



Sustainability highlights 2010



Foreword

by the CEO



“Sustainability is a priority for Damco. First of all, it makes good business sense. Secondly, it is a growing request from our customers, our employees and the communities. And finally and most importantly – because we truly care.”

Dear Reader

Damco is one of the world's leading providers of freight forwarding and supply chain management services. For more than 100 years, we have been providing our customers with transportation and logistics solutions that support the way they want to do business, wherever they are in the world. With 10,500 professionals in over 280 owned offices around the world, Damco manages more than 2.5 million TEU of ocean freight and supply chain management volumes and more than 70,000 tonnes of airfreight, annually.

Damco manages and serves some of the most advanced supply chains in the world in a diverse range of industries. With a relentless focus on simplifying complex supply chains, we uncover efficiency improvements that enable our customers to cut their inventories, reduce environmental impact and operating costs, and make significant short-term savings for long-term competitiveness.

Damco has proven that sustainability supports innovation; we are proud of having developed some of the most innovative tools in the industry to help our customers reduce their supply chain's environmental footprint, namely our

SupplyChain CarbonCheck™ and SupplyChain CarbonDashboard. And we continue setting the tone in product innovation. We have recently partnered with Supply Chain Optimizers (SCO) to deliver a unique Packaging Optimization Service that combines our holistic end-to-end supply chain development expertise and SCO's extensive knowledge in packaging design. By implementing packages that suit our customer's end-to-end needs, they will not only see their logistics costs reduced; they will also minimize the environmental impact of their supply chain.

Damco is also committed to reduce its own environmental footprint. More than half of our environmental impact is generated in our warehouses, and an energy and resources efficiency pilot project will be implemented in 2011 at select warehouses. We expect energy savings of up to 20% as well as a recipe for implementation in the remaining warehouses.

Sustainability is a priority for Damco. First of all, it makes good business sense. Secondly, it is a growing request from our customers, our employees and the communities. And finally and most importantly – because we truly care.

Rolf Habben-Jansen
CEO of Damco



Damco provides freight forwarding and supply chain management services and our customers include many of the world's largest companies. Our services enable the global exchange of goods, and can impact this exchange towards less carbon-intensive modes of transport.

The customers' perception of the logistics industry is changing. As the industry becomes more commoditised, there is a growing need for a wider range of differentiated services.

This is evident with customers requesting solutions that consider environmental impact. Damco is in a good position to provide these solutions.

"Making Damco part of the solution, we create an additional value proposition towards our customers, and a position in the market as experts in sustainable transport," says Rolf Habben-Jansen, CEO of Damco.

A GROWING MARKET FOR GREEN

Damco has three green logistics products (see side bar on next page), which on average provide customers with a 10% reduction in waste and CO₂ emissions. More companies now see the link between emission reductions, cost savings and reputation.

These companies are great influencers and create a growing customer readiness. "We count some of the world's largest retail and sports clothing companies among our green logistics customers. Our green logistics activities and customer base have increased by nearly 50% in 2010," says Jordi Avel-

laneda, Global Head of Green Logistics in Damco.

LESS THROUGH MORE

Air transport solutions were limited in our sales palette in the past. In 2010, we increased our offerings within air freight. While this sounds contradictory to sustainability, it is in fact not. "We are very much used to optimising between various transportation modes. In fact, our slogan when it comes to air freight is 'we want your air cargo because we want to help you reduce it'," Rolf Habben-Jansen said to industry media in 2010.



To secure a low-carbon future, companies need to make intelligent choices when it comes to the selection of transportation modes. Damco can help its customers make these choices and thus reduce their air freight and the related carbon emissions.

COLLABORATIONS FOR THOUGHT LEADERSHIP

Damco is adamant about being first in class when it comes to green logistics. We use collaboration to develop our thinking.

We participate in the Greenhouse Gas Protocol Initiative working group to develop guidelines on Scope 3 (among others, transport-related emissions of greenhouse gasses), the most widely used methodology to estimate carbon emissions. As the only transportation company in this group, we have not only learned a lot, but we have also been able to provide the transport industry's perspective on this subject.

Damco has also joined 28 companies from the manufacturing and transport industries in the Clean Cargo Working Group, driven by sustainability consultancy BSR.

PROGRESS ON CO₂ REDUCTIONS

It is our stated target to reduce our own carbon intensity by 30% by 2014. In 2010, we made considerable progress and further reduced our CO₂ emissions per TEU by more than 10% compared with 2009.

More than half of Damco's own environmental impact is generated in our warehouses, and an innovative energy and resources efficiency pilot project will be implemented in 2011 at select warehouses. We expect energy savings of up to 20% as well as a recipe for implementation in the remaining warehouses.

SAFETY AT WORK

Damco saw a considerable decrease in our lost time incident frequency from 5.55 in 2009 to 1.75 in 2010. We attribute this to intensified safety awareness training, incident reporting and monitoring. Nevertheless, we continue to focus on safety at work through further safety awareness training. We perform a root-cause analysis of each serious work-related incident and as a consequence, implement appropriate corrective measures to prevent recurrence of any type of accident.

TARGETS 2011

LTIF 10% reduction (2010 baseline)

OUR GREEN LOGISTICS PRODUCTS

SupplyChain CarbonCheck – estimation and reduction of CO₂ emissions from transport. Launched late 2007.

SupplyChain CarbonDashboard – quarterly reports on customers' supply chain footprint, both in total, per shipment, per product group and per mode of transport (ocean, rail, truck, barge and air). Launched in 2009.

Packaging optimisation service – designing packaging to reduce logistics costs as well as minimise environmental impact. Launched in 2010, due to customers' interest in reducing waste, in partnership with a packaging design company.

[→ Read more www.damco.com](http://www.damco.com)

Damco key sustainability figures 2010

Social performance – safety ^b		2007 ^a	2008	2009	2010
Number of full time employees (FTE)	number	n/a	10,961	10,269	9,502
Lost time injury frequency (LTIF)	frequency	n/a	3.83	5.55	1.75
Fatalities	number	n/a	1	2	0
Environmental performance					
Greenhouse gas (GHG) emissions	1,000 tonnes CO ₂ eq	n/a	49	37	37
CO ₂ – direct and indirect	1,000 tonnes	n/a	49	36	36
Economic performance					
Revenue	USD million	n/a	2,841	2,223 ^c	2,691

n/a = Not applicable

^a Damco did not exist as a separate business unit in 2007.

^b 2009 data will serve as the baseline for safety in Damco.

^c Revenue restated due to change in reporting activities.



This page has been verified by DNV as part of the independent assurance of the A.P. Moller - Maersk Group's Sustainability Report 2010.

DAMCO

Social performance

Our employees		2007 ^a	2008	2009	2010
Number of full time employees (FTE)		n/a	10,961	10,269	9,502
Gender (female representation)	%	n/a	–	46	47
Employee engagement	%	n/a	63	67	80
Performance appraisals	%	n/a	–	66	70
Safety^b					
Lost time injury frequency (LTIF)	frequency	n/a	3.83	5.55	1.75
Fatalities	number	n/a	1	2	0

– = Not available
n/a = Not applicable
^a Damco did not exist as a separate business unit in 2007.
^b 2009 data will serve as the baseline for safety in Damco.
^c As 2009 was the first year of reporting for this indicator, not all facilities were able to provide full data.
^d Damco was not able to provide full set of waste data.
^e Revenue restated due to change in reporting activities.

Environmental performance

Energy consumption		2007 ^a	2008	2009	2010
Fuel oil	1,000 tonnes	n/a	–	0	0
Diesel	1,000 tonnes	n/a	8	3	3
Natural gas	1,000 tonnes	n/a	–	2	2
Electricity	1,000 MWh	n/a	39	38	33
Energy consumption	GJ	n/a	–	321,689	346,059
Greenhouse gas (GHG) emissions					
GHG emissions	1,000 tonnes CO ₂ eq	n/a	49	37	37
Direct GHG emissions (Scope 1 GHG Protocol)					
CO ₂	1,000 tonnes	n/a	35	14	17
CH ₄	1,000 tonnes CO ₂ eq	n/a	0	1	0
N ₂ O	1,000 tonnes CO ₂ eq	n/a	0	0	1
HFC	1,000 tonnes CO ₂ eq	n/a	n/a	0	0
PFC	1,000 tonnes CO ₂ eq	n/a	n/a	0	0
SF ₆	1,000 tonnes CO ₂ eq	n/a	n/a	0	0
Indirect GHG emissions (Scope 2 GHG Protocol)					
CO ₂	1,000 tonnes	n/a	14	22	19
CH ₄	1,000 tonnes CO ₂ eq	n/a	–	0	0
N ₂ O	1,000 tonnes CO ₂ eq	n/a	–	0	0
Other air emissions					
SO _x	1,000 tonnes	n/a	0	0	0
NO _x	1,000 tonnes	n/a	1	0	0
VOCs	1,000 tonnes	n/a	0	0	0
Particulate matters	1,000 tonnes	n/a	0	0	0
Other resource consumption					
Steel consumption	1,000 tonnes	n/a	–	0	0
Waste total^c	1,000 tonnes	n/a	–	2	1
– recycled (composting, reused, recycled)	1,000 tonnes	n/a	–	1 ^d	0^d
– solid (landfill, on-site storage, incineration)	1,000 tonnes	n/a	–	1 ^d	1^d
– hazardous (controlled deposit)	1,000 tonnes	n/a	–	0 ^d	0^d
Water consumption	1,000 m ³	n/a	–	155	188
– surface water	1,000 m ³	n/a	–	8	9
– ground water	1,000 m ³	n/a	–	7	8
– rain water	1,000 m ³	n/a	–	0	0
– municipal water supplies/water utilities	1,000 m ³	n/a	–	140	171
Spills	m ³	–	–	0	0

Economic performance

		2007 ^a	2008	2009	2010
Revenue	USD million	n/a	2,841	2,223 ^e	2,691
Electricity cost	USD million	n/a	–	6	6



