

Membership case study: Maersk Line



**Energy Efficiency
Makes Great Business
Sense: Maersk Line
reduces CO2 emissions by
25% through innovation,
optimisation and supply
chain partnership.**

CONTEXT & OBJECTIVES:

With fuel approx. 25% of Maersk Line's cost base, volatile and increasing fuel costs have a significant impact on overall profitability. Coupled with increasing scrutiny of our carbon footprint from customers, regulators and general stakeholder community, improving energy efficiency has become critical to business profitability and success.

SOLUTION

In 2012, Maersk Line reached its 2020 target of reducing CO2 emissions by 25% – 8 years ahead of schedule. A combination of factors contributed to this success:

Vessel Benchmarking

Maersk Line has introduced performance benchmarking throughout its entire fleet to ensure energy-efficient operation. On a regular basis, key stakeholders across the globe evaluate vessel performance and identify opportunities for further optimisation.

Technological Innovation

Performance transparency and benchmarking has enabled Maersk Line to determine where to invest in retrofit technology. Using an 'energy efficiency analyser', we are able to determine precisely which technology will bring the greatest savings potential for every vessel class in the fleet. Engine modifications and bulbous bow modifications ('nose jobs') are examples of the retrofits taking place.

Charter Partnerships

We are deploying the same systematic approach to energy efficiency within our chartered fleet as our owned fleet. Maersk Line is investing in technical upgrades on 52 chartered vessels. Introducing performance transparency and benchmarking through charter scorecards and best-practice sharing has been critical to ensuring improved performance from our chartered fleet as well – 50% of our fuel consumption. By 2012, Maersk Line's ship performance system had been installed on 90% of the chartered fleet. Tracking the efficiency of the charter fleet saved around 142,000 tons of fuel and 442,000 tons of CO2 in 2012 alone.

New Vessel Design

Maersk Line has been working with leading shipyards and technology providers to develop new and very energy efficient ships. In the past two years, Maersk Line has introduced both the 'West Africa Max' WAFMAX and the 'South America Max' SAMMAX classes – the largest and most energy-efficient vessels to ply their respective trades.



'Maersk raises the bar with a new 40% target'

Confident that energy efficiency and carbon performance will remain critical to sustainable profitable growth, we have now raised our target to 40% by 2020 using 2007 as a baseline. Efficiency improvements only get harder with each year, so we have to keep pushing operational and technical boundaries to get there.

Starting in 2013, Maersk Line will take delivery of 20 new Triple-E vessels, the world's largest, most efficient ships. Offering Economy of scale, Energy efficiency and being Environmentally-improved, the Triple-E will take the industry in a new and more environmentally conscious direction, cutting CO2 emissions by some 50% per container moved on the Asia-Europe trade.

OUTCOMES

Reducing CO2 is a triple-win for Maersk Line:

- It reduces cost and improves competitiveness: In 2012, Maersk Line saved \$1.6 billion in fuel costs alone due to improved energy efficiency.
- It helps Maersk Line customers reduce their supply chain CO2 emissions: In 2012, Maersk Line customers saved 2.100.000 tons of CO2 by choosing Maersk Line. We now offer a more energy efficient product to our customers on many global trade lanes and are leveraging our position to build long-term business partnerships with customers wishing to collaborate on sustainability.

It is good for the environment:

In 2012, Maersk Line reduced its emissions per container-kilometre by 11% compared to the year before – a 7% decrease in absolute emissions compared to 2011. We are in business for the long-term and therefore take an active role in defining the future we want to be part of.

Customer Quote:

"Supply chain collaboration plays a crucial role to become faster, more cost efficient and more sustainable in our end to end operation. We recently recognized Maersk for true excellence and leadership within their field with a 'Partner to Win Award' for their commitment to working with Unilever to grow our businesses sustainably together."

David Beauchamp

Vice President
Logistics, Unilever



What are the first steps people can take to replicate this idea/initiative?

1. **Know and understand your impacts.**

Do not underestimate the power of transparency as a catalyst for action – both internally and externally.

2. **Technology is not a silver bullet.**

Recognise that behavior plays an equally important role in generating impact at scale.

3. **Leverage your supply chain.**

Collaboration across the shipping supply chain plays an important role. There are many advantages to treating suppliers and customers as long-term partners. Do not underestimate their contribution – they are often more willing to collaborate than you think.



More information:

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