

Pacific Environment
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Att:
Executive Director Alex Levinson
Climate Campaign Director Madeline Rose

Maersk commitments to zero-carbon shipping

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A.P. Moller - Maersk
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Denmark

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Dear Mr. Levinson and Ms. Rose,
Thank you for your letter highlighting the global climate crisis and the urgent need for the shipping industry to contribute with solutions. We completely agree, and that is why Maersk in 2018 made an industry-leading commitment to decarbonise our entire fleet no later than 2050. This means we need to have the first carbon-neutral vessel in commercial operations no later than 2030, and we are working intensively to make that happen, preferably even sooner.

In our ambitions to lower our emissions – both via efficiency measures and since 2018 with our carbon neutral target – we have been spending and will be spending billions of USD to renew our fleet by ordering the most technologically advanced vessels for their time, optimized to support our carbon neutral ambition. Rest assured, this is one of the highest agenda points when we consider our strategy, our fleet and our renewal plans.

For your specific question on our newly launched USD 1.6bn share buy-back programme, this is funded via the sale of Maersk Oil and Gas to Total S.A in 2017 – a key element of our strategy to exit our energy activities to focus solely on becoming an integrated container logistics company. We received cash and shares as payment and made a promise to the investors to pay out a material part of the USD 5bn worth of shares that we received by Total S.A. The USD 1.6bn share buy-back programme marks the final payment related to this, so it is irrespective of our earnings related to the current market environment. However, with that being said, a lot of our long-term investors are amongst our strongest supporters of our decarbonisation efforts and a share buy-back programme is a way of returning value to our long-term supporters.

Over the past 15 years, Maersk has consistently pursued measures to improve the energy efficiency of our vessels, and since 2008 we have reduced our CO2 emissions by 42% per container per km. Thus we have already exceeded IMO's target and continue to make progress towards our goal of reducing relative CO2 emissions by 60% in 2030 compared to 2008.

Over the last five years alone, we have invested more than USD 1 billion and engaged 50+ engineers each year in developing and deploying energy efficiency solutions. But efficiency measures are not enough to decarbonize, they merely keep emissions flat as global trade continues to grow. We must introduce carbon neutral propulsion technologies to get to zero. The challenges we face include technology (new fuels); supply (infrastructure); and scaling in time for 2030 and 2050 (investment); while ensuring we have the right structures and incentives in place (collaboration and regulation).

All parties in the transport ecosystem – customers, regulators, investors, researchers – must work together to make this a reality. Operating the world’s largest fleet of containerships, Maersk wants to spearhead these cross-industry initiatives, offering scale to lead the transition. and vast resources from our world class operations and execution organisation.

We know that zero carbon transport is increasingly a priority for our customers. Today at least 60 of our 100 largest customers have made commitments towards net-zero GHG emissions. For us this means that our customers will be counting on us to deliver carbon neutral logistics. To move the market, we are already testing and launching new carbon-neutral products – to demonstrate carbon neutral supply chains are possible already today. Maersk ECO Delivery is our first global offering in this space, using sustainable biofuel to provide immediate carbon reductions, thus making carbon neutral shipping a real alternative. We aim to expand our portfolio of carbon-neutral products and services across the end-to-end logistics supply chain.

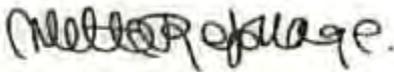
Fewer decarbonizations options are available for deep sea shipping than for other transportation modes. Maersk is not confining our work to a single approach – we are exploring several pathways to identify the fuels of the future and expect a mix of different carbon neutral fuels to exist alongside each other. We have a sense of urgency and are focused on identifying and moving directly to carbon neutral fuels (there is no time for transition fuels). We see alcohols, alcohol-lignin blends and ammonia as the most promising fuel candidates for deep sea shipping.

With a group of leading industry players, we have taken the next step to develop new fuel types and technologies by launching the Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping. The center is made possible by a start-up donation of DKK 400m by the A.P. Møller Foundation. It is an independent, non-profit organization working across the entire shipping sector with industry, academia and authorities to create overviews of decarbonization pathways, accelerate the development of selected decarbonizing fuels and powering technologies, and support the establishment of regulatory, financial and commercial means to enable transformation.

We share your concern about the lack of progress in the IMO. We can and do take leadership and appreciate your recognition of Maersk for environmental leadership. But decarbonizing shipping does require a solid and enforceable regulatory framework. We need global rules to secure a full transition to a global shipping fleet operated on carbon neutral fuels.

Dr. Kindberg has shared with me your work to advocate for more rapid implementation of decarbonization techniques such as shore power. We look forward to future discussions on this Grand Challenge.

Best regards,



Mette Refshauge
VP, Head of Corporate Communication and Sustainability

cc. Dr. Lee Kindberg, Head of Environment and Sustainability, NAM