



ZERO-EMISSION SHIPPING REPORT CARD

45
100

D

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. Nike earned an F in the ending port pollution category; a D in abandoning dirty ships; and a C in putting zero at the helm. Overall, Nike earned 45 of 100 available points, or a D grade, on the Ship it Zero 2023 Report Card for the company's actions to date to end its ocean shipping pollution.

Athletic footwear and apparel giant Nike has made progress in addressing climate change in the past and have taken some steps towards addressing its maritime shipping impacts. Though Nike earned a "D" on the Ship it Zero 2023 Report Card, it is just a few steps away from a much stronger grade in its fight against maritime shipping pollution. We urge Nike to "Just Do It!"

Nike's 2019 "Move to Zero" commits the company to reduce absolute greenhouse gas emissions across its global supply chain by 30 percent by 2030, and to reach net zero by 2050. Nike's Scope 3 absolute greenhouse gas emissions reduction targets include its "upstream transportation" of products, but Nike failed to make an explicit public commitment to address CO₂e emissions from the maritime shipping in its supply chain. Nike has, however, set a goal to prevent any increases in Scope 3 emissions from 2020 baseline — including upstream transportation. The COVID pandemic ushered in an e-commerce boom and global emissions from shipping reached all-time highs. The use of a 2020 baseline results in far weaker reduction targets as compared to using a pre-pandemic baseline because emissions were abnormally inflated.

Nike performed particularly poorly in addressing the human health impact of air pollution from its maritime shipping. Port and coastal neighborhoods are predominantly black and brown communities, and bear the greatest pollution burdens from corporate inaction to address emissions. Nike 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. There is no evidence that Nike publicly supports the use of onshore power for ships while in port, commonly referred to as "shore power." Shore power eliminates the need to run the ship engines while in port, drastically reducing localized air pollution. Nike appears to have failed to enter partnerships with ports or carriers to reduce air pollution in and near ports.

Nike was penalized for using liquefied natural gas (LNG) trucks for port operations. LNG is a fossil fuel that is primarily methane, a potent greenhouse gas that has over 80% more heat-trapping power on a 20-year timescale compared to CO₂. It is the second leading contributor to human-caused climate change. A 2020 comparative analysis showed that LNG powered ocean vessels emit 70-82% more climate-disrupting lifecycle greenhouse gases than business-as-usual.

Non-fossil methane gas, so-called "biomethane" or "renewable natural gas" is at times touted by the fossil fuel and shipping industries as a future "clean" maritime fuel. However, once produced, it is still methane and presents the same climate-warming emissions profile in combustion engines as its fossil fuel counterpart.

The shipping and fossil fuel industries often point to lower emissions of some air pollutants (NO_x, SO_x, and particulate matter) as benefits of the use of LNG. While these particular pollutants may be reduced, they are not eliminated. Further, the unintentional methane releases are a precursor to ground level ozone when the gas reacts with sunlight, contributing to smog and causing damage to the human respiratory system. Children are the most vulnerable to its health impacts.

While LNG is primarily methane (CH₄), the concentrations vary from between 70-99% depending on the feedstock. Other hydrocarbons commonly found in LNG are ethane, butane, and propane. Butane and propane are both categorized as Very Volatile Organic Compounds (VVOc) by the United States Environmental Protection Agency, readily reacting with sunlight to form ground level ozone.

In addition, the incomplete combustion of both methane and propane have been shown to produce benzene, carbon monoxide, and formaldehyde. While all of these pollutants are hazardous to human health, benzene raises significant concerns as it is a known human carcinogen. There is no known safe level for human exposure to benzene.

To its credit, Nike has taken steps to support environmentally sustainable shipping. Nike chartered Future Proof Shipping's first hydrogen-powered zero-emission inland container ship known as H2 Barge I. Nike also claims to have engaged its maritime shipping suppliers (i.e., carriers) and made efforts at increasing its shipping efficiency and optimization. Nike also utilizes the Supply Chain Sustainability Index (SCSI).

We could find no evidence of Nike publicly advocating for environmentally and climate-responsible maritime fuels or rejecting blue/gray/pink (fossil-fuel and nuclear-derived) hydrogen, heavy fuel oil (HFO) and HFO blends, long-term biofuel use, liquefied natural gas (LNG), and Exhaust Gas Cleaning Systems (i.e., "scrubbers"). We could find no evidence of Nike publicly advocating against LNG bunkering infrastructure expansion. We could find no evidence of Nike expressing public support for infrastructure projects that support the deployment of zero-emission vessels (ZEVs).

Nike deserves — and received — credit for its general climate advocacy and public support for strengthening the level of ambition of greenhouse gas reduction policies. Nike is, for example, a member of the Science-Based Target Initiative. We also applaud Nike's involvement in industry groups like 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. Nike is also active in the Ocean Conservancy-led campaign against Arctic shipping routes. Nike signing the Arctic Shipping Corporate Pledge and urging businesses and industry to make commitments to not ship their goods via the Arctic Ocean is commendable.

Nike has not yet joined Cargo Owners for Zero Emission Shipping (coZEV) or the Zero Emission Maritime Buyers Alliance (ZEMBA).

Nike is relatively transparent about its greenhouse gas emissions and received high scores for this. Nike participates in the Carbon Disclosure Project and reports Scope 1-3 emissions, including several health-harming criteria pollutants. Nike discloses the percentage of emissions attributed to transportation (i.e., "distribution"). Nike could go further by providing details about its maritime shipping, such as reporting the percentage of maritime vs. terrestrial transport, routes and ports of lading and unloading, and the percentage of cargo on cleaner and shore power-ready vessels.

Ship It Zero calls on Nike to commit to 100% zero-emission ocean shipping by 2030 and rapidly implement shorter-term greenhouse gas and air pollution emissions reductions solutions. Examples of such steps include shipping exclusively on shore power-ready vessels, prioritizing ports with shore power availability for container ships, opting for slow steaming for its cargo, and opting for 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.

Ship It Zero also encourages Nike to join more ambitious business coalition efforts to decarbonize maritime shipping, such as the Zero Emission Maritime Buyers Alliance (ZEMBA) and Cargo Owners for Zero Emission Vessels (coZEV). These initiatives offer collaboration and collective power to accelerate the transition to zero-emission vessels.





ZERO-EMISSION SHIPPING REPORT CARD



End Port Pollution Now | TOTAL SCORE: 5

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

Abandon Dirty Ships | TOTAL SCORE: 16.5

Performance Criteria	Possible Points	Company Score
Abandon Dirty Ships: Commitment (30% of category grade)	9	4
<ul style="list-style-type: none">Absolute GHG reduction targets that include Scope 3 emissionsTransport explicit targetsMaritime targetsCommitment to move cargo to lower-emission vessels immediatelyBenchmarks, including reductions by 2030100% ZEV by 2030Using LNG or carbon credits as a purported solution	2 2 2 1 1.5 0.5 -2	2 2 0 0 0 0 —



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

Put Zero at the Helm | TOTAL SCORE: 23.5

Performance Criteria	Possible Points	Company Score
Put Zero at the Helm: Commitment (30% of category grade)	10.5	6.5
<ul style="list-style-type: none">General climate commitment<ul style="list-style-type: none">Commitment applies to Scope 3Scope 3 commitment mentions logistics, distribution, upstream transportation, supply chain2040 vs. 2050	3	3
<ul style="list-style-type: none">Upstream transport-specific commitment	3	3
<ul style="list-style-type: none">Maritime-specific reduction commitment<ul style="list-style-type: none">"100% zero-emission maritime shipping by 2030" — with benchmark absolute GHG reduction targetsPublicly commit to 100% ZEV by 2030Commitment to move freight onto low- and zero-emission vessels (with time-bound targets)Set short-term targets for moving increasing volumes of cargo on cleaner ships, i.e., MGO/Hybrid powered vessels, shore power-equipped vesselsMentions low- and zero-emission vesselsTimeline: by 2030 vs. 2040 vs. 2050	2	0
<ul style="list-style-type: none">Other<ul style="list-style-type: none">Member of Science-Based Target Initiative (a We Mean Business Coalition commitments)ZEMBA membershipCoZEV membership	2.5 (0.5) (1) (1)	0.5 (0.5)

¹ Biofuels

² General climate advocacy



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Performance Criteria	Possible Points	Company Score
Put Zero at the Helm: Implementation Plan (20% of category grade)	7	4
<ul style="list-style-type: none">• ZEMBA• Benchmarks for moving cargo onto ZEVs• 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• Engage suppliers and urge them to adopt the SBTi (Science-Based Targets initiative)• Efficiency and optimization (e.g., reducing packaging size and weight)	<div>2</div> <div>1</div> <div>2</div> <div></div> <div>1</div> <div>1</div>	<div>0</div> <div>0</div> <div>2</div> <div></div> <div>1</div> <div>1</div>
Put Zero at the Helm: Advocacy (20% of category grade)	7	4
<ul style="list-style-type: none">• First Movers Coalition• CoZEV• 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• Publicly demanding and/or advocating carriers incorporate existing or future GHG reduction technologies and operational measures<ul style="list-style-type: none">◦ Public support for green corridors◦ Expressions of public support for zero-emission shipping development◦ Zero-emission, fossil-free cargo ships◦ Cleaner fuels◦ Fossil-free propulsion technologies◦ Efficiency retrofits such as wind-assisted propulsion, hull coatings, slow steaming, and route planning, shore power, and offshore zero-emission charging stations	<div>1.5</div> <div>1.5</div> <div>1</div> <div></div> <div>3</div>	<div>0</div> <div>0</div> <div>1</div> <div></div> <div>3</div>
Put Zero at the Helm: Transparency (30% of category grade)	10.5	9
<ul style="list-style-type: none">• CDP Climate report• Annual CSR report with GHG and air pollution disclosure<ul style="list-style-type: none">◦ Includes Scope 3◦ Mentions more than CO₂ (NOX, SOX, PM, HC₄, NFCs, etc.)◦ Discloses Category 4 ("upstream") transportation or "distribution"◦ Mentions maritime shipping specifically◦ Methodology underlying calculations◦ 3rd party verification of calculations◦ Reporting progress toward achieving interim benchmarks and long-term commitment◦ Uses and/or requires vendors to use the Global Logistics Emissions Council Framework	<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>7</div> <div>(1.5)</div> <div>(1.5)</div> <div>(1)</div> <div>(0)</div> <div>(0.5)</div> <div>(0.5)</div> <div>(1.5)</div> <div>(0.5)</div>

⁶ Filed a CDP report but asked that it not be made public