Car companies in danger of missing Paris climate targets, new analysis warns

New benchmark reveals companies not selling enough low carbon vehicles and must rapidly shift gear to reach Paris goals

December 6th, 2019: A lack of investment in low-carbon vehicles is putting the automotive sector in danger of missing the Paris climate targets, a new study from the World Benchmarking Alliance (WBA) and CDP reveals.

The assessment looks at 25 leading car manufacturers and finds that the bulk of companies have a low carbon vehicle in their range, but are not selling enough right now and are not ready to scale up as needed to meet the Paris goals.

The findings are drawn from the first benchmark of the automotive sector using CDP and ADEME’s new ACT (Assessing low Carbon Transition) methodology, which looks at companies’ performance on climate by sector. The news comes as world leaders meet to discuss the climate emergency at COP25 in Madrid.

The report shows that companies have so far failed to shift consumers and markets away from high emission vehicles. It calls on automotive manufacturers to reshape their industry around low-carbon transport and mobility. It says companies must work with policymakers and investors to create markets which reward this shift, and infrastructure which enables it.

Vicky Sins, Climate and Energy Benchmark Lead at WBA, said: “The vast majority of car companies aren’t hitting their current targets or setting new ones for the future. Unless that changes right now, they won’t hit the Paris goals and will face disruption to their business in the future. The transport industry is responsible for 25 % of global emissions from fossil fuels so this should be a major concern to the industry, governments, investors and the planet. Currently we’re seeing a transition to a low carbon economy with the brakes on.”

Some 21 of the 25 companies assessed have a low-carbon vehicle on the market in 2017. However, for 16 of the 25 companies assessed, low carbon vehicles represent less than 1 percent of total annual sales. Only 5 companies currently meet the International Energy Agency’s (IEA) criteria for reducing their emissions across their fleet that aligns with the Paris goals. They are Groupe PSA, Renault, Ford, Mazda and Nissan. The full rankings can be found in the notes to editors below.

The organisations are calling on companies to set clear and detailed targets and plans to work towards the Paris goals. This includes appointing climate change experts to their board – and doing more to push their trade associations to lobby for climate safe transport. At present, only one company (VW) has a climate change expert on its board.
“The building blocks are in place for a shift to low carbon vehicles and business models, but progress is being stalled by lack of market incentives and leadership. Governments and companies must work together to make low carbon vehicles accessible and desirable to consumers, that’s the critical step. The ACT methodology provides insights to help companies understand where they are and what more they need to do to stay on track with Paris,” said Tony Rooke, Global Technical Director at CDP.

French, German and Japanese companies perform the best, with the US lagging behind. However, the benchmark shows the whole industry needs to step up its commitment and performance and accelerate to reach Paris goals.

The report notes that more than half of the companies assessed had explored initiatives like car-sharing, car-pooling or other similar activities, but says more investment and support was urgently needed. It also highlights examples of positive innovation which could help overhaul the transportation system for a low-carbon economy, but which are currently too small in scale. They include BAIC’s ‘Optimus’ initiative for solar battery charges and swap stations, and Honda, Nissan and Toyota’s joint initiative (with the Development Bank of Japan) to accelerate the construction of Fuel Cell Electric Vehicle fuelling stations.

David Cumming, Chief Investment Officer, Equities & Head of UK Equities at Aviva Investors, said: “The global auto sector is a major contributor to climate change and companies must adapt quickly to technological changes and environmental regulations. In launching its climate and energy benchmark, the World Benchmarking Alliance has provided investors with a critical tool to help identify those companies that are prepared to step up to meet global demand shifts and those that risk falling behind.”

ENDS

Notes to editors

1. The Automotive ranking can be found below. The full findings can be found here: climate.worldbenchmarkingalliance.org
2. CDP is an international non-profit that drives companies and governments to reduce their greenhouse gas emissions, safeguard water resources and protect forests. Voted number one climate research provider by investors and working with investors with assets of US$96trillion, we leverage investor and buyer power to motivate companies to disclose and manage their environmental impacts. Over 8,400 companies with over 50% of global market capitalization disclosed environmental data through CDP in 2019. This is in addition to the over 920 cities, states and regions who disclosed, making CDP’s platform one of the richest sources of information globally on how companies and governments are driving environmental change. CDP is a founding member of the We Mean Business Coalition. Visit www.cdp.net/en or follow us @CDP.

3. About the World Benchmarking Alliance: The private sector has a crucial role to play in advancing the SDGs, but to boost companies’ motivation, there needs to be real change in the way that their impact is measured. WBA is benchmarking companies to compare performance on the global challenges the world faces. At Davos the WBA will announce the 2000 most influential companies by impact on the UN’s SDGs to benchmark up to 2023. WBA will act as an independent, transparent body with a broad group of more than 100 allies to be a successful driver of change. The benchmarks free and publicly available to all will empower all stakeholders, from consumers and investors to employees and business leaders, with key data and insights to encourage sustainable business practices across all sectors. www.worldbenchmarkingalliance.org

4. ADEME is the French Environment & Energy Management Agency and is active in the implementation of public policy in the areas of the environment, energy and sustainable development. ADEME provides expertise and advisory services to businesses, local authorities and communities, government bodies and the public at large, to enable them to establish and consolidate their environmental action. To find out more about the ACT (Assessing low Carbon Transition) project visit: https://actproject.net/

Contacts: For more information on the analysis or to speak to a spokesperson contact Claire Barraclough on c.barraclough@worldbenchmarkingalliance.org 07957 730631.