
Fonden Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping

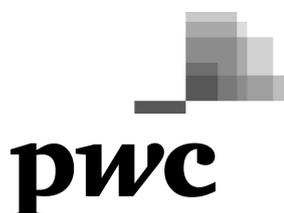
Bredgade 6, DK-1260 Copenhagen K

Annual Report for 1 January - 31 December 2021

CVR No 41 80 50 56

The Annual Report was
presented and adopted at
the Board meeting on 21/4
2022

Søren Skou
Chairman



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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 1 January - 31 December 2021.

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 2021 of the Foundation and of the results of the Foundation's operations for the financial year 1 January - 31 December 2021.

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

Copenhagen, 21 April 2022

Executive Board

Bo Vincent Cerup-Simonsen
CEO

Board of Directors

Søren Skou
Chair

Connie Hedegaard Koksbang
Vice Chair

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 the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Fonden Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping for the financial year 1 January - 31 December 2021, 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 Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 required under the Danish Financial 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.

Independent Auditor's Report

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 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

Independent Auditor's Report

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.

Hellerup, 21 April 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Thomas Wraae Holm
statsautoriseret revisor
mne30141

Allan Wøhlk Høgh
statsautoriseret revisor
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: 1 January - 31 December 2021
Incorporated: 29 October 2020
Financial year: 2nd financial year
Municipality of reg. office: Copenhagen K

Board of Directors

Søren Skou, Chair
Connie Hedegaard Koksbang
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. With Partners, the Center facilitates the development and implementation of new energy and maritime technologies and accelerates the decarbonization of the global maritime industry by defining strategic ways to drive the required systemic and regulatory change. The Center is an independent platform for cross-disciplinary collaboration across the energy and maritime value chains including private and public stakeholders, academia, and NGOs.

2021 was the year where focus was on establishing and growing the Center organization and strengthening the partner portfolio across the maritime value chain. By end of 2021, the Center reached a total of 18 strategic partners (2020: 7) who are contributing to the Centers development and work through two Advisory Boards (one with a strategic focus and one focused on R&D) and through active participation in the Center’s growing portfolio of projects. Additionally in 2021, 6 knowledge partners joined (2020: NIL) and the Center introduced Mission Ambassadors – a formalized network to organize and cater for the vast interest from companies across the broader eco-system. Furthermore, the Center has started engaging in Commercial activities which will supplement the revenue from donations.

The Center published its first Industry Transition Strategy providing a data-based assessment of viable transition pathways and pointing to critical transition levers and key focus areas to accelerate the transition within the next decade. The strategy was supplemented by several supporting documents including position papers on fuel options and market-based measures as well as a whitepaper on the Center modelling tool NavigaTE. All publications are publicly available on the Center Website along with a first, public version of the NavigaTE tool being a techno economic model developed by the Center for the greater good enabling preliminary data driven transition pathway analyses. Furthermore, an ESG strategy was developed and integrated into the overall Center strategy.

In 2022, the Center will continue to grow the capacity to match increased activity levels within the Center’s strategic focus areas:

- Setting the course for a sustainable industry transition
- Driving collaboration and applied research and innovation
- Advocating regulatory reform, transparency, and accountability

To cater for the increased activity and complexity the Center will further develop and implement the Center operating model and structure the activities in three main work programs governed by a project management organization.

In line with the Center’s commitments, all outcome of the Center’s work will continue to be published, promoted and made publicly available on the Center website along with increasingly sophisticated modelling tools and thought leadership.

Financial review

By end of 2021, 18 strategic partners (2020: 7) 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 2021 being the second financial year the Foundation has recognized a negative result of TDKK 8,897 (2021: TDKK 14,272), which was expected in the second year.

The result for the year is transferred to retained earnings under the equity after a reservation has been made of TDKK NIL (2020: TDKK 15,000) to the reserve for distribution. Hereafter, the total retained earnings under the equity amounted to TDKK 10,831 at 31 December 2021 (2020: TDKK 19,728).

The Foundation was established in 2020 by A.P.Møller og Hustru Chastine Mc-Kinney Møllers Fond til almene Formaal with a contribution of TDKK 50,000 of which TDKK 1,000 was allocated to fund capital and TDKK 49,000 to retained earnings. To secure the future financial conditions of the established Foundation a framework agreement was made with the A.P. Møller Fonden in 2020 for additional donations of up to TDKK 350,000 of which the Foundation has received a donation of TDKK 40,000 in 2021.

The Foundation is expanding its activities and expects an increase in cost and distributions in 2022.

Policy for distributions

The primary purpose of the Foundation is to operate a not-for-profit, independent, global research- and development center 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 facilitates 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 will 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 e.g., 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 external distributions were made in 2021 (2020: nil).

Review of 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 Foundations website and can be accessed via the following link: <https://www.zerocarbonshipping.com/about/>

Board of Directors

Name	Søren Skou	Connie Hedegaard	Claus V. Hemmningsen	Guy St. John Platten	Asgeir Johan Sørensen
Position	Chair	Vice Chair	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, Trondhjem, 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. Chair of the Board for the EU Commissions Mission Board on Adaptation to Climate Change. Chair of the Board for Denmark's green think tank CONCITO. Chair of OECD's Round Table for Sustainable Development. Chair of the Board for Aarhus University. Member of Board of the Sustainability Council of Volkswagen. Member of Board of Danfoss.	Chair of The Drilling Company of 1972 A/S, DFDS A/S, HusCompagniet A/S and Innargi A/S. Board member in A.P. Møller Holding A/S, A.P. Møller og Hustru Chastine McKinney Møllers Fond til almene Formaal, Den A.P. Møllerske Støttefond, Det Forenede Dampskibs-Selskabs Jubilæumsfond, Bacher A/S 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). Industrial experience from MARINTEK, ABB Group and Marine Cybernetics. Co-founded several companies and also co-established the Marine Cybernetics Laboratory (MC-Lab) and the Applied Underwater Robotics Laboratory (AUR-Lab) at NTNU.

Income Statement 1 January - 31 December

	<u>Note</u>	<u>2021</u> DKK	<u>2020</u> DKK
Gross profit/loss		26.851.519	-12.236.406
Staff expenses	1	<u>-35.333.153</u>	<u>-1.983.549</u>
Profit/loss before financial income and expenses		-8.481.634	-14.219.955
Financial expenses		<u>-415.139</u>	<u>-51.895</u>
Profit/loss for the year		<u>-8.896.773</u>	<u>-14.271.850</u>

Distribution of profit

Proposed distribution of profit

Reserve for distribution		0	15.000.000
Retained earnings		<u>-8.896.773</u>	<u>-29.271.850</u>
		<u>-8.896.773</u>	<u>-14.271.850</u>

Balance Sheet 31 December

Assets

	Note	2021 DKK	2020 DKK
Deposits		1.800.000	1.800.000
Fixed asset investments		1.800.000	1.800.000
Fixed assets		1.800.000	1.800.000
Trade receivables		2.624.480	0
Other receivables		6.849.708	1.081.597
Prepayments		1.403.246	626.366
Receivables		10.877.434	1.707.963
Cash at bank and in hand		28.420.316	48.878.593
Currents assets		39.297.750	50.586.556
Assets		41.097.750	52.386.556

Balance Sheet 31 December

Liabilities and equity

	Note	2021 DKK	2020 DKK
Fund capital		1.000.000	1.000.000
Reserve for distributions		15.000.000	15.000.000
Retained earnings		10.831.377	19.728.150
Equity		26.831.377	35.728.150
Other provisions		0	230.688
Provisions		0	230.688
Credit institutions		37.132	0
Prepayments received from customers		3.180.936	0
Payables for services		1.700.150	15.974.055
Other payables		9.348.155	453.663
Short-term debt		14.266.373	16.427.718
Debt		14.266.373	16.427.718
Liabilities and equity		41.097.750	52.386.556
Contingent assets, liabilities and other financial obligations	2		
Related parties	3		
Accounting Policies	4		

Statement of Changes in Equity

	<u>Fund capital</u>	<u>Reserve for</u>	<u>Retained</u>	<u>Total</u>
	<u>DKK</u>	<u>distributions</u>	<u>earnings</u>	<u>DKK</u>
Equity at 1 January	1.000.000	15.000.000	19.728.150	35.728.150
Net profit/loss for the year	0	0	-8.896.773	-8.896.773
Equity at 31 December	1.000.000	15.000.000	10.831.377	26.831.377

Notes to the Financial Statements

	2021	2020
	DKK	DKK
1 Staff expenses		
Wages and salaries	32.955.626	1.855.703
Pensions	2.320.280	126.142
Other social security expenses	57.247	1.704
	<u>35.333.153</u>	<u>1.983.549</u>
Including remuneration to the Executive Board and Board of Directors of: Executive Board and Board of Directors	<u>4.653.214</u>	
	<u>4.653.214</u>	
Average number of employees	<u>25</u>	<u>9</u>

In relation to §98 B, paragraph 3, the remuneration of the Executive Board has not been disclosed for 2020.

2 Contingent assets, liabilities and other financial obligations

Contingent liabilities

Lease within 1 year	3.763.800	3.260.000
Lease between 1 and 5 years	3.672.000	7.435.800

Lease obligations under operating leases relates to rent of properties. Total future lease payments: 7,435,800 DKK.

3 Related parties

Transactions

Transactions during the year with related parties concerns remuneration to the Executive Board and the Board of Directors. There have been no further transactions with the Board of Directors and the Executive Board or other related parties.

Notes to the Financial Statements

4 Accounting Policies

The Annual Report of Fonden Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2021 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

Revenue

Revenue is measured at the value of the consideration received and is recognised exclusive of VAT and net of discounts relating to sales. Fees from partners for access to the Foundations network is recognised as revenue at the rate of completion.

Revenue furthermore consists of in-kind contributions from partners as full-time employees or facilities made available for the Foundation. This income is recognised as revenue upon receipt of the contributions.

Other external expenses

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

Other external expenses also include research and development costs that do not qualify for capitalisa-

Notes to the Financial Statements

4 Accounting Policies (continued)

tion.

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.

Other operating income and expenses

Other operating income consists of donations received. The donations are recognised with the share that has been received during the financial year.

Financial income and expenses

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

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.

Other 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.

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.

Notes to the Financial Statements

4 Accounting Policies (continued)

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 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 distribution framework in respect of the amount expected to be distributed. This amount is transferred from distributable reserves to the distribution framework. 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.