

News release 4 February 2013:

Maersk urges EU climate and ozone action

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Maersk Container Industry calls for tougher enforcement of European environmental legislation designed to protect the Earth's ozone layer and help prevent climate change.

"We urge the European Commission to ensure enforcement of existing EU legislation regarding insulation foam in reefer containers," says Peter K. Nymand, CEO for Maersk Container Industry.

"This would benefit the environment, and it would help European innovation and environmental investments pay off," Nymand adds.

Current EU legislation bans the "import" or "placing on the market" of reefer containers with significant potential to damage the climate and ozone layer. But thousands of such containers nevertheless circulate in Europe's internal market on virtually the same market conditions as more environmentally friendly reefers.

Supotec, which was developed and patented by Maersk Container Industry in 2002, does not damage the Earth's ozone layer, nor does it cause significant climate change. As a result, customers¹ and the World Wildlife Foundation WWF laud Supotec for being an environmental step forward.

"This is environmental precaution. It is positive when enterprises, in this case Maersk Container Industry, move ahead of the legislation by developing products and production methods, which in turn make it possible for legislators to demand more from the rest of the industry," says John Nordbo, head of the Conservation Department at WWF, Denmark.

¹ Siegfried Kuchar, technical superintendent for Liner Services at **Deutsche Afrika-Linien**, DAL: "We like Star Cool Integrated reefers because the Supotec insulation poses no threat to the ozone layer and causes very little CO₂ emission."
Esben Jakobsen, Manager, Container Management with **Royal Arctic Line** in Greenland: "We use Maersk Container Industry's reefer containers in an area of the world where one is constantly reminded of the impact of global warming and of the need to protect the climate. Therefore, we are particularly happy about having Supotec insulation foam in our reefers."

Facts: Maersk Container Industry is the container manufacturing arm of the A.P. Moller – Maersk Group with an annual production of 220,000 dry containers (TEU) in Dongguan, China, and 36,000 reefer containers and 37,000 Star Cool reefer machines in Qingdao, China. MCI's reefer production will increase significantly through a USD170 million investment in a new reefer factory in Chile on schedule to start production in December 2013.

MCI revenue in 2011 was USD1.2 billion (2010: USD0.7 billion). Profit was USD69 million (USD41 million). Return on invested capital, ROIC, was 33.1% (20.6%). Maersk Group financial results for 2012 are due on 22 February 2013.

The MCI Group's headquarters, including R&D and sales and marketing, are located in Tinglev, Denmark. According to customers' independent tests, MCI's Star Cool reefers are currently the world's most energy efficient.

What is the problem?

We believe that EU regulation 1005/2009 (formerly 2037/2000) was made with good intentions, but the law could function better and further minimize the risk of damage to the Earth's climate and ozone layer.

You just want to sell more reefer containers, don't you?

Yes definitely. But in this case, MCI's SuPoTec® insulation foam technology is good news also for European innovation and for the global environment. SuPoTec® was invented 10 years ago. Each container with SuPoTec® prevents almost 27 tonnes of CO₂ emissions. As of 1 January 2013, the total SuPoTec® production had offset CO₂ emissions equal to what 441,000 Danish citizens emit in one year.

Why is there no clear legal precedent re. "placing on the market"?

We suspect there is no actual enforcement of EU regulation 1005/2009 (formerly 2037/2000). Thousands of old reefer containers remain in circulation in Europe, operating in a legal grey zone because the EU Commission gives a grace period if the containers are not "placed on the market" permanently.

Therefore, MCI's competitors have so far not had to make the same environmental investments as MCI did with SuPoTec® in 2002. This neither benefits European innovation, nor the climate.

What is specifically the problem?

EU regulation 1005/2009 (formerly 2037/2000) has not helped decrease world demand for the type of reefer container insulation foam (HCFC141b) that can damage the ozone layer and the climate. Such containers can be made at lower cost, and more generally, international investigations, including the EU Commission's own, have

uncovered illegal trade in HCFC gasses.

This neither benefits European innovation, nor the climate.

What should happen?

We urge the EU Commission to ensure enforcement of EU regulation 1005/2009 (formerly 2035/2000) and give incentives to phase out HCFC141b reefers due to their potential to damage the climate.

We believe competition in the EU internal market should be fair, yet MCI's competitors have so far not had to make the same

environmental investments as MCI did with SuPoTec® in 2002.

Ultimately, we also believe supermarket customers who like bananas and avocados etc. will appreciate if their products are transported with lowest possible carbon and ozone layer impact.

According to the EU Commission, it is up to member states to implement and enforce regulation 1005/2009?

Correct, but according to the law, it is also the EU Commission's responsibility, for example, to monitor member state enforcement and to investigate illegal trade.

What's the difference between SuPoTec® and HCFC141b insulation foaming?

If released to the atmosphere, HCFC141b will damage the Earth's ozone layer with an effect of 0.12 compared with CFC-11, trichlorofluoromethane, whose ozone depleting potential (ODP) is set to 1.0. The potential of HCFC141b to cause global warming (GWP) is 725, which means it is 725 times more climate-damaging than CO₂. The foaming agent used in SuPoTec® has zero ODP, and its GWP is less than 25.

Why is damage to the ozone layer a problem?

The earth's ozone layer gives natural protection against overexposure of the skin to solar UV radiation that causes sunburn. Chronic sunlight exposure can lead to skin cancers. The global regime to protect the ozone layer is estimated to have prevented tens of millions of cancer deaths and hundreds of millions of cancer and cataract cases globally.

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Below photos are from Maersk Container Industry's reefer production.

Find more photos on www.mcicontainers.com





From Maersk Container Industry's SuPoTec® production