

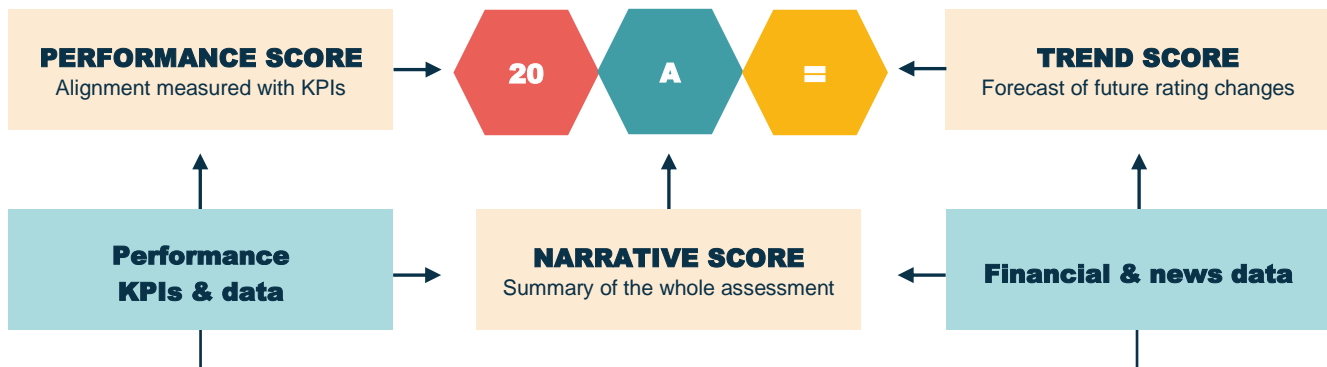
ACT Automotive



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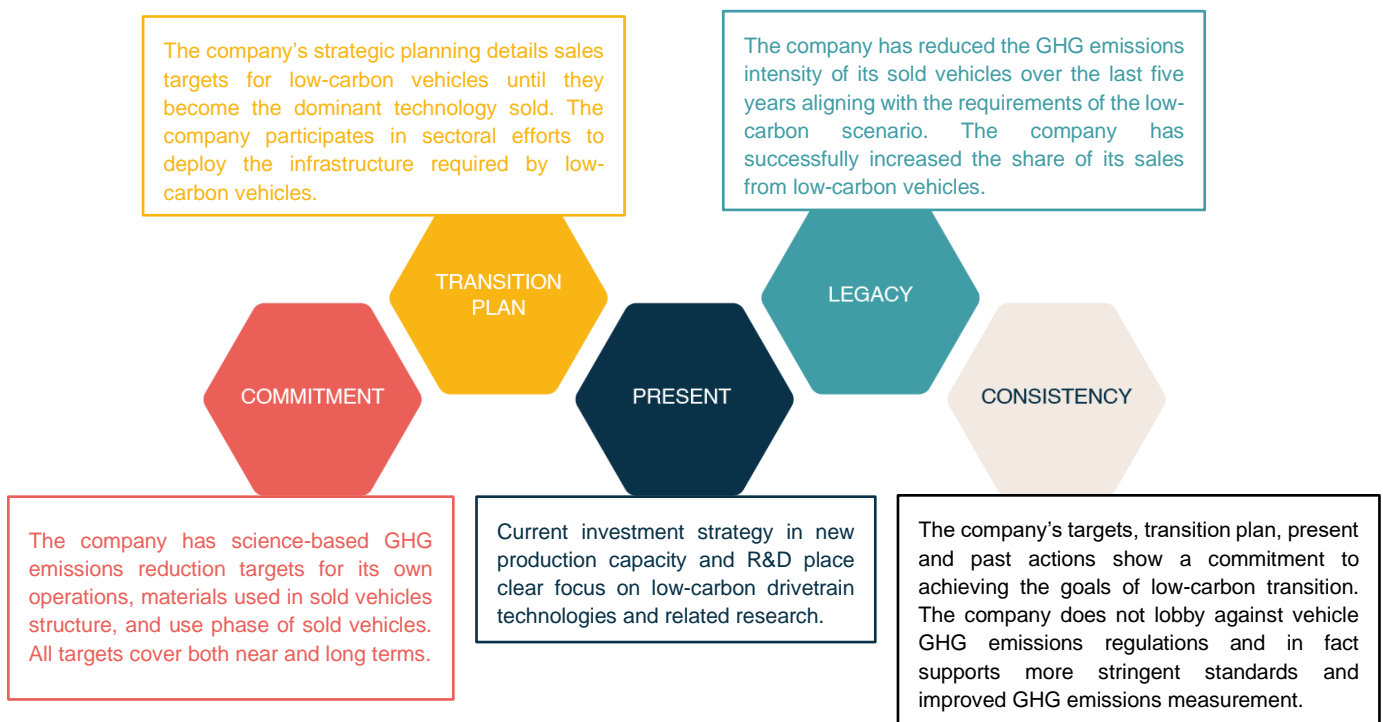
THE ACT RATING

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 0E=. To achieve the maximum score, a company must be completely aligned with the low-carbon transition.

ALIGNED STATE FOR AUTOMOTIVE MANUFACTURERS



CONTEXT & PRINCIPLES OF THE ACT AUTO METHODOLOGY

The transport sector represents about one quarter of all GHG emissions from fossil fuels¹, and poses significant challenges in terms of climate mitigation. In 2022, around 5.8 GtCO₂ was emitted from passenger and freight road transportation, 74% of the nearly 8t GtCO₂ arising from all transportation modes. Automobile transportation has become the dominant mode of personal transportation, and its consequent importance to decarbonization scenarios is the reason the automotive manufacturing (Auto) sector has been considered by the ACT initiative from the beginning.

The ACT Auto methodology considers companies manufacturing automotive and more particularly light-duty vehicles.

The methodology rewards companies that contribute to the low-carbon transition of the sector, including the manufacture of low-carbon vehicles, development of infrastructure enabling the use of these vehicles, facilitation of shared mobility and contribution to the circularity of vehicles.

BENCHMARK

The ACT Auto methodology uses low-carbon scenarios aligned with a 1.5°C ambition. The key to all decarbonization scenarios is the rapid deployment of low-carbon vehicles, such as battery electric vehicles (BEV).

Three types of GHG emissions reduction pathways are used to calculate companies' benchmarks, taking into account:

- ◆ Upstream emissions associated with materials used in vehicles' construction
- ◆ Emissions associated with vehicles manufacturing (own operations)
- ◆ Downstream emissions resulting from the use of sold vehicles

Results arising from an ACT Auto methodology assessment shall mention the scenario that has been used. Any other scenario that is relevant and ambitious enough (i.e. aligned with a 1.5°C level of ambition) can be used for an assessment.

PERFORMANCE INDICATORS

MODULE (% = MODULE WEIGHTING)	INDICATOR NAME
Targets 15%	Alignment of scope 1+2 emissions reduction targets
	Scope 3 upstream emissions reduction targets
	Alignment of scope 3 downstream emissions reduction targets
	Time horizons of targets
	Achievement of past and current targets
Material investments 7%	Trend in past scope 1+2 emissions intensity
	Share of low-carbon CapEx
Intangible investment 5%	R&D spending on low-carbon technologies
	Company low-carbon patenting activity
Sold product performance 33%	Trend in past scope 3 upstream emissions intensity
	Trend in past scope 3 downstream emissions intensity
	Locked-in emissions from sold products
	Share of low-carbon vehicles
	Low-carbon vehicles efficiency performance
Management 10%	Oversight of climate change issues
	Climate change oversight capability
	Low carbon transition plan
	Climate change management incentives
	Climate change scenario testing
Supplier engagement 5%	Strategy to influence suppliers to reduce their GHG emissions
	Activities to influence suppliers to reduce their GHG emissions
Client engagement 10%	Strategy to influence clients to reduce their GHG emissions
	Activities to influence clients to reduce their GHG emissions
Policy engagement 5%	Company policy on engagement with associations, alliances, coalitions or thinktanks
	Associations, alliances, coalitions or thinktanks supported do not have climate-negative activities or positions
	Position on significant climate policies
	Collaboration with local public authorities
Business model 10%	Revenue from low-carbon products and/or services
	Changes to business models

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

¹ IEA - Net Zero Roadmap: A Global Pathway to Keep the 1.5 °C Goal in Reach - 2023