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CARBON PACT | Maersk Line is supporting **Philips Lighting** in its mission of making the planet more sustainable through a pact to lower the carbon footprint of its supply chain.

BY MONIKA CANTY

➤ In a warehouse in Eindhoven in the Netherlands, Philips Lighting products are being loaded into a Maersk container ready for shipping. Many of the products produced by the Dutch lighting company are low-energy LEDs – key to the company’s mission of making the planet more sustainable.

Replacing traditional bulbs with LEDs would reduce global energy consumption from lighting by over 50%, and Philips Lighting has pledged to sell more than 2 billion LED lamps by 2020.

“Sustainability lies at the heart of our company,” explains Maurice Looschilder, Head of Sustainability Strategy & Reporting at Philips Lighting. “We see a huge opportunity to mitigate climate change via a global shift to LEDs.”

The supply chain impact

For Philips Lighting, being sustainable is not only about selling low-carbon technology. It is about changing the way business is done entirely. Last year the company introduced strict targets for its operations – publicly committing to becoming carbon neutral by 2020, with zero waste to landfill from its manufacturing facilities.

Maersk Line is helping Philips Lighting realise these ambitions thanks to a Carbon Pact - that pledges to reduce the carbon emissions from shipping by 20% by 2020.

Currently, 44% of Philips Lighting’s total carbon footprint comes from its supply chain logistics – making this the biggest total contributor, even more so than its industrial sites - so any reduction would make a huge dent in the company’s carbon footprint.

“The supply chain is one of the first places a company needs to look to make sure it is doing everything possible to bring down its carbon footprint,” says Greg Boyle, Global Director Ocean Freight & Distribution at Philips Lighting.

“The partners we use are key to helping us reduce our footprint. Today it’s a prerequisite when we decide who to work with. If a company doesn’t have a proper sustainability programme in place,



Maersk Line – Philips Lighting Carbon Pact

1. Reduce Philips Lighting’s CO₂ emissions per container moved with Maersk Line by 20% over a 5-year period from January 1st 2016 – December 31st 2020
2. Promote transparency in the container shipping industry
3. Support the development of tools and practices to integrate CO₂ and other sustainability indicators within the commercial supplier relationship



Photo: Rud Taal

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Maurice Looschilder (left), Head of Sustainability Strategy & Reporting at Philips Lighting and Mark Cairns, Maersk Line Country Manager in The Netherlands discuss the Carbon Pact signed between the two companies at the Philips Lighting warehouse in Eindhoven.





Photo: Peter Elmholt

“The Carbon Pact content and CO₂ reduction targets we develop are specifically tailored to the customer”

Kaisa Helena Tikk, Global Sustainability Advisor in Transport & Logistics Sustainability.

→ we won't even consider doing business with it because sustainability has become embedded in how we do business.”

A pact to lower carbon

The Carbon Pact commits both companies to transparency regarding carbon emissions, sets a concrete target on reducing CO₂ and to the development of new tools and practices, which could lower emissions further:

Maersk Line introduced the concept three years ago and now has 15 different Carbon Pacts in place with companies from various industries. Maersk Line can reduce CO₂ emissions on behalf of the customer

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Mark Cairns, Maersk Line Country Manager in the Netherlands

through sailing the most efficient vessels and providing customers with transparency on the carbon efficiency of different routes.

“Such Carbon Pacts have proved a useful tool for Maersk Line in bringing something different to the customer relationship”, says Mark Cairns, Maersk Line Country Manager in the Netherlands.

“Carbon Pacts such as this are helping us to win business in a world in which sustainability is increasingly on the agenda,” says Cairns. “It allows us to bring something new to the table. By committing to reducing supply-chain emissions, we’re not only demonstrating our long-term commitment to the environment, we’re also showing that responsible business is good business.”

Shining a light on climate change

Every month, Philips Lighting receives a report detailing its precise carbon footprint performance. Since the pact was signed in 2016, Philips Lighting has saved around 1,200 metric tonnes of CO₂ compared to the industry average by shipping with Maersk Line.

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Ethical Corporation Responsible Business Awards 2017 Nomination

Philips Lighting and Maersk Line have been shortlisted for the Ethical Corporation Responsible Business Awards 2017 in the ‘Business to Business Partnership of the Year’ category with the Carbon Pact. The award is given to a partnership, which demonstrates leading sustainability-performance through long-term, mutually beneficial collaboration. The winner will be announced 16th October 2017.

explains Kaisa Helena Tikki, Global Sustainability Advisor in Transport & Logistics Sustainability. "We discuss customers' sustainability challenges and identify actions to be worked on jointly, as well as look at trading patterns and developments in our fleet to suggest how we can reduce our carbon footprint five years from now."

The two companies are working together in other ways too, for example by running a joint workshop at The New York Times *Energy for Tomorrow* conference in Paris last year on the de-carbonisation of the supply chain.

"We shared what we had learnt with several other like-minded companies such as IKEA, Nestle and Dell," says Tikki. "Thereby bringing attention to the issue of climate change and much-needed transparency to carbon emissions in logistics."

More room to collaborate

In its quest to become carbon neutral, Philips Lighting now hopes to sign similar pacts with other suppliers.

"I think the Maersk Line perspective is one that other carriers can aspire to," says Loosschilder, Head of Sustainability Strategy & Reporting at Philips Lighting. "Currently this Carbon Pact is unique for us, but when we assess the positive impacts it's definitely a best practice that we should apply to other suppliers as well."

"We are very happy with the progress made so far," adds Boyle, Global Ocean Director Freight & Distribution, Philips Lighting. "The Carbon Pact has been instrumental in bringing down the carbon footprint of our biggest mode of transport. For a company of our size to have already reduced our total ocean freight emissions by 1% is a fantastic success to claim. The more we can work together to bring down emissions, the more it becomes a win-win situation for Maersk as well as for us." □

Clean Cargo Working Group

The Clean Cargo Working Group is a business-to-business collaboration between more than 40 global customers and container carriers dedicated to accelerating sustainability in container shipping. This is achieved by aligning environmental standards, tools and comparable performance data, enabling customers to benchmark environmental performance and integrate environmental performance indicators in their procurement decisions.

Maersk Line has long been among the leaders of the shipping industry on environmental performance, with a 10% advantage over the global industry average on CO₂ emissions. In 10 out of 19 trades, Maersk Line is a top-3 performer, and its performance is better than average on almost all major trades. In total, Maersk Line has reduced its CO₂ emissions by more than 42% since 2007.

News in brief

Transport & Logistics to have new Headquarters in Q1 2018

In Q1 2018, the majority of the Transport & Logistics business units based in the smaller locations around Copenhagen will move to Esplanaden 50. A few Transport & Logistics business units will stay at their current location.

Maersk Oil's upcoming move to Amerika Plads in October 2017 has made moving Transport & Logistics' business units into Esplanaden 50 possible. When Maersk Oil has vacated buildings 3 and 4 at Esplanaden 50, the buildings will be refurbished. The Energy division will remain at Esplanaden when Maersk Oil relocates to the new office building at Amerika Plads.

A.P. Møller Holding A/S will move to Esplanaden 19 from its current location at Jens Kofods Gade 1. The move is expected to take place in Q2 2019 once the premises have been renovated.

The home zones allocated to the individual business units are being carefully coordinated with relevant parties from each Business Unit. User group meetings are ongoing with a view to ensuring that the home zones meet individual needs. We will provide more detailed information about the practicalities of the moves when we get closer to the time when they will take place.

The Energy Division to remain at Esplanaden

The Energy Division will stay at Esplanaden, when Maersk Oil relocates to the new office building at Amerika Plads by October.

As the work to find sustainable solutions for our Energy businesses progresses, it has become evident that to uphold flexibility and efficiency in the daily interactions between key functions in the Energy division and corporate functions, the division's current placement at Esplanaden is the most optimal one.

"Daily interactions between key functions at corporate level will escalate as we move forward towards our deadline at the end of next year. Combined with a cost benefit analysis of moving the Energy division's staff of around 30 people in the midst of this important work, we have decided that the Energy division will remain at Esplanaden," says Vice CEO at A.P. Møller-Maersk and CEO of the Energy division, Claus V. Hemmingsen.

The Energy division, will remain in its current office space at Esplanaden 50, Building 4 B and C. Apart from Maersk Oil HQ, it is expected that the other business units under the Energy division will remain at their current sites for now.

Tangier welcomes largest ship to call African port Munich Maersk, the second in the series of Maersk Line's next generation Triple-E vessels, is the largest container ship to call an African port in a regular rotation. This confirms the strategic importance of Tangier as a transshipment hub.

As Munich Maersk nudged up to the quay at APM Terminals Tangier, it marked an important point in the development of the port – and of Morocco as a whole.

At the end of July, she became the largest container vessel to call an African port as part of a regular rotation – arriving a day after the terminal, the largest and most modern facility in North Africa, marked its 10th anniversary with employee festivities and a gala reception for customers, officials and the media.

"We are delighted to welcome this latest addition to Maersk Line's fleet in Tangier, just as we celebrate the 10th anniversary of our operations," says Hicham El Alami, Chief Operating Officer at APM Terminals Tangier.

"This is yet another confirmation of the strategic importance of APM Terminals Tangier, not only as the gateway to Morocco, but as a leading transshipment hub in the region."