524</td>
</tr>
</tbody>
</table>

1. Discontinued operations as complying of Maersk Drilling, Maersk Oil, and Maersk Supply Service. Financial data is taken from the audited Annual Report of A.P. Moller - Maersk. The annual accounts and independent auditor’s report can be found at investor.maersk.com/financials.cfm
We welcome any questions, comments or suggestions you might have to this report and our performance. Please send your feedback to:

A.P. Møller – Maersk
Esplanaden 50
1098 Copenhagen K
Denmark

Att: Sustainability

You can also send an email to:
sustainability@maersk.com

2017 Annual Report

We have tailored the external financial reporting towards the needs of our different stakeholders with two annual publications.

The Annual Report focuses on the detailed, legally required information, whereas the Annual Magazine focuses on providing an overview of key developments during the year. The publications can be read individually or combined depending on our stakeholders’ interests.

The Annual Report is available electronically in English at investor.maersk.com.

The Annual Magazine provides an overview of the operations and performance of A.P. Møller – Maersk in a concise and easy-to-read format. The publication is not a substitute for the Annual Report and does not contain all the information needed to give a full understanding of A.P. Møller – Maersk’s performance, financial position and future prospects as provided in the Annual Report. The Annual Magazine is available in hard copy and electronically in English and Danish at maersk.com/yearinreview.

A.P. Møller – Maersk also produces Interim Reports for each of the first three quarters of the year. Presentations tailored for investors and the financial markets are also uploaded every quarter at maersk.com.

A.P. Møller – Maersk also hosts a Capital Markets Day on a regular basis. The Interim Reports, presentations and webcasts can be found on our Investor Relations website investor.maersk.com. Presentations tailored for investors and the financial markets are also uploaded every quarter at maersk.com.

The Board of Directors of A.P. Møller – Maersk A/S continues to consider the “Recommendations for Good Corporate Governance” put forward by NASDAQ OMX Copenhagen. Further annual good corporate governance information is available in the statutory annual corporate governance statements, cf. section 107, item 5, of the Danish Financial Statements Act covering the financial period 1 January to 31 December.

An independently assured Sustainability Report is published by A.P. Møller – Maersk and covers all its material sustainability issues. The Sustainability website maersk.com/business/sustainability provides additional information on the UN Global Compact requirements and describes how A.P. Møller – Maersk fulfils these (Maersk COP), as well as A.P. Møller – Maersk’s accounting principles regarding sustainability.

The Annual Report and the Annual Magazine contain forward-looking statements on expectations regarding the achievements and performance of A.P. Møller – Maersk. Such statements are subject to risks and uncertainties, as various factors, many of which are beyond the control of A.P. Møller – Maersk, may cause actual results and development to differ materially from the expectations contained therein.

2017 Annual Report

Esplanaden 50, DK-1098 Copenhagen K / Registration no. 22756214

A.P. Møller – Maersk A/S