Ceres Accelerator
FOR SUSTAINABLE CAPITAL MARKETS

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Driving Change

Evaluating Automotive Companies' Climate Policy Advocacy

Introduction

Automotive companies have a critical role to play in advocating for policies to address climate risks and pave the way to a clean transportation system. Cars and trucks are the single largest source of carbon pollution in the United States. To address this, a global market shift is already propelling the U.S. automotive industry toward electrification and clean technologies. But without more ambitious action from investors and companies, paired with effective state and federal policy support, the transition will not happen fast enough for the sector to help limit the worst economic impacts of the overheating climate—or to remain competitive as the clean energy transition continues to accelerate in the U.S. and abroad.

This new assessment of the 15 largest automotive companies operating in the U.S. finds that while these companies are engaged on U.S. climate policy, they still have room for progress. For example, **in contrast to 100% of companies benchmarked by Ceres within the electric utilities sector that advocated for Paris Aligned climate policies, nearly a quarter of the transportation sector companies assessed have not demonstrated a commitment to such policies. That constitutes a significant portion of the economy**.

The industry features both leaders, including Ford and GM, and laggards, including PACCAR and Daimler, in advocating for smart, clean transportation policies. But even among the industry leaders, there is still room for significant improvement in consistently supporting policies that accelerate the adoption of clean vehicles in the U.S. and reduce tailpipe emissions. **During the past three years, most of the 15 companies at one point or another have lobbied against climate policies, including regulations from the U.S. Environmental Protection Agency and fuel economy standards.**

The industry has an opportunity to capitalize on the investment boom in electric vehicle manufacturing and infrastructure as well consumer demand for clean cars and trucks. Both have been unlocked by the historic Inflation Reduction Act and Infrastructure Investment and Jobs Act. But to do so, companies must ensure that these and other existing policies are fully implemented, and advance additional legislative and regulatory solutions that will help the automotive industry and other key sectors—like finance and utilities—shift to a clean, equitable economy.

Favorable advocacy on key policies that advance automotive companies' goals include:

- Tax credits for manufacture and purchase of consumer EVs
- Tax credits for the purchase commercial fleet EVs
- Tax credits for the expansion of EV charging infrastructure
- Legislation requiring that by 2035 all vehicles sold in the U.S. be zero-emission vehicles
- Regulatory measures to electrify heavy goods vehicles
- Support for the environmental regulation of tailpipe emissions and establishment of zero-emission vehicle standards

Advocacy in favor of Paris-aligned climate policies is a top priority for investors, who aim to reduce their portfolio risks from climate change and to maximize the opportunities the energy transition presents. In 2021, an investor-led coalition including BNP Paribas, AP7, and the Church of England Pensions Board launched the Global Standard on Responsible Climate Lobbying, identifying clear expectations for companies to adopt and disclose their climate advocacy, and steps their trade associations need to take to address policy misalignment.

To meet the Paris Agreement goals of averting the worst impacts of climate change and to meet their goals, we recommend that automotive companies in the U.S.:

- Directly advocate for policies that will help meet emissions reduction targets.
- Continue to advocate indirectly through trade association memberships in a manner aligned with the organization's climate objectives.
- Minimize inconsistency in climate advocacy throughout geographies.

This analysis is a follow-up to the second Responsible Policy Engagement benchmark Ceres released in November 2022, assessing the climate policy lobbying of the S&P 100 companies, and is the third in a series of our analysis of key emitting sectors within the U.S. We previously examined the policy engagement of the banking and utilities sectors. The automotive companies are a priority sector for Ceres' Ambition 2030 initiative, which is working to decarbonize six of the highest-emitting sectors in the U.S. economy by driving greater corporate ambition, action, and accountability on aggressive emission reductions. This report assesses key global automotive companies against the Advocate (direct engagement) and Engage (indirect engagement) metrics from the benchmark.

Direct Policy Engagement by Automotive Companies

Direct policy engagement is an integral part of the policymaking process—and engaging responsibly on climate policy is instrumental to achieving climate targets and ensuring that the U.S. leads in the clean transportation future. Automotive companies are advocating for climate policies on both the state

and federal levels, consistent with their climate commitments. But companies are not lobbying for measures that would facilitate the clean transportation transition in the U.S. in the time needed. Rather, they are choosing to vouch for policies that have less stringent requirements and longer time frames.

Table 1 · Advocate: Direct Policy Engagement

Company	Has the company stated support for climate action?	In the past three years, has the company publicly and individually advocated for Paris-aligned climate policies?	In the past three years, has the company advocated for Paris-aligned climate policies as part of a coalition of companies?	In the past three years, has the company refrained from opposition to Paris-aligned climate policies?
BMW Motor	✓	✓	✓	✗
Cummins	✓	✓	✓	✗
Daimler Truck	✓	✓	−	✗
Ford Motor	✓	✓	✓	−
General Motors	✓	✓	✓	−
Honda Motor	✓	✓	−	✗
Mercedes-Benz	✓	✓	✗	✗
Nissan	✓	✓	✗	✗
PACCAR	−	✗	−	✗
Stellantis	✓	✓	✓	✗
Suzuki	−	✗	✗	✗
Tesla	✓	✓	✓	−
Toyota Motor	−	−	✓	✗
Volkswagen Group	✓	✓	−	✗
Volvo	✓	✓	−	✗

✓ Meets expectations − Meets some expectations ✗ Does not meet expectations

This table details the 15 automotive companies' performance on the Advocate indicators in the RPE Benchmark. The Blueprint on Responsible Policy Engagement calls on companies to publicly state their support for climate action by affirming the science of climate change, supporting the Paris Agreement, and stating the need for ambitious climate policies. Additionally, it calls on companies to advocate for Paris-aligned climate policies consistently across their engagement platforms. These metrics capture how utilities have engaged directly on climate policy, either on their own and/or as part of a coalition, and whether they have lobbied against climate policy.

Has the company stated support for climate action?

All the companies in this assessment publicly concur with the scientific consensus about risks from climate change and

- 14 out of 15 (93%) of automotive companies have voiced their support for the Paris Agreement, strongly indicating the sector's support for a globally coordinated effort to address the climate crisis. PACCAR has not made any public statements in support of the Agreement.
- 12 out of 15 (80%) of automotive companies have stated the importance of climate policies to meet emissions reduction goals. PACCAR, Suzuki, and Toyota have not publicly expressed the need for climate policies.

In its 2023 CSR report, Stellantis quoted the IPCC's findings about how the physical impacts from climate change are due to human activity and the importance of heeding to the IPCC's recommendations to minimize impacts to the climate.

Toyota Motor North America (TMNA) expressed its support for the Paris Agreement on its website, stating that "Transportation is responsible for one quarter of the world's GHG emissions… TMNA acknowledges climate change as a priority management issue and supports the goals of the Paris Agreement, a pact adopted by 196 countries that commits to reducing GHG emissions in order to keep warming well below 2° Celsius, and to pursue efforts to limit warming to 1.5° Celsius."

Several companies, such as BMW, Ford, GM, Honda, Stellantis, Volkswagen, and Volvo, released joint statements in 2021 in support of climate policies to strengthen America's work on clean cars and trucks.

In the past three years, has the company publicly and individually advocated for Paris-aligned climate policies?
In the past three years, has the company publicly advocated for Paris-aligned climate policies as part of a coalition?

The automotive sector is mixed regarding group and individual lobbying, with lobbying happening at both the state and federal levels.

- 80% of companies have lobbied individually for Paris-aligned climate policies.
- 47% of companies have lobbied as part of a coalition for Paris-aligned climate policies.
- 80% of companies have lobbied either individually or as part of a coalition for Paris-aligned climate policies.

When examined against the results of the previous sector benchmarks, automotive companies are engaging less positively than utilities (92%). Some examples of positive advocacy by automotive companies are listed below:

- Commenting on New York's Climate Leadership and Community Protection Act, Tesla submitted a statement supporting EV adoption and charging infrastructure. The statement commended the "direct sale of zero-emission vehicles by manufacturers to increase availability and sales of electric vehicles in the state," as well as "the policy recommendations related to the Clean Fuel Standard, a Cap-and-Invest Program, and streamlining and expanding charging infrastructure across the state."

- Cummins, Ford, and GM were the only companies in the benchmark to publicly advocate for the Inflation Reduction Act prior to its passing. Since its passage, General Motors, Volkswagen, and Volvo have advocated for the legislation's implementation.

In addition to individual advocacy, half of the automotive companies have lobbied in support of Paris-aligned policies as part of a coalition or a group. Coalition advocacy is particularly powerful as a collective effort is a strong signal to policymakers about the private sector's objectives. For example:

- Ford, General Motors, Toyota, and Stellantis sent a joint letter to Congress to support an EV tax credit and to remove the previous credit's cap in which only the first 200,000 units sold would be eligible for the full credit, followed by an incremental phase out beginning the following quarter.
- Ford publicized its support for California's proposed Advanced Clean Cars II regulation, which requires all passenger trucks, cars, and SUVs sold in California to be zero-emission vehicles by 2035. In a 2022 press release, CSO Bob Holycross stated, "The CARB Advanced Clean Cars II rule is a landmark standard that will define clean transportation and set an example for the United States."

A number of automotive companies in this benchmark have launched their own group as a method of advocating for climate policies that are aligned with their decarbonization goals:

- Powering America's Commercial Transportation (PACT): Daimler Truck, Navistar (a Volkswagen subsidiary), and Volvo are part of a group of automotive companies that are working to advance policies and regulations that empower commercial zero-emissions vehicle operations.
- CARB Clean Truck Partnership: This group advances the development of zero-emissions vehicles for the commercial trucking industry, which includes flexibility for manufacturers to meet emissions requirements while still reaching the state's climate and emission reduction goals. Members include Cummins, Daimler, Ford, General Motors, Navistar, PACCAR, Stellantis, Volvo, and the Truck and Engine Manufacturers Association (EMA).
- Heavy Duty Leadership Group (HDLG): To strengthen the EPA's Phase 3 Truck Rule, Cummins, Ford, and other companies launched this initiative.

In the past three years, has the company publicly refrained from opposition to Paris-aligned climate policies?

- 80% of automotive companies have lobbied against Paris-aligned climate policies.
- This is slightly better compared to utilities companies, where 100% of companies had lobbied against climate policies.

Daimler Truck commented against the EPA's GHG Emissions Standards for Heavy Duty Vehicles–Phase 3 proposal, stating the sales mandate for zero-emissions vehicles was not warranted. Additionally, challenges associated with the transition such as inadequate charging infrastructure, insufficient regulatory support, and increased pressure to the electrical grid were also cited reasons to oppose the proposal. Cummins, Volkswagen subsidiary Navistar, PACCAR, Stellantis, and Volvo also submitted comments opposing the EPA standards.

In its comments on Corporate Average Fuel Economy (CAFE) Standards for Passenger Cars and Light Trucks for Model Years 2027–2032 and Fuel Efficiency Standards for Heavy-Duty Pickup Trucks and Vans for Model Years 2030–2035, Honda advocated to relax the stringency of the standards and challenged the legality of the use of California's Advanced Clean Cars II as a baseline program. Nissan made similar opposing arguments.

Toyota expressed its opposition to the EPA's Proposed Multi-Pollutant Emissions Standards for Model Years 2027 and later Light-Duty and Medium-Duty Vehicles, stating the proposed legislation was too strict in its requirements. Mercedes also commented against the timelines suggested, stating the presence of electrification challenges made the timeline difficult to adhere to.

Indirect Policy Engagement by Automotive Companies

Trade associations wield considerable corporate political influence. While they seek to further the goals of their member organizations, many times these are at odds with a company's climate objectives, which can result in an unproductive use of corporate resources.

This report analyses the most influential automotive industry specific trade associations, including the following:

- Alliance for Automotive Innovation (AAI)
- National Association of Manufacturers (NAM)
- Truck and Engine Manufacturers Association (EMA)

Has the company disclosed a list of its trade association memberships?

Only two of the 15 companies assessed, Ford and GM, have disclosed a full list of their trade association memberships, including the threshold of dues paid to their associations.

Ten of the 15 companies received partial credit as they either disclosed a non-exhaustive list of trade association memberships or did not include the threshold of dues paid. Some, such as Honda, disclosed a list of their industry association memberships but excluded their memberships in key industry associations actively involved in climate policy such as AAI and NAM.

Has the company conducted an internal assessment of its trade associations for alignment on climate policies in line with the Paris Agreement?

One of the 15 companies (7%), GM, received full credit for conducting an internal assessment of their trade associations for alignment on climate policies in line with the Paris Agreement. This scoring is worse than that of the utilities sector, in which 33% of companies have assessed their trade associations' alignment.

GM's 2023 Political Engagement Overview is notable for the sector as it lists the company's public policy priorities for the year at the federal, state and local level. In addition, its 2023 Sustainability Advocacy Report lists several actions taken at the federal and state levels (pp.14–17) and a comprehensive review of its trade association's positions on climate change, including the association's positions on the IRA, climate change and environmental stewardship, the level of

alignment with GM, and specific examples where GM has tried to influence the trade association's position on a climate policy (pp. 26–36).

PACCAR, however, has disclosed an incomplete list of trade associations and failed to reveal how its industry associations, like the EMA and U.S. Chamber, have obstructed the passage of certain climate policies.

Table 2 · Engage: Indirect Policy Engagement

Company	Has the company disclosed a list of its trade association memberships?	Has the company conducted an internal assessment of its trade associations for alignment on climate policies in line with the Paris Agreement?	Is the company a member of any of the following industry associations? AAI	NAM	EMA	Has the company engaged with key U.S. industry associations to influence their stance on climate change?
BMW Motor	⊖	⊖	Y	N	N	✗
Cummins	⊖	⊖	N	Y	Y	⊖
Daimler Truck	✗	✗	N	N	Y	✗
Ford Motor	✓	⊖	Y	Y	N	⊖
General Motors	✓	✓	Y	Y	Y	⊖
Honda Motor	⊖	✗	Y	Y	N	✗
Mercedes-Benz	⊖	⊖	Y	N	N	⊖
Nissan	⊖	⊖	Y	N	N	✗
PACCAR	⊖	✗	N	Y	Y	✗
Stellantis	⊖	✗	Y	N	Y	✗
Suzuki	✗	✗	N	N	N	●
Tesla	✗	✗	N	N	N	●
Toyota Motor	⊖	⊖	Y	Y	Y	✗
Volkswagen Group	⊖	⊖	Y	N	Y	✗
Volvo	⊖	✗	N	Y	Y	✗

✓ Meets expectations ⊖ Meets some expectations ✗ Does not meet expectations

This table details the 15 automotive companies' performance on the Engage indicators in the RPE Benchmark. The Blueprint on Responsible Policy Engagement calls on companies to assess the extent to which their trade associations engage on climate policy and whether that engagement aligns with the Paris Agreement. Based on the results of such an assessment, companies should publicly engage with their trade groups to ensure their positions are aligned.

Is the company a member of any of the following industry associations: AAI, NAM, EMA?

(Note that companies are not being penalized or given credit for being members or not. Suzuki and Tesla do not retain memberships to any of the industry associations evaluated.)

- 60% of companies are members of AAI
- 46% of companies are members of NAM
- 53% of companies are members of the EMA

InfluenceMap has evaluated these trade associations on their climate policy engagement, and their scores leave much to be desired. The AAI has a performance band of *D*; NAM was given an *E*; and the EMA was given a *D*-.

In early 2023, Ford decided to exit the EMA due to misalignment on climate issues. The EMA has been lobbying against climate regulations for heavy-duty trucks, opposing a proposed rule from the Environmental Protection Agency (EPA) that aims to cut the greenhouse gas emissions from large trucks. In 2022, Ford joined Honda, General Motors, and engine maker Cummins Inc. in opposing the EMA's lawsuit against the State of California over proposed emissions standards.

Has the company publicly engaged with key U.S. trade associations to influence their stance on climate change?

Of the 15 companies assessed, only General Motors has publicly disclosed specific activities through which is it influencing key U.S. trade associations' stance on climate change. There was no data on this available for two companies, Suzuki, and Tesla.

GM's 2023 Sustainability Advocacy Report states that the company is not fully aligned with AAI on the policy merits of the IRA and that it has engaged with AAI "about the economic advantages and climate benefits of the incentives provided by the clean energy provisions," (p. 27). In the same report, GM also stated regarding its alignment with NAM, that "GM and NAM are not fully aligned on the policy merits of the IRA. GM repeatedly engaged with NAM about the many advantages of the beneficial economic incentives provided by the clean energy provisions, namely the on-shoring and ally-shoring of the BEV supply chain" (p. 32).

Ford did not call out obstruction by trade associations that have previously opposed climate policy but in its 2023 Political Disclosures Report, the company mentions its attempts to influence the AAI's position to be supportive of the EPA's GHG rule.

Recommendations for Automotive Companies

Comprising the largest share of GHG emissions in the U.S., decarbonization is essential for the automotive sector. Doing so has, and will continue to, require active public policy engagement from automotive companies, and advocacy aligned with the goals of the Paris Agreement is critical. To ensure they are advocating for climate policies in line the Paris Agreement and their own climate objectives, we recommend that automotive companies in the U.S.:

1. **Directly advocate for policies that will help meet emissions reduction targets.**

Although 80% of the companies in this assessment have lobbied in favor of Paris-aligned climate policies, the same percentage of companies have also lobbied against climate policies. Consistent advocacy in favor of climate policies is vital for companies to be able to meet their climate goals and remain competitive as the clean transportation transition continues to accelerate globally. There are ample opportunities to advocate for clean transport policies on the state and federal level in 2024, as listed in the Ceres 2024 Policy Outlook, that automotive companies can capitalize on through individual and group advocacy.

2. **Continue to advocate indirectly through trade association memberships in a manner aligned with the organization's climate objectives.**

Ford displayed exemplary leadership by leaving the EMA over misalignment on climate policy. It is imperative that companies continue to evaluate the lobbying of their trade associations on climate policy and act where their trade associations' stance is at odds with the company's climate goals. Directing resources towards policy resources that will achieve those goals is better for the company's longevity and signals to investors that misalignment risk is minimized.

3. **Minimize inconsistency in climate advocacy throughout geographies.**

While the companies assessed are the largest automotive companies in the U.S., many of them have home bases in the European Union and lobby across multiple geographic jurisdictions. Given the stricter climate policies in the EU, companies have a better track record of advocating in favor of EU climate policies but fail to do so when they operate in areas with more lax policies, such as the U.S. This type of inconsistency is one investors should be aware of as it demonstrates how an effective policy environment can be a motivating factor for companies to adhere to policy signals and shift their business activities to be less carbon intensive.

Appendix

This report assesses whether the automotive sector's climate policy engagement is enough to drive effective climate action, or if it is holding back progress. The automotive companies analyzed are among the largest in the U.S. by market capitalization.

Table 3 · Emissions Reduction Targets

Company	Net Zero by 2050?	2030 Target
BMW Motor	✓	Reduce scope 1 and 2 emissions by 80% from a 2019 baseline.
Cummins	✓	Reduce absolute greenhouse gas (GHG) emissions from facilities and operations by 50%; reduce scope 3 absolute lifetime GHG emissions from newly sold products by 25%; partner with customers to reduce scope 3 GHG emissions from products in the field by 55 million metric tons; reduce volatile organic compounds emissions from paint and coating operations by 50%; create a circular life cycle plan for every part to use less, use better, use again; generate 25% less waste in facilities and operations as a percent of revenue; reuse or responsibly recycle 100% of packaging plastics and eliminate single-use plastics in dining facilities, employee amenities and events; reduce absolute water consumption in facilities and operations by 30%.
Daimler Truck	✓	Reduce energy consumption by around 590 GWh, water usage by around 470,000 m^3 and waste generation by 40 kt (with mean values from 2013 and 2014 as a baseline); 42% reduction in production-related CO_2e emissions with regard to emission from 2021 to 2030. By 2030, at least 55% of energy is to come from renewable sources.
Ford Motor	✓	Reduce scope 1 and 2 GHG emissions from our operations by 76% by 2035 from a 2017 baseline; reduce scope 3 GHG emissions from the use of sold products by 50% per vehicle km by 2035 from a 2019 baseline.
General Motors	✓	Scopes 1 and 2: Reduce energy intensity in our operations by 35% by 2035 against a 2010 baseline; source 100% renewable energy globally; reduce scope 1 and 2 operations emissions by 72% by 2035 against a 2018 baseline. Scope 3: Reduce scope 3 GHG emissions from the use of sold products of light-duty vehicles by 51% per vehicle-km by 2035 against a 2018 baseline; eliminate tailpipe emissions from new U.S. light-duty vehicles by 2035.
Honda Motor	✓	Reduce the total amount of CO_2 emissions from corporate activities by 46% by 2030 from a 2020 baseline.
Mercedes-Benz	✓	Reduce the CO_2 emissions per car in the new vehicle fleet by at least 50 % along all stages of the value chain; increase the share of the energy requirement in own Mercedes-Benz production plants which is met through renewable energies: cars 70 %, vans 80 %; reduce CO_2 emissions in the Mercedes-Benz plants (scope 1 and 2) by 80% compared to 2018 baseline.
Nissan	✓	More than 50% electrification mix globally; increase global battery production capacity by 130 GWh.
PACCAR	✓	Reduce scope 1 (internal operations) and scope 2 (purchased energy) greenhouse gas (GHG) emissions by 35% from a 2018 base year; reduce scope 3 emissions from the use of sold products by 25% per vehicle kilometer by 2030.
Stellantis	✓	Achieve 50% passenger car and light-duty truck BEV sales mix; deliver up to 400 gigawatt-hours of battery production; 75% emissions reduction.

Continues ▶

Table 3 · Emissions Reduction Targets, continued

Company	Net Zero by 2050?	2030 Target
Suzuki	✓	Reduce CO_2 emitted from new automobiles by 40% on a well-to-wheel basis compared to 2010; reduce CO_2 from business activities by 45% in terms of carbon intensity per sales unit compared to 2016.
Tesla	✓	N/A
Toyota Motor	✓	Reduce global average GHG emissions from new vehicles by 33.3% by 2030 and by more than 50% by 2035, compared to 2019 levels; achieve carbon neutrality for CO_2 emissions at global manufacturing plants by 2035; reduce absolute scope 1 and Scope 2 GHG emissions by 68% by 2035, compared to 2019 levels; reduce GHG emissions throughout the vehicle life cycle by 30% by 2030, compared to 2019 levels.
Toyota Motor	✓	Reduce global average GHG emissions from new vehicles by 33.3% by 2030 and by more than 50% by 2035, compared to 2019 levels; achieve carbon neutrality for CO_2 emissions at global manufacturing plants by 2035; reduce absolute scope 1 and scope 2 GHG emissions by 68% by 2035, compared to 2019 levels; reduce GHG emissions throughout the vehicle life cycle by 30% by 2030, compared to 2019 levels.
Volkswagen Group	✓	Reduce carbon emissions by 40% per vehicle; EVs account for 50% of sales in North America; all plants outside of China operate on 100% green electricity.
Volvo	✓	Trucks: reduce emissions per vehicle-km by 40%. Buses: reduce emissions per vehicle-km by 40%. Construction equipment: reduce absolute emissions 30%. Own operations: reduce absolute GHG emission by 50%.

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