

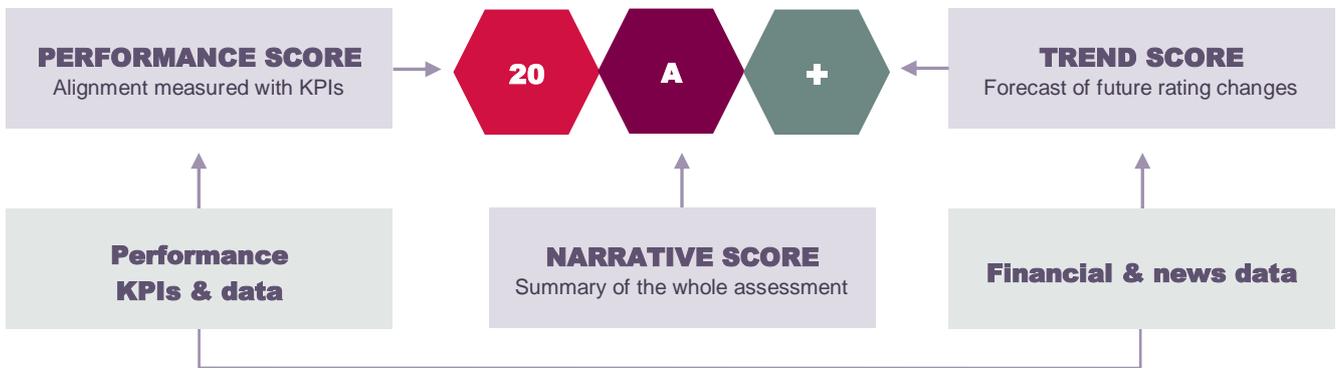
Assessing low-Carbon Transition

Auto

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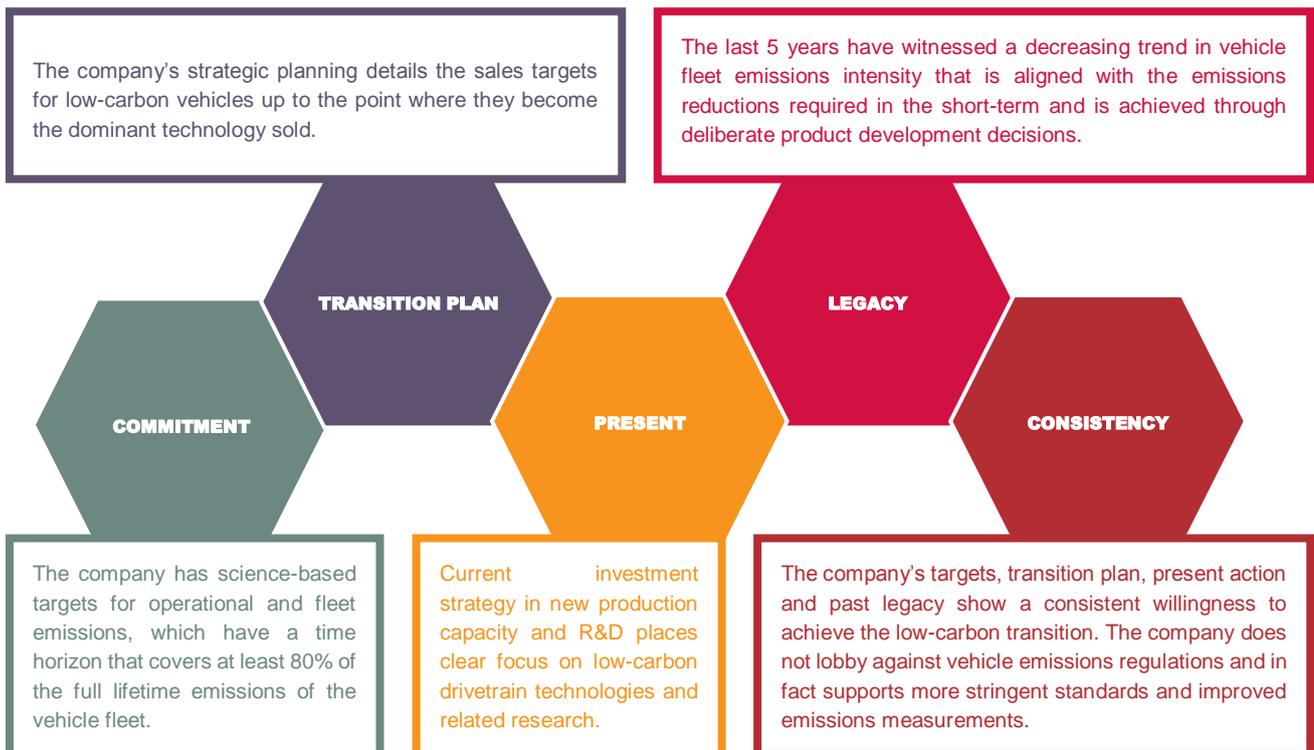
THE ACT RATING

The ACT rating is based on 3 scores (performance, narrative and trend) as shown in the diagram below.



The maximum achievable rating is 20A= and the minimum is 1E=. To achieve the maximum score, a company must be completely aligned with the low-carbon transition.

ALIGNED STATE FOR A COMPANY IN THE AUTO SECTOR



CONTEXT & PRINCIPLES OF THE AUTO MANUFACTURING ACT METHODOLOGY

The transport sector represents about one quarter of all energy-related emissions, and poses great challenges in terms of climate mitigation.

Automobile transportation has become the dominant mode of passenger transport, and its consequent importance to decarbonization scenarios is crucial. Despite complex multi-tiered industrial supply chains, there is a defined main activity with corresponding emissions data, which are the fleet emissions of cars sold. This allows the ACT assessment for the auto manufacturing sector to focus on quantitative indicators (gCO₂/p.km and share of low carbon vehicles). Other qualitative indicators (in the Management, Suppliers, Clients, Policy Engagement and Business Model modules) are also considered due to the complexity and economic importance of the sector, its changing business models, and the significance of these when considering the low carbon alignment of the auto industry.

KEY INDICATORS

MODULE (% = MODULE WEIGHTING)	INDICATOR*
TARGETS (15%)	1.1 Alignment of Scope 1+2 emissions reduction targets
	1.2 Alignment of fleet emissions reduction targets
	1.3 Time horizon of targets
	1.4 Achievement of previous targets
MATERIAL INVESTMENT (2%)	2.1 Trend in past emissions intensity
IMMATERIAL INVESTMENT (12%)	3.1 R&D for low-carbon transition
SOLD PRODUCT PERFORMANCE (35%)	4.1 Fleet emissions pathway
	4.2 Fleet emissions lock-in
	4.3 Low-carbon vehicle share
	4.4 Conventional ICE vehicle efficiency performance
MANAGEMENT (11%)	5.1 Oversight of climate change issues
	5.2 Climate change oversight capability
	5.3 Low carbon transition plan
	5.4 Climate change management incentives
	5.5 Climate change scenario testing
SUPPLIER ENGAGEMENT (6%)	6.1 Supplier engagement
CLIENT ENGAGEMENT (4%)	7.1 Efforts to promote sales of advanced vehicles
POLICY ENGAGEMENT (6%)	8.1 Company policy on engagement with trade associations
	8.2 Trade associations supported do not have climate-negative activities or positions
	8.3 Position on significant climate policies
BUSINESS MODEL (9%)	9.1 Business activities that reduce structural barriers to market penetration of advanced vehicles
	9.2 Business activities that contribute to low-carbon optimization of personal mobility
	9.3 Business activities around the design and manufacture of vehicles to facilitate the modal transport shift

* More information on the indicators and modules rationales are available in the full sector methodology

BENCHMARK

For the Auto sector, there are two main benchmarks based by default on the IEA ETP 2DS:

- ◆ The fleet emissions: the SDA takes into account 'well-to-wheel' (WTW) emissions per passenger kilometres (pkm);
- ◆ The share of low carbon vehicles as required by the transition scenario (Figure 1).of the auto industry.

FIGURE 1: AUTO COMPANIES BENCHMARK FOR LOW-CARBON VEHICLE SHARE

