



# ZERO-EMISSION SHIPPING REPORT CARD

8.5  
100

F-

**The Ship it Zero Report Card grades companies based on the Ship it Zero campaign's three campaign demands, which are End Port Pollution Now, Abandon Dirty Ships, and Put Zero at the Helm. Costco earned an F in the ending port pollution category; an F- in abandoning dirty ships; and an F in putting zero at the helm. Overall, Costco earned a shocking 8.5 out of 100 possible points, or an F, on the Ship it Zero 2023 Report Card for the company's actions to date to end its ocean shipping pollution. It is among the three worst-performing companies. Only Living Spaces and Ashely's Furniture Industries performed more poorly, with each tying at 0/100. Costco is the only company of the 18 retail brands analyzed to receive negative points, an F-, in any category.**

Costco is the largest wholesale club in the United States. In addition to its sizable US market, the company also operates in Canada, Mexico, Japan, South Korea, the United Kingdom, Taiwan, Australia, Spain, France, China, Iceland, New Zealand, and Sweden. While it has traditionally been categorized as a grocer, the company also sells a large range of products from home goods and furniture to electronics, large appliances, and clothing.

The company names multiple international climate agreements and frameworks in its corporate social responsibility report, proving that it understands the importance of climate action. It has committed to reaching net-zero emissions by 2050, one of the weakest climate neutrality targets among brands included in this analysis. It has set a target of reducing its absolute Scope 1 & 2 targets by 19% by 2030, though the baseline year is not clearly defined. Its emissions calculations were based on 2020 emissions, a year in which the COVID-19 e-commerce boom rapidly inflated emissions. Reductions based on a 2020 baseline are thus far weaker than targets set with a more normal pre-COVID baseline. Costco has also failed to have its targets verified by the Science Based Targets Initiative (SBTi).

According to Costco's climate action plan, its Scope 3 emissions — which include upstream transportation — account for 98.2% of the company's greenhouse gas emissions. As of August 2023, Costco has not made a Scope 3 emissions reduction commitment. It has promised that a Scope 3 commitment will be forthcoming in December 2023.

Costco has largely failed to address its air pollution emissions. Port and coastal neighborhoods are predominantly black and brown communities, and bear the greatest pollution burdens from corporate inaction to address emissions. Costco has not taken steps to quantify its criteria air pollution (nitrogen oxides, sulfur oxides, particulate matter, ozone, carbon monoxide) footprint, nor has it made any commitments to reduce these emissions. The company was given partial credit for its commitment to zero-emission vehicles and efficiency measures. The wording of this commitment is vague, and it is unclear whether these vehicles will be related to port operations and drayage, warehousing, long haul trucking or last mile delivery. Costco does mention the use of shore power for its refrigerated trucks, and was also given partial credit for this in the End Port Pollution now category for this effort.

Costco has failed to address the emissions from its maritime shipping. In fact, it scored the worst across all 18 brands in the Abandon Dirty Ships category, with -4 points/30 available, or an F-. It lost points for its support of liquefied natural gas (LNG) vessels servicing its stores in Hawaii. LNG is a fossil fuel and is primarily composed of methane. Methane is more than 80 times more potent on a 20-year timeframe. Analysis has shown that the unintentional emissions of methane throughout the lifecycle and from marine ship engines worsens the climate impact of maritime shipping by between 70-82% compared to a business-as-usual scenario.

These fugitive methane emissions are not only a problem for the climate, but also for human health. Methane is a precursor to ground level ozone, which has significant impacts on respiratory health, especially in children.

Costco also lost points for its increasing year-over-year upstream transportation emissions.

Ship It Zero calls on Costco to set a strong Scope 3 commitment, with explicit transportation and ocean shipping emission reduction targets. We urge Costco to commit to 100% zero-emission ocean shipping by 2030, and to rapidly implement shorter-term greenhouse gas and air pollution emissions reductions solutions. Examples of such steps include shipping exclusively on shore power-ready marine vessels, prioritizing ports with shore power availability for container ships, opting for slow steaming for its cargo, and opting for lower emission ocean shipping for all its cargo — whether through Maersk's ECO delivery or some other negotiated agreement with carriers — while zero-emission fuels and technologies are brought to scale.

Costco must also abandon its support for LNG-fueled marine vessels, and use its considerable public clout to advocate with its carriers for zero-emission ocean shipping. Ship It Zero also encourages Costco to join business coalition efforts, such as the Zero Emission Maritime Buyers Alliance (ZEMBA) and Cargo Owners for Zero Emission Vessels (coZEV), which offer collaboration and collective power to accelerate the transition to zero-emission ocean shipping.





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End Port Pollution Now | TOTAL SCORE: 3

Performance Criteria	Possible Points	Company Score
<b>End Port Pollution Now: Commitment</b> (30% of category grade)	10.5	0
<ul style="list-style-type: none"><li>Publicly-stated air pollution reduction commitment</li><li>Commitment to shipping goods on shore power-ready vessels</li><li>Member of corporate initiatives that reduce air pollution (coZEV, ZEMBA)</li><li>Founding member of coZEV, ZEMBA</li></ul>	5 1 3 1.5	0 0 0 0
<b>End Port Pollution Now: Implementation Plan</b> (20% of category grade)	7	2
<ul style="list-style-type: none"><li>Taking steps to quantify air pollution from transport of goods on oceangoing vessels</li><li>Providing funding directly or indirectly for air pollution reduction measures/fuels/infrastructure in ports (ZEV, operations, drayage)</li><li>Have a logistics policy that prioritizes clean ports/carriers, air pollution reductions with benchmarks</li><li>Deducting points for LNG/CNG port operations and drayage</li></ul>	2 3 2 -1	0 2 <sup>1</sup> 0 —
<b>End Port Pollution Now: Advocacy</b> (20% of category grade)	7	0
<ul style="list-style-type: none"><li>Dedicated staff negotiating with ports for pollution reduction operational measures, infrastructure and/or fuels</li><li>Public support for policy or regulatory measures to reduce port pollution (climate)</li><li>Joining coZEV</li></ul>	2 4 1	0 0 0
<b>End Port Pollution Now: Transparency</b> (30% of category grade)	10.5	1
<ul style="list-style-type: none"><li>Annual reporting on overall GHG and criteria pollutant emissions (Scope 1-3) reductions<ul style="list-style-type: none"><li>Only Scope 1 &amp; 2</li><li>Scope 1 &amp; 2 + partial criteria pollutant</li><li>Scope 1-3 + partial criteria pollutant reporting</li><li>Scope 1-3 + criteria pollutants</li></ul></li><li>Public disclosure of transport emissions</li><li>Broken down by maritime vs. terrestrial transport type (ocean vs. land)</li><li>Public reporting of routes and ports of unloading</li><li>Public reporting of percent of cargo on cleaner and shore power-ready vessels</li></ul>	3 (1) (1.5) (2) (3) 3 3.5 0.5 0.5	1 (1)    0 0 0 0

Abandon Dirty Ships | TOTAL SCORE: -4

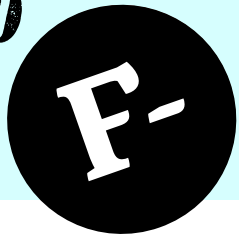
Performance Criteria	Possible Points	Company Score
<b>Abandon Dirty Ships: Commitment</b> (30% of category grade)	9	-2
<ul style="list-style-type: none"><li>Absolute GHG reduction targets that include Scope 3 emissions</li><li>Transport explicit targets</li><li>Maritime targets</li><li>Commitment to move cargo to lower-emission vessels immediately</li><li>Benchmarks, including reductions by 2030</li><li>100% ZEV by 2030</li><li>Using LNG or carbon credits as a purported solution</li></ul>	2 2 2 1 1.5 0.5 -2	0 0 0 0 0 0 -2

<sup>1</sup> Mentions electric vehicles in CDP report R&D, but unclear whether that's in ports; shore power for refrigerated trucks



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Performance Criteria	Possible Points	Company Score
<b>Abandon Dirty Ships: Implementation Plan</b> (20% of category grade)	6	-2
<ul style="list-style-type: none"><li>Contracts for lower-emission maritime transportation or goods transported on lower-emission maritime transportation and/or use of lower-emission vessels in cargo owner owned or chartered vessels</li></ul>	4	0
<ul style="list-style-type: none"><li>RFP for lower-emission shipping</li></ul>	2	0
<ul style="list-style-type: none"><li>Absolute emissions increases from transportation/ failure to disclose transport emissions</li></ul>	-2	-2
<ul style="list-style-type: none"><li>Absolute emissions reductions from transport</li></ul>	Bonus +2	—
<b>Abandon Dirty Ships: Advocacy</b> (20% of category grade)	6	0
<ul style="list-style-type: none"><li>Publicly support strengthening the level of ambition of the GHG reduction policies</li></ul>	4	0
<ul style="list-style-type: none"><li>Advocate against fossil fuel bunkering infrastructure expansions/for ZEV infrastructure with legislators, regulators, and/or ports</li></ul>	2	0
<b>Abandon Dirty Ships: Transparency</b> (30% of category grade)	9	0
<ul style="list-style-type: none"><li>Annual public disclosure of maritime cargo carriers and volumes of goods per carrier</li></ul>	0.5	0
<ul style="list-style-type: none"><li>Annual public reporting of modes of product transport by percentage of goods</li></ul>	1	0
<ul style="list-style-type: none"><li>Annual public reporting of transport emissions</li></ul>	4.5	0
<ul style="list-style-type: none"><li>Annual public reporting of maritime emissions</li></ul>	2	0
<ul style="list-style-type: none"><li>Annual reporting of percentage of goods on lower &amp; ZEV emission vessels</li></ul>	0.5	0
<ul style="list-style-type: none"><li>Annual disclosure of fuels or technologies employed by reported lower emission and ZEVs</li></ul>	0.5	0

Put Zero at the Helm | TOTAL SCORE: 9.5

Performance Criteria	Possible Points	Company Score
<b>Put Zero at the Helm: Commitment</b> (30% of category grade)	10.5	0.5
<ul style="list-style-type: none"><li>General climate commitment<ul style="list-style-type: none"><li>Commitment applies to Scope 3</li><li>Scope 3 commitment mentions logistics, distribution, upstream transportation, supply chain</li><li>2040 vs. 2050</li></ul></li></ul>	3	0.5 <sup>2</sup>
<ul style="list-style-type: none"><li>Upstream transport-specific commitment</li></ul>	3	0
<ul style="list-style-type: none"><li>Maritime-specific reduction commitment<ul style="list-style-type: none"><li>"100% zero-emission maritime shipping by 2030" — with benchmark absolute GHG reduction targets</li><li>Publicly commit to 100% ZEV by 2030</li><li>Commitment to move freight onto low- and zero-emission vessels (with time-bound targets)</li><li>Set short-term targets for moving increasing volumes of cargo on cleaner ships, i.e., MGO/Hybrid powered vessels, shore power-equipped vessels</li><li>Mentions low- and zero-emission vessels</li><li>Timeline: by 2030 vs. 2040 vs. 2050</li></ul></li></ul>	2	0
<ul style="list-style-type: none"><li>Other<ul style="list-style-type: none"><li>Member of Science-Based Target Initiative (a We Mean Business Coalition commitments)</li><li>ZEMBA membership</li><li>CoZEV membership</li></ul></li></ul>	2.5 (0.5) (1) (1)	0

<sup>2</sup> Only 20% CO<sub>2</sub>e reduction by 2030; Scopes 1 & 2 only



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Performance Criteria	Possible Points	Company Score
<b>Put Zero at the Helm: Implementation Plan</b> (20% of category grade)	<b>7</b>	<b>1</b>
<ul style="list-style-type: none"><li>• ZEMBA</li><li>• Benchmarks for moving cargo onto ZEVs</li><li>• Working with carriers, ports, regulators and policymakers and/or entering partnerships or investing financially in the development of ZEV shipping corridors and/or ZEV technologies, ZEV infrastructure projects and newbuilds</li><li>• Engage suppliers and urge them to adopt the SBTi (Science-Based Targets initiative)</li><li>• Efficiency and optimization (e.g., reducing packaging size and weight)</li></ul>	<div>2</div> <div>1</div> <div>2</div> <div>1</div> <div>1</div>	<div>0</div> <div>0</div> <div>0</div> <div>0.5<sup>3</sup></div> <div>0.5</div>
<b>Put Zero at the Helm: Advocacy</b> (20% of category grade)	<b>7</b>	<b>1</b>
<ul style="list-style-type: none"><li>• First Movers Coalition</li><li>• CoZEV</li><li>• Sustainable Freight Buyers Alliance, “Clean Cargo” (hosted by Smart Freight Centre), Clean Energy Buyers Association, Carbon Disclosure Project’s Supply Chain program, RE100, Ceres, LEO coalition, or WWF’s Climate Business Network</li><li>• Publicly demanding and/or advocating carriers incorporate existing or future GHG reduction technologies and operational measures<ul style="list-style-type: none"><li>◦ Public support for green corridors</li><li>◦ Expressions of public support for zero-emission shipping development</li><li>◦ Zero-emission, fossil-free cargo ships</li><li>◦ Cleaner fuels</li><li>◦ Fossil-free propulsion technologies</li><li>◦ Efficiency retrofits such as wind-assisted propulsion, hull coatings, slow steaming, and route planning, shore power, and offshore zero-emission charging stations</li></ul></li></ul>	<div>1.5</div> <div>1.5</div> <div>1</div> <div>3</div>	<div>0</div> <div>0</div> <div>1</div> <div>0</div>
<b>Put Zero at the Helm: Transparency</b> (30% of category grade)	<b>10.5</b>	<b>7</b>
<ul style="list-style-type: none"><li>• CDP Climate report</li><li>• Annual CSR report with GHG and air pollution disclosure<ul style="list-style-type: none"><li>◦ Includes Scope 3</li><li>◦ Mentions more than CO<sub>2</sub> (NOX, SOX, PM, HC<sub>4</sub>, NFCs, etc.)</li><li>◦ Discloses Category 4 ("upstream") transportation or "distribution"</li><li>◦ Mentions maritime shipping specifically</li><li>◦ Methodology underlying calculations</li><li>◦ 3rd party verification of calculations</li><li>◦ Reporting progress toward achieving interim benchmarks and long-term commitment</li><li>◦ Uses and/or requires vendors to use the Global Logistics Emissions Council Framework</li></ul></li></ul>	<div>2</div> <div>8.5</div> <div>(1.5)</div> <div>(1.5)</div> <div>(1)</div> <div>(1.5)</div> <div>(0.5)</div> <div>(0.5)</div> <div>(1.5)</div> <div>(0.5)</div>	<div>2</div> <div>5</div> <div>(1.5)</div> <div>(0)</div> <div>(1)</div> <div>(0)</div> <div>(0.5)</div> <div>(0.5)</div> <div>(1.5)</div> <div>(0)</div>

<sup>3</sup> Engaging suppliers but not on SBTi