



MAERSK
TANKERS

Communication on Progress



Dear Sirs,

Subject: Communication on Progress

I am pleased to confirm that Maersk Tankers A/S reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this annual Communication on Progress (COP), we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations.

Our first COP is a standalone document titled 'Sustainability Update 2019 – Sustainability in action'. This has been printed and distributed across our offices and our fleet.

We also commit to sharing this information with our stakeholders using our primary channels of communication.

Kind regards,

Christian Michael Ingerslev
CEO
Maersk Tankers A/S

Summary of Priorities



Safety

We ensure the safety of our employees and contractors, assets and protection of the environment.

Why this matters:

Safety relates to personal safety, operational safety and security, and we are responsible for carrying out our business efficiently and incident free.



Regulatory

We are exploring technology and fuel options to ensure a cost-effective compliance.

Why this matters:

Compliance with regulations requires investment and commitment, which should be shared equitably between all stakeholders in the industry.



Environment

We reduce the environmental impact of our operations by reducing CO2 and other harmful emissions.

Why this matters:

Climate change affects everyone, and we have a part to play by doing business in a way that minimizes our environmental impact.



Responsible Business

We uphold our values and protect our name. Responsible business relates to anti-corruption, responsible procurement and respect for labour and human rights.

Why this matters:

This benefits the environment and the social fabric of society.



About Maersk Tankers

- Operates one of the world's largest fleets of product tankers
- Founded in 1928
- Signatory to the UN Global Compact
- Member of the Maritime Anti-Corruption Network (MACN)

- Green Award certified for oil and chemical
- Founding member of High Impact Low Frequency Maritime Risk Management (HiLo MIRM)

For more information:
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Maersk Core Values

- Constant care**
Take care of today, actively prepare for tomorrow
- Humbleness**
Listen, learn, share, give space to others
- Uprightness**
Our word is our bond
- Our employees**
The right environment for the right people
- Our name**
The sum of our values, passionately striving higher

Sustainability Update 2019

Sustainability in action

Ensuring a sustainable future



Dear Reader,

I am pleased to present the Maersk Tankers Sustainability Update 2019, the final one under the 'Sustainability in action' tag line. A new materiality assessment will be conducted in due course which will identify Sustainability Priorities for the 2020-2022 period.

As the implementation date for the 2020 Global Sulphur Cap is imminent, Maersk Tankers has kept all options for compliance open, including the use of scrubbers. Whilst most of our vessels will use low sulphur fuel for compliance, Maersk Tankers has contracted for the installation of scrubbers on four of our vessels.

With our ongoing focus on safety, we now want to compare the strength of the safety culture across the fleet to identify areas for improvement. We want to move from a reactive culture to an intervention culture,

so that the default reaction of everyone in the organization is to use their stop work authority when witnessing dangerous acts or hazardous conditions.

Effective utilization of data is important. We are enhancing our trending and analysis capabilities using Power BI and HiLo predicative risk modelling to prevent high impact incidents. Real time data is also being used to monitor and optimize voyage execution with the use of internally developed digital tools.

Our Sustainability Policy has been updated to now include business continuity and cyber security, thus strengthening the resilience of the organization.

Being a signatory to the United Nations Global Compact (UNGC), Maersk Tankers is committed to conducting its business in a sustainable and responsible manner in accordance to the relevant UN Sustainable Development Goals (SDG).

Together with our strategic ambition for CO2 reduction, the above will assist us to positively shape the future.

Christian M. Ingerslev
CEO of Maersk Tankers

Safety

Personal Safety, Operational Safety and Security

The tanker industry requires careful risk management and an unrelenting focus on safety due to its inherent high risk nature. Incidents can have severe effects on people, the environment and assets, which is why safety is a top priority for Maersk Tankers.

Our goal remains zero incidents. To achieve this, we rely on the support of our employees to foster an effective safety culture, driven by procedural compliance, a healthy reporting culture, Stop Work Authority and pro-active communication.

High Impact Low Frequency Maritime Risk Management (HiLo MRM) is an independent, non-profit organisation established by the shipping industry to assist in reducing the risk of high impact low frequency incidents. Being an industry leader with the aim of driving safety improvements across the industry, Maersk Tankers is a founding member and has a seat on the Board of Directors.

We are continuously looking for opportunities to improve our safety performance. By harnessing the data and intelligence we have about operations, we are developing leading indicator tools to supplement our traditional safety measures. This will allow us to proactively improve our safety performance.



Regulatory

Rules and Regulations

Maersk Tankers is a compliance company and continues to reiterate and enforce its compliance culture amongst its employees, both at sea and on shore.

Ongoing activities to ensure compliance with forthcoming high impact regulations:

- Ballast: Maersk Tankers has been proactive in implementing the Ballast Water Management Convention. 18 vessels are already fitted with Ballast Water Treatment Systems and we are gaining a lot of operational experience. Additionally, retrofit projects have been successfully completed and tested on two Maersk Tankers vessels.
- Inventory of Hazardous Materials (IHM): 82% of the current fleet has had the IHM process initiated. Class has completed their review of IHM and issued approval documents for 79% of the fleet. 70% of the fleet have gotten their Statement of Compliance (SOC) issued for European Union Ship Recycling Regulations (EUSRR) and Hong Kong Convention (HKC). IHM compliance for fleet is planned for completion well before the 2020 deadline.
- SOx: All Maersk Tankers vessels are being evaluated for operational requirement and modification, if any for complying with the 2020 Global sulphur cap. In due time, vessel specific ship implementation plans will be prepared. The intention is to commence changing to compliant fuel by last the quarter of 2019. An exhaust scrubber system will be installed on one of the existing LR2 vessels, as well as three LR2 new buildings.

Environment

Fuel Efficiency and Emissions

Maersk Tankers is now using three pillars to measure and improve fuel consumption on board, and by extension, efficiency. These are:

- Propulsion: A pro-active approach to pre-empt hull and propeller fouling and monitoring of specific fuel oil consumption (SFOC).
- Power Management: Accomplished via improved maintenance whilst simultaneously changing human behaviour to ensure optimum operation of equipment.
- Voyage Execution: Using data and real time parameters as input into 'SimBunker'. The results are then used to optimize the voyage conditions.

Maersk Tankers is fully compliant with the European Union Monitoring, Reporting and Verification (MRV) Regulation of CO2 emissions and the IMO Data Collection System (DCS) on fuel consumption. An ambitious target for the reduction of CO2 emissions has been set, commencing with a 30% reduction by 2021, using 2008 as the baseline.

The Maersk Pelican Flettner Rotor test period was completed 01 September 2019 and evaluation of the overall efficiency gain is in process. The rotors have operated without major technical challenges and the rotor efficiency, with the resultant environmental benefit, is anticipated to be in line with expectations.

Environmental Compliance

The ban on the carriage of non-compliant fuel was adopted at IMO, with an entry into force date of 01 March 2020, i.e. two months after the IMO global sulphur cap comes into effect. Maersk Tankers vessels will be using low sulphur fuel to comply.

Responsible Business

Anti-Corruption

Maersk Tankers faced challenges on some of our vessels in Egypt, including when transiting the Suez Canal because of our zero tolerance towards corruption. Facilitation payments were requested, and when these were not forthcoming, services to the concerned vessels were withheld. These issues were escalated to the highest local authorities as they happened. Additionally, they have also been brought to the attention of MACN.

We are pleased to state that our Masters stood firm in the enforcement of the Maersk Tankers Anti-Corruption Policy while ensuring the safety of the crew and vessel.

Responsible Procurement

Maersk Tankers is conscious of the fact that our procurement decisions can impact the environment and society. Thus, we are committed to manage these risks by continuing to assess our suppliers in high risk categories. Through close collaboration and audits, we ensure adherence to our company's thirdparty code of conduct.

Our ambition is to further align our Responsible Procurement setup to the company strategy for CO2 reduction. By focusing on our suppliers relationships, we will further improve our supply chain performance.

Labour and Human Rights

Maersk Tankers continues to monitor improvement plans for our current new building shipyards, i.e. Samsung Heavy Industries (Ningbo) Co. Ltd. and Dalian Shipbuilding Industry Co. Ltd. This focuses on labour and human rights, including the same for subcontractors. External auditors are being used for the verification of resolved non-conformances owing to their local knowledge and proximity to location.