



**ONE earned 71.5 / 100 available points, or a C grade, on the Ship It Zero 2023 Report Card for the company's actions to date to end its ocean shipping pollution. 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. ONE earned a C in ending port pollution; a C in abandoning dirty ships; and a B in putting zero at the helm.**

Ocean Network Express is a Japanese joint venture that is the 7th-largest shipping company in the world, with a 6.1% market share. While there is still significant room for improvement, ONE is one of the higher performing shipping companies evaluated.

ONE is taking steps to reduce their air pollutant emissions and has committed to utilizing shore power, but we found no record of a firm commitment to ensuring the shore power capability of its fleet or investment in offshore charging stations. The company received credit for its work with the Centre for Maritime Decarbonization and the recognition it received from the Port of Vancouver for pollution reduction measures. ONE reports some of its air pollutant emissions and shore power.

Ship It Zero calls on ONE to provide more specificity on its shore power use and the full emissions data for criteria pollutants; in addition to its reporting on its emissions of nitrogen oxides and sulfur oxides, the company also needs to report particulate matter, ozone, and carbon monoxide emissions.

We applaud ONE for its partnerships with ports and carriers on zero-emission infrastructure projects. However, Ship It Zero urges ONE to use its position as Japan's largest shipping company to publicly call for regulatory changes to reduce port pollution.

ONE has one of the most ambitious short-term carbon emission reduction targets of 70% for Scope I emissions by 2030 from a 2008 baseline. The company is utilizing biofuels as a bridge to ammonia and methanol buildout. ONE also prioritizes efficiency retrofits and slow steaming. ONE also reports its total fleet emissions and fuel use by type. The company was docked for using liquified natural gas (LNG), but Ship It Zero recognizes that the company views this as a purely short-term measure. As such, the company was only docked partial points for its LNG use.

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 CO<sub>2</sub>. 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 industry and the shipping sector as a future so-called "clean" maritime fuel. However, once produced, it is still methane and presents the same climate-warming emissions profile in ship engines as its fossil fuel counterpart.

While ONE has a well-established Green Strategy and advocates for decarbonization within the industry, we call on the company to publicly advocate for stronger emissions reduction standards.

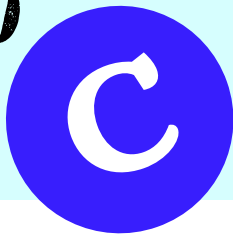
We are also concerned with the extent to which ONE relies on Exhaust Gas Cleaning Systems (i.e., "scrubbers"), which the company should reject in the long-term as it has with LNG. Scrubbers are installed on vessels to reduce sulfur air emissions resulting from the use of high-sulfur fuel. Most vessels are equipped with scrubbers in order to allow ship operators to continue to use one of the dirtiest fossil fuels on earth, heavy fuel oil. This is a thick, tar-like waste product from the world's oil refineries. It is high in not only sulfur, but also in other dangerous contaminants such as heavy metals. Scrubbers use seawater to "wash" sulfur from the exhaust plume. When sulfur reacts with water, it forms sulfuric acid (this is the reason sulfur oxides air emissions cause acid rain). The scrubber wastewater is acidic, toxin-laden, thermal pollution. It is an entirely voluntary wastestream, as ship operators can choose cleaner, low-sulfur distillate fuel which comply with air emission standards and do not produce water pollution.

Scrubbers either continuously discharge the wastewater directly into the oceans (open-loop) or can hold most of the wastewater onboard (closed-loop). Closed loop systems still discharge waste, referred to as bleed-off. Bleed-off is smaller in volume than the wastewater from open loop operation, but more highly concentrated in toxins. Closed loop systems can be operated in zero-discharge mode, but there is little evidence that ship operators choose this option unless required by law.

The use of scrubbers also requires energy, thus increasing fuel demand and potentially greenhouse gas emissions. The California Air Resources Board also found that the use of scrubbers increases the amount of particulate matter emitted by vessels, after extensively studying ships operating the systems as compared to ships using lower sulfur fuels. It is for this reason the state, also the 5th largest economy in the world, disallowed the use of scrubbers as an air pollution compliance mechanism within 24 nautical miles of its coastline. It has also mandated the use of cleaner marine fuels.

ONE has committed to carbon net neutrality by 2050, which is too long a timeframe to achieve the emission reductions necessary to avoid a climate catastrophe. The company recognizes the need to shift to zero-emission vessels, and has time bound targets to move freight onto cleaner ships. Though the company is behind on investment in lower-emission vessels, it has ammonia hybrid newbuilds on the order book, and is investing in zero-emission fuels, technologies, and infrastructure. ONE is proactive in joining many industry groups, including the Getting to Zero Coalition and the Hydrogen Council, and has publicly supported green corridor development. The company provides a detailed pathway toward decarbonization and annual updates on progress toward this goal.

Ship It Zero calls on ONE to end its reliance on LNG and publicly reject this false solution. We also urge ONE to invest only in green newbuilds moving forward and commit to decarbonization on a much more ambitious timeline, in order to ensure that we are able to stay within a 1.5°C pathway.



End Port Pollution Now

TOTAL SCORE: 21

Performance Criteria	Possible Points	Company Score
<b>End Port Pollution Now: Commitment</b> (30% of category grade)	10.5	5.5
<ul style="list-style-type: none"><li>Publicly-stated commitment to reduce/eliminate criteria air pollution (PM, NOX, SOX) from maritime shipping</li><li>Commitment to converting fleet/ordering newbuilds that are shore power-compatible</li><li>Commitment to using shore power/ZEV offshore charging stations</li><li>Publicly committing to prioritize shore power-ready/green ports</li><li>Member of corporate initiatives to reduce air pollution (First Movers, Getting to Zero)</li><li>Founding member (First Movers, Getting to Zero)</li></ul>	<div>5</div> <div>2</div> <div>1</div> <div>1</div> <div>1</div> <div>0.5</div>	<div>2.5</div> <div>0</div> <div>1</div> <div>1</div> <div>1</div> <div>0</div>
<b>End Port Pollution Now: Implementation Plan</b> (20% of category grade)	7	6.5
<ul style="list-style-type: none"><li>Investment in or implementation of ZEV port infrastructure (e.g., bunkering ZE fuels, shore power)</li><li>Investment in or implementation of zero-emission offshore charging stations</li><li>Implementation of a plan to reduce air pollution and clean air for port communities</li></ul>	<div>4.5</div> <div>0.5</div> <div>2</div>	<div>4.5<sup>1</sup></div> <div>0</div> <div>2</div>
<b>End Port Pollution Now: Advocacy</b> (20% of category grade)	7	3
<ul style="list-style-type: none"><li>Public support for policy or regulatory measures to reduce port pollution</li><li>Partnerships with carriers, ports, and regulators to ZEV infrastructure projects</li></ul>	<div>4</div> <div>3</div>	<div>0</div> <div>3<sup>2</sup></div>
<b>End Port Pollution Now: Transparency</b> (30% of category grade)	10.5	6
<ul style="list-style-type: none"><li>Public disclosure of progress toward criteria air pollution reduction benchmarks</li><li>Broken down by vessel and route</li><li>Public disclosure of shore power use</li></ul>	<div>7</div> <div>1</div> <div>2.5</div>	<div>3.5<sup>3</sup></div> <div>0</div> <div>2.5<sup>4</sup></div>

Abandon Dirty Ships

TOTAL SCORE: 21.5

Performance Criteria	Possible Points	Company Score
<b>Abandon Dirty Ships: Commitment</b> (30% of category grade)	9	6
<ul style="list-style-type: none"><li>Commitment to immediate (2023) reductions in GHG emissions from maritime shipping</li><li>Commitment to switch to readily available cleaner burning fuels</li><li>Commitment to high efficiency retrofitting and operational measures like slow steaming for vessels</li><li>Deduction for commitments that rely on LNG (which is a false solution) and carbon offsets</li></ul>	<div>3.5</div> <div>3.5</div> <div>2</div> <div>-2</div>	<div>3<sup>5</sup></div> <div>2<sup>6</sup></div> <div>2<sup>7</sup></div> <div>-1<sup>8</sup></div>

<sup>1</sup> Biofuels bunkering pilot, Centre for Maritime Efficiency/Center for Maritime Decarbonization

<sup>2</sup> MoC with Port of Singapore

<sup>3</sup> NOX/SOX reporting, no specific benchmarks

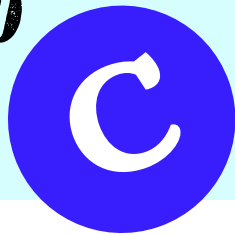
<sup>4</sup> Reported as location-based electricity use

<sup>5</sup> 70% Scope I reduction by 2030 from 2008 baseline

<sup>6</sup> Using sustainable biofuels, specifically noting it is pilot fuel for ammonia/methanol

<sup>7</sup> Slow steaming and retrofits

<sup>8</sup> Mention LNG but note it would only be temporary measure



Performance Criteria	Possible Points	Company Score
<b>Abandon Dirty Ships: Implementation Plan</b> (20% of category grade)	6	3
<ul style="list-style-type: none"><li>Benchmarks for percentage of fleet using short-term cleaner fuels and lower-carbon technologies (e.g., responsibly sourced biofuels)</li><li>Benchmarks for percentage of existing fleet with efficiency &amp; hybrid retrofits</li><li>Offering slow steaming options for customers</li><li>Deduction for scrubber use</li><li>Deduction for absolute emissions increasing despite commitments</li><li>Bonus for absolute emissions reduction</li></ul>	3 2 1 -2 -2 Bonus +2	2 <sup>9</sup> 2 1 -2 — —
<b>Abandon Dirty Ships: Advocacy</b> (20% of category grade)	6	4.5
<ul style="list-style-type: none"><li>Publicly support strengthening the level of ambition of the GHG reduction policies</li><li>Publicly reject HFO, LNG and false solutions</li><li>Advocate for rapid decarbonization through trade organizations</li><li>Deduction for advocating for scrubber use</li></ul>	2 3 1 -2	1.5 <sup>10</sup> 2 1 —
<b>Abandon Dirty Ships: Transparency</b> (30% of category grade)	9	8
<ul style="list-style-type: none"><li>Annual public reporting of fleet metrics, including:<ul style="list-style-type: none"><li>Propulsion technologies and efficiency retrofits</li><li>Fuel types and volumes consumed</li><li>CO<sub>2</sub>e emissions for entire fleet</li></ul></li></ul>	2 3 4	1 <sup>11</sup> 3 4

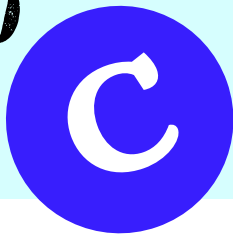
Put Zero at the Helm | TOTAL SCORE: 29

Performance Criteria	Possible Points	Company Score
<b>Put Zero at the Helm: Commitment</b> (30% of category grade)	10.5	7.5
<ul style="list-style-type: none"><li>General climate commitment<ul style="list-style-type: none"><li>Absolute CO<sub>2</sub>e reduction benchmarks for 2025, 2030 and 2035</li><li>No use of carbon offsets to meet goal</li><li>Net Zero vs. Absolute Zero</li><li>2040 vs. 2050</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></ul></li><li>Other<ul style="list-style-type: none"><li>Expressions of public support for zero-emission shipping development</li><li>Member of Science-Based Target Initiative (a We Mean Business Coalition commitment)</li><li>Getting to Zero (GTZ) Coalition (managed by the Global Maritime Forum, the World Economic Forum and Friends of Ocean Action)</li></ul></li></ul>	9 (3) (1) (1) (1) (1) (1) (1) 1.5 (0.5) (0.5) (0.5)	6.5 (2.5) (1) (0) (0) (1) (1) 1 (0.5) (0) (0.5)

<sup>9</sup> Emphasis on alternative fuel buildout, no firm benchmarks

<sup>10</sup> Strong 2030 goal; Green Strategy has five decarbonization initiatives

<sup>11</sup> Explain retrofits but few specifics



Performance Criteria	Possible Points	Company Score
<div>Put Zero at the Helm: Implementation Plan</div> <div>(20% of category grade)</div> <div><div><div>Ships</div><div><div>Number of orders or leases for new ZEVs and ZEV-ready ships</div><div>Deduction for number of LNG newbuilds or leases</div><div>Working with other carriers and/or entering conglomerations/partnerships on the development of ZEV technologies</div><div>Working with ports and/or investing financially in ZEV infrastructure and/or shipping corridors</div></div></div><div><div>Fuels</div><div><div>Bunkering contracts for zero-emission fuels</div><div>Investment in R&amp;D in fossil-free ZEV fuels and propulsion technologies</div><div>Using MGO/hybrid-powered vessels</div><div>Bonus for green fuel contracts</div></div></div><div><div>Efficiency</div><div><div>Implement efficiency measures (e.g., hull coatings, routes, etc.)</div></div></div></div>	<div>7</div> <div>3</div> <div>(l)</div> <div>(-2)</div> <div>(l)</div> <div>(l)</div> <div>3</div> <div>(l)</div> <div>(l)</div> <div>(l)</div> <div>(Bonus +2)</div> <div>1</div>	<div>6</div> <div>3</div> <div>(l)<sup>12</sup></div> <div>—</div> <div>(l)</div> <div>(l)</div> <div>2</div> <div>(l)</div> <div>(l)</div> <div>(-)</div> <div>—</div> <div>1</div>
<div>Put Zero at the Helm: Advocacy</div> <div>(20% of category grade)</div> <div><div>Publicly support the rapid development of green (ZEV) shipping corridors for high-volume routes per the Clydebank Declaration</div><div>Join First Movers Coalition and/or Getting to Zero (GTZ) Coalition (managed by the Global Maritime Forum, the World Economic Forum and Friends of Ocean Action)</div><div>Deduction for membership in the Society for Gas as a Marine Fuel</div></div>	<div>7</div> <div>3</div> <div>4</div> <div>-2</div>	<div>7</div> <div>3</div> <div>4<sup>13</sup></div> <div>—</div>
<div>Put Zero at the Helm: Transparency</div> <div>(30% of category grade)</div> <div><div>Publish ZEV transition pathway for fleet with short-, mid- and long-term fuels and/or technologies that will allow the carrier to meet both interim absolute CO<sub>2</sub>e reduction targets and achieve a 100% zero emission fleet by 2040</div><div>Annual public reporting of transition progress toward emissions reduction benchmarks and long-term targets, including fuels, technologies and operational measures implemented to achieve reported emissions reductions</div></div>	<div>10.5</div> <div>6.5</div> <div>4</div>	<div>8.5</div> <div>4.5<sup>14</sup></div> <div>4</div>

<sup>12</sup> Ammonia hybrid newbuilds

<sup>13</sup> GTZ/GCMD

<sup>14</sup> ONE provides a detailed pathway, but target date is 2050