Walmart >:< ZERO-EMISSION SHIPPING REPORT CARD

14.5

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. Walmart received an F in the ending port pollution category; an F in abandoning dirty ships; and an F in putting zero at the helm. Overall, Walmart earned just 14.5 of a possible 100 points across all three categories, or an F grade, on the Ship it Zero 2023 Report Card for the company's actions to date to end its ocean shipping pollution.

As the largest corporation in the world, with \$611 billion in annual revenue, Walmart has an outsized responsibility to address its social and environmental impacts. Unfortunately, thus far, Walmart has failed to address the impacts of its maritime shipping pollution.

Reducing air pollution from maritime shipping is a critical issue for port communities, yet Walmart has made no public commitments or engaged in any efforts or advocacy to address maritime port pollution. Disappointingly, Walmart's investment in, promotion of, and reliance on liquified natural gas (LNG) and compressed natural gas (CNG) for port operations and drayage (so called "middle mile" shipping), negates the company's other admirable efforts to reduce its climate footprint, including its introduction of liquid hydrogen-fueled forklifts and yard trucks.

Natural gas 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_2 . 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 as a future "clean" maritime fuel by the fossil fuel and shipping industries. However, once produced, it is still methane and presents the same climate-warming emissions profile in ship engines as its fossil fuel counterpart.

Walmart is also showing little effort (in the form of commitments or implementation) to move its cargo to cleaner ships in the near term, and lacks transparency in its reporting.

Walmart deserves and received credit for its climate advocacy with domestic decision makers. Walmart engages in direct public policy advocacy on major climate policy debates at the federal level in the U.S., including: the Inflation Reduction Act (IRA), Infrastructure Investment and Jobs Act, the Build Back Better and the Growing Climate Solutions Act. Walmart was a signatory on the We Mean Business/Ceres letter. It also represented Race to Zero-Retail at COP26 and is a co-lead of the Retail Race to Zero campaign along with IKEA, H&M, Kingfisher and Best Buy.

Walmart also has a relatively ambitious absolute emissions reduction target for its Scope I & 2 emissions, committing to zero-emissions across its global operations by 2040. It does not appear to rely on carbon offsets. Walmart does acknowledge that much of its emissions come from its supply chain, and the company's Scope 3 emissions increased 32% since 2019.

The company's initiative to reduce its Scope 3 emissions, known as "Project Gigaton," addresses suppliers but it is unclear whether it includes ocean cargo carriers. Walmart's Project Gigaton frames its ambition as "avoiding" a gigaton of supply chain greenhouse emissions by 2030. This is particularly problematic as its business continues to grow, and thus its supply chain emissions as well. Walmart fails to disclose its Scope 3 emissions, nor does it make any specific commitments to absolute Scope 3 emissions reductions. With no emission disclosure nor any reduction target or baseline year, it is impossible to evaluate the efficacy of the Project Gigaton initiative.

Unlike Ikea, Target, Amazon and multiple other large retailers, Walmart has also failed to join Cargo Owners for Zero Emission Shipping (coZEV), nor has it joined the Zero Emission Maritime Buyers Alliance (ZEMBA).

While Walmart has a fairly comprehensive plan for its truck fleet and is investing in improving its truck fleet efficiency, the company fails to address the climate and public health impacts of maritime shipping. Ship It Zero urges Walmart to set science-based, absolute Scope 3 emissions reductions targets, as its competitors already have. We call on Walmart to fully disclose its Scope 3 emissions, including its upstream transportation emissions, and set concrete targets for absolute reduction in both criteria air pollutant and greenhouse gas emissions from its ocean shipping.

Walmart is also heavily reliant on the French container shipping line, CMA CGM. This particular carrier is heavily reliant on liquefied natural gas (LNG) in its so-called "decarbonization" pathway. 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_2 . A 2020 comparative analysis showed that LNG powered ocean vessels emit 70-82% more climate-disrupting lifecycle greenhouse gases than business-as-usual.

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We urge Walmart to use its considerable leverage as a major CMA CGM customer to negotiate for fossil-free ocean shipping for its cargo.

Ship It Zero also encourages Walmart to join 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 ocean shipping.



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End Port Pollution Now TOTAL SCORE: 2		
Performance Criteria	Possible Points	Company Scor
End Port Pollution Now: Commitment (30% of category grade)	10.5	0
 Publicly-stated air pollution reduction commitment 	5	0
 Commitment to shipping goods on shore power-ready vessels 		0
 Member of corporate initiatives that reduce air pollution (coZEV, ZEMBA) 	3	0
 Founding member of coZEV, ZEMBA 	1.5	0
End Port Pollution Now: Implementation Plan (20% of category grade)	7	-1
 Taking steps to quantify air pollution from transport of goods on oceangoing vessels 	2	0
 Providing funding directly or indirectly for air pollution reduction measures/fuels/infrastructure in ports (ZEV, operations, drayage) 	3	0
 Have a logistics policy that prioritizes clean ports/carriers, air pollution reductions with benchmarks 	2	0
 Deductions with benchmarks Deducting points for LNG/CNG port operations and drayage 	-1	-1
End Port Pollution Now: Advocacy (20% of category grade)	7	2
 Dedicated staff negotiating with ports for pollution reduction operational measures, infrastructure and/or fuels 	2	0
 Public support for policy or regulatory measures to reduce port pollution (climate) 	4	2
 Joining coZEV 	1 I	0
End Port Pollution Now: Transparency	10.5	1
(30% of category grade)	-	
 Annual reporting on overall GHG and criteria pollutant emissions (Scope I-3) reductions 	3	I
• Only Scope I & 2	(1)	(1)
 Scope I & 2 + partial criteria pollutant Scope I 3 + partial criteria pollutant reporting 	(1.5) (2)	
 Scope I-3 + partial criteria pollutant reporting Scope I-3 + criteria pollutants 	(3)	
 Public disclosure of transport emissions 	3	0
 Broken down by maritime vs. terrestrial transport type (ocean vs. land) 	3.5	0
 Public reporting of routes and ports of unlading 	0.5	0
 Public reporting of percent of cargo on cleaner and shore power-ready vessels 	0.5	0

<u>14.5</u> 100

F

Performance Criteria	Possible Points	Company Score
Abandon Dirty Ships: Commitment (30% of category grade)	9	1.75
 Absolute GHG reduction targets that include Scope 3 emissions Transport explicit targets Maritime targets Commitment to move cargo to lower-emission vessels immediately Benchmarks, including reductions by 2030 I00% ZEV by 2030 Using LNG or carbon credits as a purported solution 	2 2 1 1.5 0.5 -2	¹ ² 0 0 0.75 ³ 0 - ⁴

¹Project Gigaton

² Land-based only and only Scopes I & 2

³ Project Gigaton (unclear reduction target because it doesn't have a baseline for Walmart's Scope 3 transport emissions)

⁴ Heavy use of LNG for middle mile

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Performance Criteria	Possible Points	Company Score
Abandon Dirty Ships: Implementation Plan (20% of category grade)	6	-2
 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	0
RFP for lower-emission shipping	2	0
Absolute emissions increases from transportation/ failure to disclose	-2	-2
transport emissions		_
 Absolute emissions reductions from transport 	Bonus +2	
Abandon Dirty Ships: Advocacy (20% of category grade)	6	2
 Publicly support strengthening the level of ambition of the GHG reduction policies 	4	25
 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	2.25
 Annual public disclosure of maritime cargo carriers and volumes of goods per carrier 	0.5	0
 Annual public reporting of modes of product transport by percentage of goods 	1	0
 Annual public reporting of transport emissions 	4.5	2.25
 Annual public reporting of maritime emissions 	2	0
 Annual reporting of percentage of goods on lower & ZEV emission vessels 	0.5	0
 Annual disclosure of fuels or technologies employed by reported lower emission and ZEVs 	0.5	0

Put Zero at the Helm

TOTAL SCORE: 8.5

Performance Criteria	Possible Points	Company Score
Put Zero at the Helm: Commitment (30% of category grade)	10.5	2
 General climate commitment Commitment applies to Scope 3 Scope 3 commitment mentions logistics, distribution, unstream transportation, supply 	3	1.5

- Scope 3 commitment mentions logistics, distribution, upstream transportation, supply chain
- 2040 vs. 2050 3 Upstream transport-specific commitment ٠ 2 Maritime-specific reduction commitment ٠ "100% zero-emission maritime shipping by 2030" — with benchmark absolute GHG reduction targets Publicly commit to I00% ZEV by 2030 0 Commitment to move freight onto low- and zero-emission vessels (with time-bound 0 targets) Set short-term targets for moving increasing volumes of cargo on cleaner ships, i.e., 0 MGO/Hybrid powered vessels, shore power-equipped vessels Mentions low- and zero-emission vessels 0 Timeline: by 2030 vs. 2040 vs. 2050 0 2.5 0.5 Other ٠ Member of Science-Based Target Initiative (a We Mean Business Coalition commitments) (0.5) (0.5) 0 ZEMBA membership 0 (I) (I) CoZEV membership 0

⁵ Public policy principles with Pepsi include decent goals and fuel types, but also include CNG as a solution

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Performance Criteria	Possible Points	Company Score
Put Zero at the Helm: Implementation Plan (20% of category grade)	7	1
 ZEMBA 	2	0
 Benchmarks for moving cargo onto ZEVs 	-	0
 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 	2	0
 Engage suppliers and urge them to adopt the SBTi (Science-Based Targets initiative) 	I	0.5
 Efficiency and optimization (e.g., reducing packaging size and weight) 	1	0.5 ⁶
Put Zero at the Helm: Advocacy (20% of category grade)	7	1
 First Movers Coalition 	1.5	0
 CoZEV 	1.5	0
 Sustainable Freight Buyers Alliance, "Clean Cargo" (hosted by Smart Freight Centre), Clean Energy Buyers Association, Carbon Disclosure Project's Supply Chain program, REI00, Ceres, LEO coalition, or WWF's Climate Business Network 	I	I
 Publicly demanding and/or advocating carriers incorporate existing or future GHG reduction technologies and operational measures 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 	3	07
Put Zero at the Helm: Transparency (30% of category grade)	10.5	4.5
CDP Climate report	2	2
 Annual CSR report with GHG and air pollution disclosure 	8.5	2.5
 Includes Scope 3 	(1.5)	(0)
• Mentions more than CO_2 (NOX, SOX, PM, HC ₄ , NFCs, etc.)	(1.5)	(0)
 Discloses Category 4 ("upstream") transportation or "distribution" Mentions maritime shipping specifically 	(1)	(0)
 Methodology underlying calculations 	(1.5) (0.5)	(0) (0.5)
 3rd party verification of calculations 	(0.5)	(0.5)
 Reporting progress toward achieving interim benchmarks and long-term commitment 	(1.5)	(1.5)
 Uses and/or requires vendors to use the Global Logistics Emissions Council Framework 	(0.5)	(0)

⁶ Trucks only
⁷ Engaging on climate but not shipping