
***Fonden Mærsk Mc-Kinney
Møller Center for Zero
Carbon Shipping***

Bredgade 6, DK-1260 Copenhagen K

Annual Report for 29 October-
31 December 2020

CVR No 41 80 50 56

The Annual Report was
presented and adopted at
the Board meeting on 21/4
2021

Søren Skou
Chairman



Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Foundation Information	
Foundation Information	5
Management's Review	6
Financial Statements	
Income Statement 29 October - 31 December	9
Balance Sheet 31 December	10
Statement of Changes in Equity	12
Notes to the Financial Statements	13

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Fonden Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping ("the Foundation") for the financial year 29 October - 31 December 2020.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2020 of the Foundation and of the results of the Foundation's operations for the financial year 29 October - 31 December 2020.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

Copenhagen, 21 April 2021

Executive Board

Bo Vincent Cerup-Simonsen

Board of Directors

Søren Skou
Chairman

Connie Hedegaard Koksbang
Vice Chairman

Asgeir Johan Sørensen

Guy St. John Platten

Claus Michael Valentin
Hemmingsen

Independent Auditor's Report

To Management of Fonden Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping.

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of Fonden Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping ("the Foundation") at 31 December 2020 and of the results of the Foundation's operations for the financial year 29 October - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of the Foundation for the financial year 29 October - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Foundation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the

Independent Auditor's Report

audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information re-

Independent Auditor's Report

quired under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Hellerup, 21 April 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Thomas Wraae Holm
State Authorised Public Accountant
mne30141

Allan Wøhlk Høgh
State Authorised Public Accountant
mne34528

Foundation Information

The Foundation

Fonden Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping
Bredgade 6
DK-1260 Copenhagen K
Website: www.zerocarbonshipping.com

CVR No: 41 80 50 56

Financial period: 29 October - 31 December 2020

Incorporated: 29 October 2020

Financial year: 1st financial year

Municipality of reg. office: Copenhagen K

Board of Directors

Søren Skou, Chairman
Connie Hedegaard Koksang
Asgeir Johan Sørensen
Guy St. John Platten
Claus Michael Valentin Hemmingsen

Executive Board

Bo Vincent Cerup-Simonsen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Bankers

Danske Bank

Management's Review

Primary activities

Fonden Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping ("the Foundation") was founded on 29 October 2020 with the primary purpose of establishing and operating a not-for-profit, independent, global research and development center, which shall, facilitate and accelerate the development and implementation of new technology solutions in order to decarbonize the global maritime industry. The Center is a neutral and open platform for cross-disciplinary collaboration across the energy and maritime value chains incl. private and public stakeholders, academia and NGOs.

With Partners, the Center will create overview of viable decarbonization pathways, facilitate the development and implementation of new energy technologies; build confidence in new concepts and their supply chains; and accelerate the transition by defining and maturing viable strategic pathways to the required systemic change.

The focus for 2020 was to establish a solid foundation and organization, equipped for growth, for onboarding more partners and for the initiation of ambitious R&D activities. 2021 will be a year of growing the Center organization and about expanding our collaboration to partners across the industry. Furthermore, the Center and partners will initiate a wide range of activities combining deep specialist knowledge with an industry wide perspective to create a sector transition strategy and support the developments needed to accelerate implementation.

Financial review

By end of 2020, 7 strategic corporate partners (by American Bureau of Shipping, A.P. Møller - Maersk, Cargill, MAN Energy Solutions, Mitsubishi Heavy Industries, NYK Line and Siemens Energy) have committed to the Center, each supporting the fulfillment of the Center's purposes and mission by joining efforts and making contributions to the Centers operations and activities.

For 2020 being the first financial year the Foundation has recognized a negative result of TDKK 14,272, which was expected in the year of establishment.

The result for the year is transferred to retained earnings under the equity after a reservation has been made of DKK 15 million to the reserve for distributions. Hereafter, the total retained earnings under the equity amounted to TDKK 19,728 at 31 December 2020.

The Foundation was established by A.P.Møller og Hustru Chastine Mc-Kinney Møllers Fond til almene Formaal (A.P. Møller Fonden) with a contribution of TDKK 50,000 of which TDKK 1,000 was allocated to fund capital and TDKK 49,000 to retained earnings. A framework agreement has been made with the A.P. Møller Fonden for additional donations of TDKK 350,000 to secure the future financial conditions of the established Foundation.

The Foundation expects an increase in cost and distributions in 2021.

Policy for distributions

The primary purpose of the foundation is to establish and operate a not-for-profit, independent, global research- and development center, the Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping, contributing to research, innovation and development of technologies and solutions aiming at lowering and eventually eliminating greenhouse gas emissions from the global shipping industry.

The Center will facilitate a neutral and open platform to stimulate cross-disciplinary collaboration across the energy- and maritime value chains accelerating the development of zero carbon technologies and - fuels to decarbonize the global shipping industry. The foundation's research is intended to be translated into viable commercial solutions and may influence industry standards.

As a means of achieving this purpose, the foundation can fund projects in the Foundation's own organization or by external parties and give donations in any form, for example by giving loans, provide guarantees or collateral, making capital contributions against issuance of shares and by providing start-ups or researchers access to the foundation's test facilities.

The profits of the Foundation are allocated at the discretion of the Board of Directors and are used in connection with the Foundation's own activities and to maintain and develop its activities on a long-term basis. Available funds are distributed as grants to support the objectives of the Foundation.

No distributions were made in 2020.

Recommendations on foundation governance

The Foundation complies with the recommendations on foundation governance in accordance with section 77a of the Danish Financial Statements. The Foundation wishes to meet all the recommendations that are relevant to the Foundation. The statutory statement is available on the Foundation's website and can be accessed via the following link: <https://zerocarbonshipping.com/media/plndp24z/mmzczs-foundation-governance-2020.pdf>.

Board of Directors

Name	Søren Skou	Connie Hedegaard Koksang	Claus V. Hemningsen	Guy St. John Platten	Asgeir Johan Sørensen
Position	Chairman	Vice Chairman	Member	Member	Member
Gender and Born	Male - 1964	Female - 1960	Male - 1962	Male - 1964	Male - 1964
Appointed	29 October 2020	29 October 2020	29 October 2020	29 October 2020	29 October 2020
Reelection	N/A	N/A	N/A	N/A	N/A
Current election period expires	April 2023	April 2023	April 2022	April 2023	April 2022
Appointed by	Founder	Founder	Founder	The International Chamber of Shipping	Norwegian University of Science and Technology, Trondheim, Norway
Special competences	International shipping, Fund and business management	International and domestic executive policy making, board, environment and climate	International shipping, energy, Fund and Business management	International shipping, policy making	Electro-technical sciences Marine technology Offshore technology Marine hydrodynamics Control technology Marine cybernetics
Other positions	CEO at A.P. Møller – Maersk - joined Maersk in 1983. Member of Executive Board in Maersk Line since 2007.	Former Minister of Environment to Denmark and European Commissioner for Climate Action Chairman of the Board for the EU Commissions Mission Board on Adaptation to Climate Change. Chairman of the Board for Denmark's green think tank CONCITO. Chairman of OECD's Round Table for Sustainable Development. Member of Board of the Sustainability Council of Volkswagen	Chairman of The Drilling Company of 1972 A/S and DFDS A/S. Vice Chairman of Diego HC Topco A/S and Diego HC A/S (HusCompaniet). Member in A.P. Møller Holding A/S, Den A.P. Møllerske Støttefond, Det Forenede Dampskibs-Selskabs Jubilæumsfond and Global Maritime Forum Fonden. Director in CVH Consulting ApS	Secretary General of International Chamber of Shipping (ICS). Prior positions include Chief Executive of the United Kingdom Chamber of Shipping, Chief Executive of Caledonian Maritime Assets (CMAL) Ltd., Director of Marine Operations for the Northern Lighthouse Board. Mr. Platten is a master mariner.	Professor at Norwegian University of Science and Technology, key scientist and Director of the Centre for Autonomous Marine Operations and Systems (NTNU AMOS). Co-founded several companies and also co-established the Marine Cybernetics Laboratory (MC-Lab) and the Applied Underwater Robotics Laboratory (AUR-Lab) at NTNU.
Independent member	No	Yes	No	Yes	Yes

Income Statement 29 October - 31 December

	<u>Note</u>	<u>2020</u> DKK
Gross profit/loss		-12.236.406
Staff expenses	1	<u>-1.983.549</u>
Profit/loss before financial income and expenses		-14.219.955
Financial expenses		<u>-51.895</u>
Profit/loss for the year		<u>-14.271.850</u>

Distribution of profit

Proposed distribution of profit

Reserve for distribution	15.000.000
Retained earnings	<u>-29.271.850</u>
	<u>-14.271.850</u>

Balance Sheet 31 December

Assets

	<u>Note</u>	<u>2020</u> DKK
Deposits		1.800.000
Fixed asset investments		1.800.000
Fixed assets		1.800.000
Other receivables		1.081.597
Prepayments		626.366
Receivables		1.707.963
Cash at bank and in hand		48.878.593
Currents assets		50.586.556
Assets		52.386.556

Balance Sheet 31 December

Liabilities and equity

	<u>Note</u>	<u>2020</u> DKK
Fund capital		1.000.000
Reserve for distributions		15.000.000
Retained earnings		<u>19.728.150</u>
Equity		<u>35.728.150</u>
Provisions		<u>230.688</u>
Provisions		<u>230.688</u>
Payables for services		15.974.055
Other payables		<u>453.663</u>
Short-term debt		<u>16.427.718</u>
Debt		<u>16.427.718</u>
Liabilities and equity		<u>52.386.556</u>
Contingent assets, liabilities and other financial obligations	2	
Related parties	3	
Accounting Policies	4	

Statement of Changes in Equity

	Fund capital	Reserve for distributions	Retained earnings	Total
	DKK	DKK	DKK	DKK
Contribution at formation of Foundation	1.000.000	0	49.000.000	50.000.000
Net profit/loss for the year	0	15.000.000	-29.271.850	-14.271.850
Equity at 31 December	1.000.000	15.000.000	19.728.150	35.728.150

Notes to the Financial Statements

	<u>2020</u> DKK
1 Staff expenses	
Wages and salaries	1,855,703
Pensions	126,142
Other social security expenses	1,704
	<u>1,983,549</u>
Average number of employees	<u>9</u>

In relation to §98 B, paragraph 3, the remuneration of Executive Board and the Board of Directors are not disclosed.

	<u>2020</u> DKK
2 Contingent assets, liabilities and other financial obligations	
Contingent liabilities	
Lease within 1 year	3,260,000
Lease between 1 and 5 years	7,435,800

Lease obligations under operating leases relates to rent of properties. Total future lease payments: 10,695,800 DKK

3 Related parties

Transactions

The Foundation has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act. No such transactions has taken place in the financial year.

Notes to the Financial Statements

4 Accounting Policies

The Annual Report of Fonden Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The Financial Statements for 2020 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Foundation, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Foundation, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Income Statement

Other external expenses

Other external expenses comprise external consulting assistance, maintenance of office, advertising, rent etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of other external expenses and revenue.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Notes to the Financial Statements

4 Accounting Policies (continued)

Balance Sheet

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Foundation has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period of 1 year. Provisions are measured and recognised based on experience with guarantee work.

Financial debts

Loans are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Distributions

Distributions paid out

Distributions that have been adopted and paid out in accordance with the purpose of the Foundation at the balance sheet date are deducted from equity in connection with distribution of profit.

Distributions not yet paid out

Distributions that have been adopted in accordance with the purpose of the Foundation at the balance sheet date and have been announced to the recipients, but have not yet been paid out at the balance sheet

Notes to the Financial Statements

4 Accounting Policies (continued)

date, are deducted equity in connection with distribution of profit and recognised as debt.

Reserve for distributions

At the meeting of the Board of Directors at which the Annual Report is adopted, the Board of Directors lays down a reserve distribution in respect of the amount expected to be distributed. This amount is transferred from distributable reserves to the reserve distribution. Concurrently with being announced to the recipients, the distribution amounts are paid out, or they are transferred to debt or, in rare cases, to provisions relating to distributions.

Provisions relating to distributions

In case of distributions which have been announced to the recipient and which are conditional upon one or more events taking place at the recipient, the obligation may be uncertain as to amount or time of payment. Such items are recognised in provisions relating to distributions.