



MAERSK
TANKERS



Sustainability **highlights** 2009



Foreword

by the CEO



"In Maersk Tankers we believe in taking responsibility and that is why we strive to excel in both safety and environmental matters. A greener and safer world is at the top of our agenda."

Dear Reader

The highest safety and quality standards are pivotal to operating successfully in the tanker markets. Maersk Tankers' vision is to be best in class as well as the recognised industry leader by our customers, providing second to none safe, sustainable and cost efficient cargo transport solutions through innovative design and engaged employees.

With the financial results for 2009 in hand and the outlook for 2010 not living up to the past, it is important to recognise that being committed to developing high quality, safe and environmentally sound solutions will help keep Maersk Tankers and Broström ahead of our competitors.

Through innovation, realistic targets and hard work, Maersk Tankers is working towards a sustainable future. With great success we have already taken many initiatives – many of which you can read about in this report. Now as well as in the future, tankers will constitute the logistics of the energy chain. In Maersk Tankers we believe in taking responsibility and that is why we strive to excel in both safety and environmental matters. A greener and safer world is at the top of our agenda.

Søren Skou
CEO of Maersk Tankers



Maersk Tankers operates a large fleet of crude oil carriers, product tankers and gas carriers. We are headquartered in Copenhagen, Denmark and have offices in Japan, Singapore, China, South Korea, the USA, Sweden, France and Italy. Around 3,000 people work for us, including seafarers and shorestaff.

Highly dependent on the oil industry, the reduced global demand for oil put tanker shipping companies under pressure in 2009. In January, Maersk Tankers acquired Broström, forming the world’s leading product tanker company with a combined fleet of around 275 product tanker ships. The integration of Broström was a main priority in 2009.

We believe the rules of doing business have permanently changed. Looking ahead, we must focus on maintaining a competitive edge through maximising our performance. We recognise that

these new market conditions call for new ideas to keep us ahead of our competitors.

“Sustainability is the new way of doing our business and delivering our services,” says Søren Skou, CEO of Maersk Tankers. “In all areas of operations, we need to strive for continuous, socially responsible improvement in our performance.”

VISION: RECOGNISED SUSTAINABLE LEADER

In this environment, we prepared a sustainability strategy 2009. It supports

our business strategy and provides a competitive advantage through cost savings and cost avoidance, more effective and environmentally-friendly operations, creation of innovative business opportunities and the ability to attract and retain engaged employees. Our vision is to be positioned as a recognised sustainable leader in the tanker industry.

As part of the strategy process, we have consulted employee engagement surveys, analysed tenders and reviewed customer audits for trends and opinions on our stakeholders’ preferences.





The results were apparent across the board, costs and safety are of the highest concern and requests for proof of sound environmental management are also beginning to show.

Safety and the environment constitute the mainstay of our sustainability strategy. We have recently included CSR, and aim to ensure that our organisation is capable of implementing the Group programmes of responsible procurement, labour rights and anti-corruption.

COST: REDUCTIONS BY OPTIMISATION

Throughout 2009, the focus of our business was on cost reductions. Some of these have been achieved through a dedicated emphasis on analyses and tests of possible methods for fuel optimisation and other efficiencies. Among these are slow steaming and a related concept 'virtual arrival', which

through cooperation with customers permits Maersk Tankers to optimise sailing (see text box on page 89).

Thus far, many of our projects have been through the test phase and proven viable in terms of costs and benefits.

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We aim to apply these – and others that may be found and proven at a later stage – to our entire fleet.

FOCUS: HEALTH, SAFETY AND SECURITY

The highest safety, health and security standards are pivotal to operating successfully in our industry. Since

the release of our last 2007/2008 HSE Action Plan in this area, we have achieved a number of improvements:

- All round quality improvement in safety and environmental reporting and the responses to reports. Respon-

sible parties have, since 2008, been designated to review, investigate and impart constructive responses to submitted reports; this in turn has reduced the number of unresolved reports in our safety reporting system.

- Near-miss reporting has increased nearly 70%. This equates to an in-



crease in hazard-spotting and safety awareness, which in turn leads to an improved organisational safety culture.

- Ships have been encouraged to formulate their own safety initiatives, fostering a proactive onboard approach to safety.
- The focus on knowledge-sharing has been a key issue. Maersk Tankers and Broström have both participated in industry knowledge-sharing events, with important information from these events being cascaded down to our ships.

For 2010, we have a Sustainability Action Plan including 10 items for safety, health and security covering campaigns, safety training, analysis of data for trends as well as security training and drills.

ENVIRONMENT: 'HIGH BUT ACHIEVABLE TARGETS'

In terms of environmental issues, Maersk Tankers recognises that it is part of the problem, but also part of the solution. The sustainable development of our business unit includes the development of environmentally-sound solutions to the challenges relating to the environment and climate change.

"Good environmental solutions offer a competitive edge to our business. They improve risk management and make us less exposed to the compliance costs related to the increasing amount of environmental regulations. Equally important, they bring benefits to our employees, the environment and the communities in which we operate," explains Maurice Meehan, Environmental Manager for Maersk Tankers.

Setting high but achievable targets is our preferred approach to realising improvements in our performance. The prime example of this is our reduction target for CO₂ emissions: we aim to achieve a relative 15% reduction between 2007 and 2015 for all ships. To align with Group strategy, we have a sub-target to reduce our emissions (also relative) by 5% by 2012.

Meeting this target will require a combination of initiatives within new technologies, optimised operation of ships, improved communication between sea and shore and investigation of alternative fuels.

PERFORMANCE IS KEY

The general trend shows an improvement in our environmental performance from 2008 to 2009. The main contributing factors are a range of focused efforts to limit fuel consumption, instal technology which improves ship performance, and train employees in environmental management and awareness.

"We have to recognise that when we talk about Green Shipping, we are still talking in future terms, but we acknowledge that we cannot sit and wait for these technologies to become available. Running our ships with an increased focus on energy efficiency will give us immediate benefits from a cost perspective, an environmental perspective and also a social responsibility perspective," says Søren Skou.

Maersk Tankers have set targets for 11 areas in our action plan for 2010. These relate to our long-term environmental focus areas, which are:

- Air emission reduction targets
- Waste management
- Sustainable use of resources
- Chemical management

- ISO 14001 for entire fleet
- Increased environmental management and awareness

"At the moment, I don't think customers will choose us for our CO₂ cutting initiatives if we are more expensive. Especially in the spot market, where price is the main factor given current market conditions. But we are convinced that in the long term, enabling our customers to reduce their carbon footprints will give us a strong competitive edge," says Maurice Meehan.

VIRTUAL ARRIVAL

'Virtual arrival' provides the customer with the possibility of slow steaming a ship, when other factors such as congestion at the discharge port will cause waiting time. By slow steaming, a tanker will use less fuel oil and thereby reduce costs and CO₂ emissions.

'Virtual arrival' refers to the point in time when the ship would have arrived in port had it continued at the original speed set out in the Charter Party. The calculations require detailed input on consumption, weather forecasts and route details, and are made using a programme developed specifically for this purpose.

In September 2009, Maersk Tankers piloted the 'virtual arrival' concept on a voyage from Batumi in the Black Sea to the UK. 550 nautical miles from loading port, after passing the Bosphorus Strait, the ship commenced slow-steaming. The result was a delay of 27 hours and savings of 58MT of fuel oil and 183MT of CO₂ emissions, which resulted both in an increase in profit of about 8-10% on Maersk Tankers' part (based on market conditions at the time) as well as improved CO₂ results.



Social performance

Our employees		2007	2008	2009 ^a
Number of employees ^b		–	–	2,964
Employee engagement ^c	%	67	74	67 ^d
Performance appraisals	%	–	–	5

Safety		2007	2008	2009	benchmark	target 2010
Lost time injury frequency (LTIF) ^e	frequency	0.59	1.38	1.42 ^f	1.39 ^g	0.6
Fatalities	number	0	0	0	–	0

Environmental performance^h

Energy consumption		2007	2008	2009 ^a
Fuel oil	1,000 tonnes	528.00	624.13	456.43
Diesel	1,000 tonnes	–	51.21	51.65
Natural gas	1,000 tonnes	38.10	–	–
Electricity	1,000 MWh	–	–	0.00
Direct energy consumption by primary energy source	GJ	–	–	20,698,400.19
Energy intensity	MJ/USD turnover	29.60	–	17.75

Greenhouse gas (GHG) emissions		2007	2008	2009
GHG emissions	1,000 tonnes CO ₂ eq	1,775.00	2,211.91	1,598.89
Direct GHG emissions (Scope 1 GHG Protocol)				
CO ₂	1,000 tonnes	1,764.86	2,111.19	1,585.95
CH ₄	1,000 tonnes CO ₂ eq	2.38	2.86	2.11
N ₂ O	1,000 tonnes CO ₂ eq	7.98	9.69	7.17
HFC	tonnes CO ₂ eq	n/a	n/a	n/a
PFC	tonnes CO ₂ eq	n/a	n/a	n/a
SF ₆	tonnes CO ₂ eq	n/a	n/a	n/a
Indirect GHG emissions (Scope 2 GHG Protocol)				
CO ₂	1,000 tonnes	–	–	0.00
CH ₄	1,000 tonnes CO ₂ eq	–	–	0.00
N ₂ O	1,000 tonnes CO ₂ eq	–	–	0.00
GHG intensity	kg CO ₂ / USD turnover	–	–	1.37

Other air emissions		2007	2008	2009
SO _x	1,000 tonnes	25.71	34.07	18.87
NO _x	1,000 tonnes	42.62	49.36	36.20
VOCs	1,000 tonnes	0.00	1.49	0.58
Particulate matters	1,000 tonnes	1.68	4.74	3.46

Other environmental impacts		2007	2008	2009
Steel consumption	1,000 tonnes	–	–	0.00
Waste total	1,000 tonnes	–	–	0.26
– recycled (composting, reused, recycled)	1,000 tonnes	–	–	0.24
– solid (landfill, on-site storage, incineration)	1,000 tonnes	–	–	0.03
– hazardous (controlled deposit)	1,000 tonnes	–	–	n/a
Water consumption	1,000 m ³	–	–	n/a
– surface water	1,000 m ³	–	–	n/a
– ground water	1,000 m ³	–	–	n/a
– rain water	1,000 m ³	–	–	n/a
– municipal water supplies/water utilities	1,000 m ³	–	–	n/a
Spills	m ³	–	–	0.00

Economic performance

		2007	2008	2009
Revenue	USD million	–	940	1,166
Electricity cost	USD million	–	–	0.00

n/a = Not applicable

– = Not available

^a Broström activities not included in environmental and safety data.^b Average number of full-time employees excluding jointly-controlled entities and discontinued operations.^c The number reflects the % of engaged employees who participated in the annual engagement survey. "Engaged" is the combination of satisfaction, pride, referral and intent to stay in the organisation.^d Includes both Maersk Tankers and Broström.^e LTIF measures the number of lost time injuries excluding fatalities per million exposure hours.^f This figure includes LPG's which are not under direct technical management of Maersk Tankers' Technical Operations.^g International Association of Independent Tanker Owners (INTERTANKO), www.intertanko.com.^h Different conversion factors have been applied across the years and across various activities.ⁱ Data is based on landing of waste at Green Pated ports. Maersk Tankers rates Green Ports as those with the infrastructure available to manage waste landed to the highest environmental standards. Only waste landed at these Green Ports has been presented in this report. Waste from ships is measured in m³, and a conversion factor of 1 has been used to convert amounts into tonnes.

Assets

166 ships

- 10 owned crude carriers
- 84 owned product tankers
- 51 chartered product tankers (not operated by us)
- 10 owned LPG carriers
- 11 chartered LPG carriers





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