Carbon Tracker Initiative

Oil Companies in Disguise

Are Investors Mispricing Automotive Climate Risk?

3 June 2026 | 04:00 PM London

Find our research

Website:
www.carbontracker.org

3rd party platforms:

Bloomberg S&P Global FACTSET

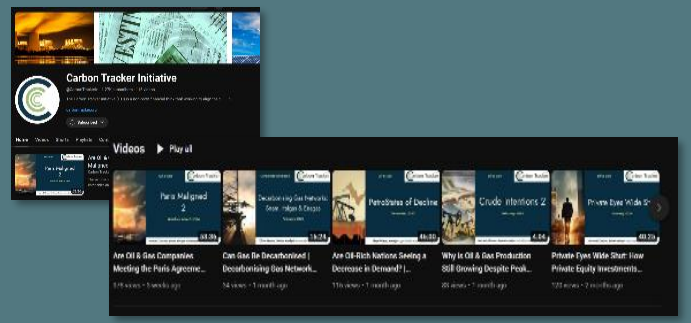
REFINITIV AlphaSense Climate Action 100+

climate arc

CLIMATE ENGAGEMENT CANADA

smartkarma

YouTube:



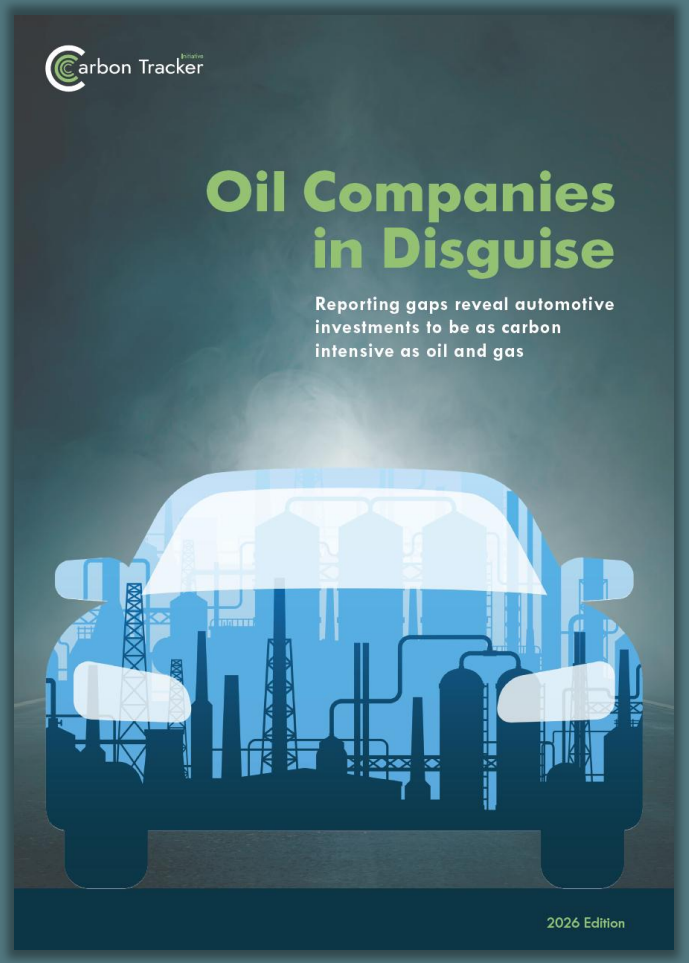
Who we are

Carbon Tracker Initiative

Carbon Tracker is an independent financial think tank working to align capital markets with addressing climate change. Through in-depth research and analysis, we assess the financial and economic rationale of the energy transition and the risks associated with continued fossil fuel investment. Our work empowers investors, policymakers, and companies to make informed decisions that support a just and credible shift to a net zero emissions future.

Oil Companies in Disguise

(2026 Edition)



Agenda

- ❑ Presentation of findings
- ❑ Key-takeaways for investors
- ❑ Panel discussion
- ❑ Q&A

Scan to download the report

(A Japanese version of the report is also available)

Speakers (1/2)

Ben Scott

Head of Energy Demand – Carbon Tracker Initiative

Prior to Carbon Tracker, Ben worked at MUFG Bank in London, providing financial and industry analysis on the automotive sector. Previously worked at Aston Martin Lagonda and IHS Markit (acquired by S&P Global), where he led the E-Mobility research.

Harry Benham

Energy Industry Professional, Strategic Advisor – Carbon Tracker Initiative

Harry has over 30 years international experience in the oil and gas industry with BP and Shell's Upstream Projects, and several years working in an advisory capacity with EY Oil and Gas in the UK. He now works mainly in energy transition roles as Chairman of the London-based think-tank Ember-Climate, and as a transition advisor to Carbon Tracker.

Speakers (2/2)

Ben Youriev

Director of LobbyMap Research on Energy, Mining and Transport – InfluenceMap

Ben leads InfluenceMap's global research on Energy, Mining, and Transport, analysing corporate advocacy on climate regulations. Prior to InfluenceMap, Ben worked on climate change at the UNFCCC and at multiple thinktanks in London.

Giuseppe (Joseph) Jacobelli

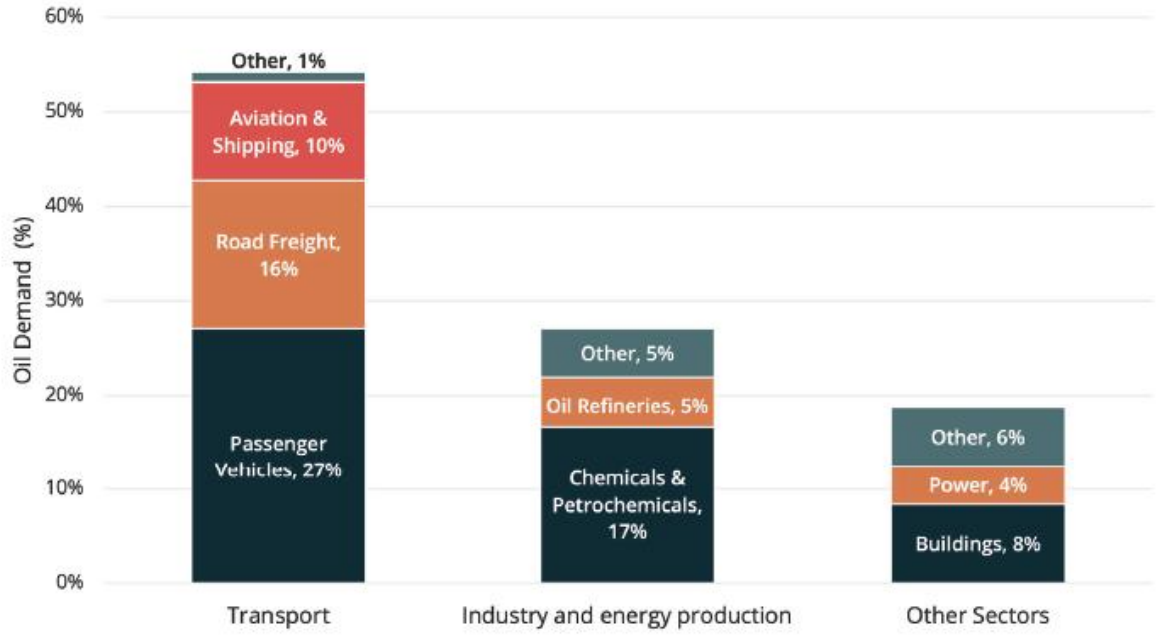
Managing Partner – Bourne Impact Capital Ltd

Founder – actE

Joseph manages Bourne Impact Capital, a single-family office, and leads actE, a not-for-profit climate finance and business insights platform, with 35 years of banking and executive experience across Europe and Asia. He wrote two books on the energy transition and hosts the Asia Climate Finance Podcast.

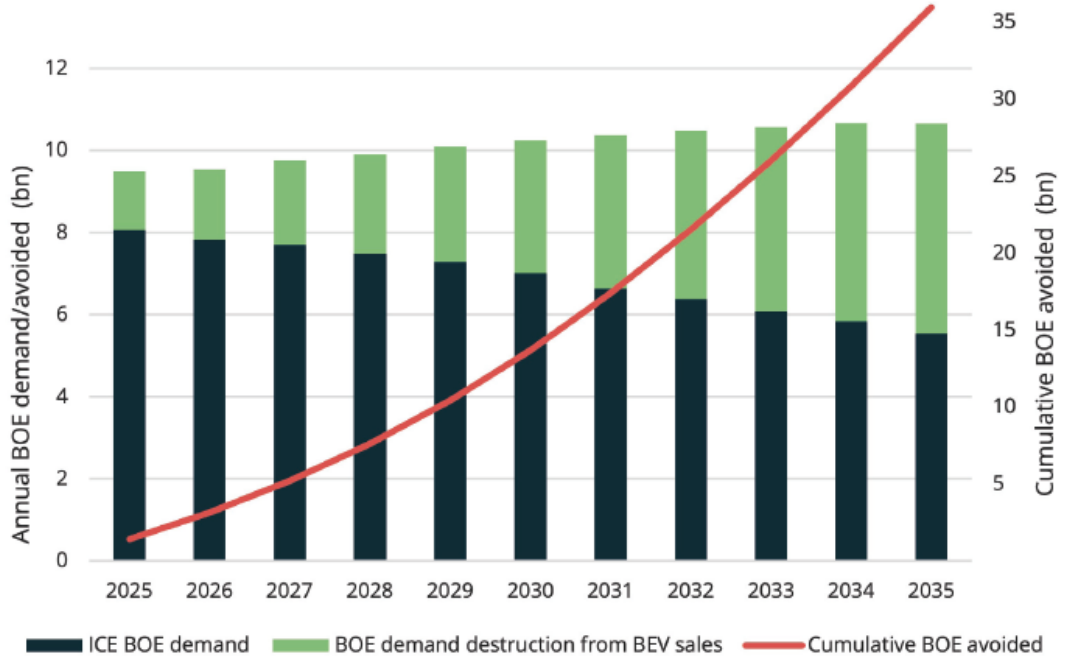
Automotive Sector & Global Oil Demand

Global Oil Demand by End Market



Source: IEA, Carbon Tracker

Passenger Vehicle Oil Demand Destruction (Forecast)



Source: Carbon Tracker, GlobalData

Automotive: The Systemic Carbon Gap

33%

Median Industry Emissions Underreporting

Carbon Gap is not a minor auditing discrepancy:

- **Standard risk assessments being used by institutional investors to evaluate transition readiness are structurally understating emissions**
- **Distortion translates directly into mispriced transition liability and overvalued assets**

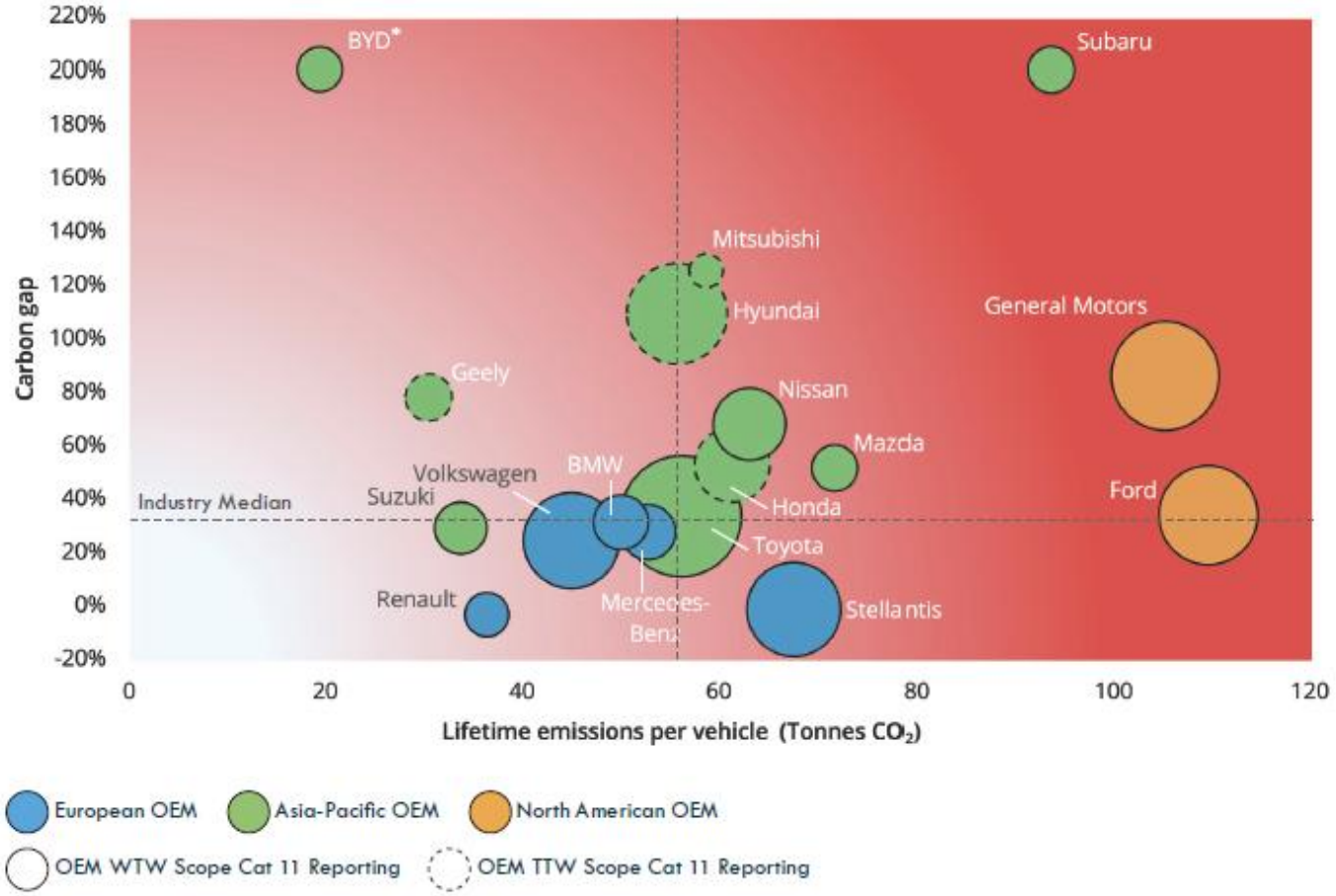
Drivers of Underestimation and the Carbon Gap

Unrealistic Vehicle Lifetime Mileage

PHEV Real-World Emissions

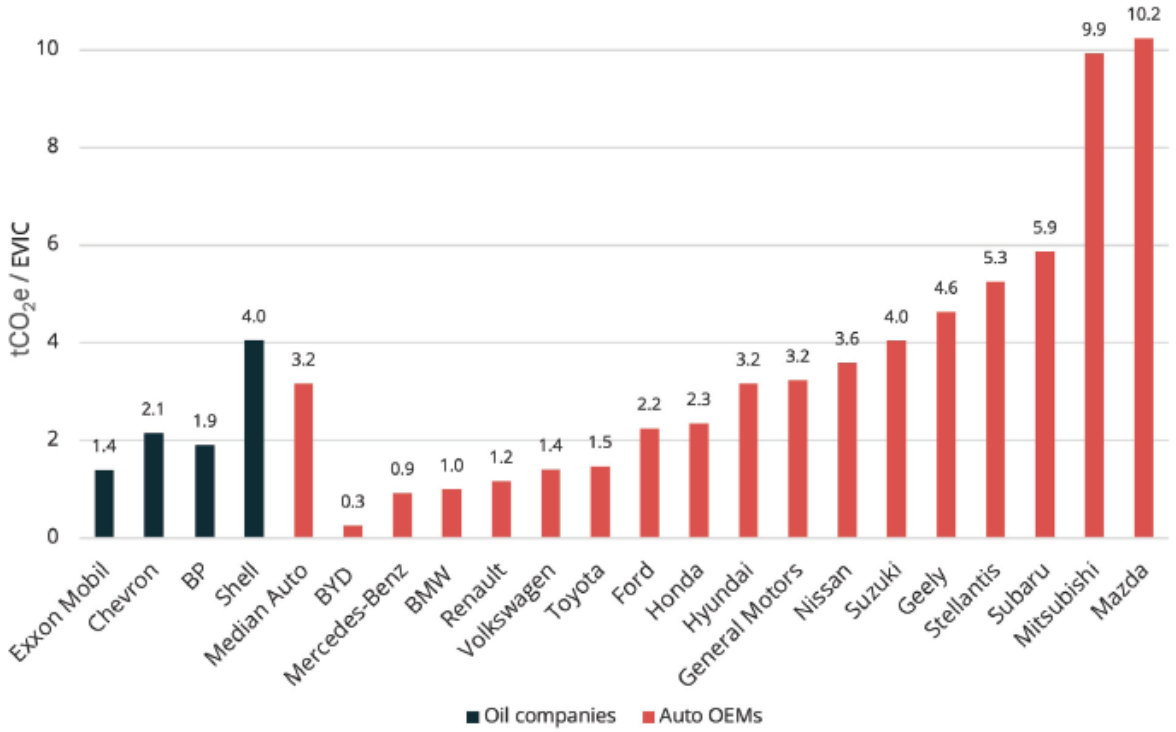
Exclusion of Fuel Production (Tank-to-Wheel vs Well-to-Wheel)

Global OEMs: The Carbon Gaps



Source: Carbon Tracker, EEA, GlobalData, Company Public Information
*Notes: Bubble size is proportional to 2024 total annual emissions. The boundary of BYD's 2024 reported Scope 3 GHG emissions of 3.3Mt is restricted to GHG emissions from employee travel, employee commuting and fuel and energy-related activities. BYD does not report lifetime vehicle emissions leading to a carbon gap of over 2,000%. *For readability, BYD has been capped at the highest displayed emissions gap (201%). Industry Carbon Gap % median is adjusted to not consider outliers (BYD and Subaru).*

Carbon Intensity: Oil & Gas vs Automotive



Source: Carbon Tracker calculations, Bloomberg

Notes: Carbon Intensity is calculated as Total GHG Emissions (Scopes 1, 2, and 3) divided by Enterprise Value Including Cash (EVIC), expressed in tCO2e per $1M USD.

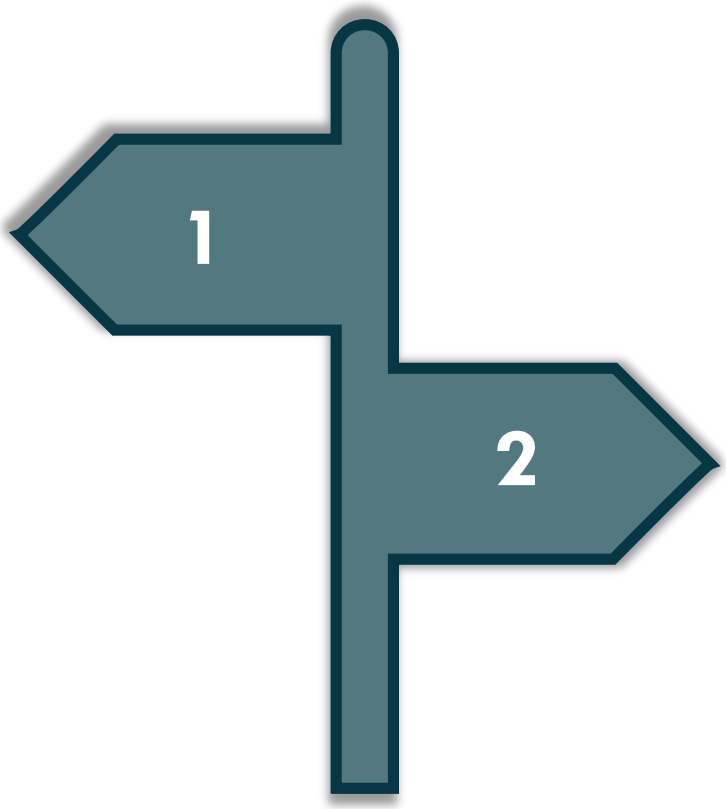
Energy Sector Data: Emissions for Oil & Gas companies (ExxonMobil, Chevron, Shell, BP) represent total reported Scope 1, 2, and 3 emissions for the 2024 reporting cycle.

Automotive Sector (Adjusted Benchmark): Automotive emissions are a composite of reported and proprietary figures to eliminate reporting bias. Scopes 1, 2, and 3 (excluding Category 11) are utilised directly from official disclosures. Reported Category 11 (Use of Sold Products) figures have been replaced with Carbon Tracker's estimates, which apply real-world lifetime mileage assumptions and adjusted PHEV utility factors to more accurately estimate these emissions.

Financial Data: EVIC is the sum of Market Cap, Total Debt, Minority Interests, and Preferred Equity. Non-Japanese data is as of 12/31/2024; Japanese data is as of 03/31/2025.

Diverging Powertrain Strategies

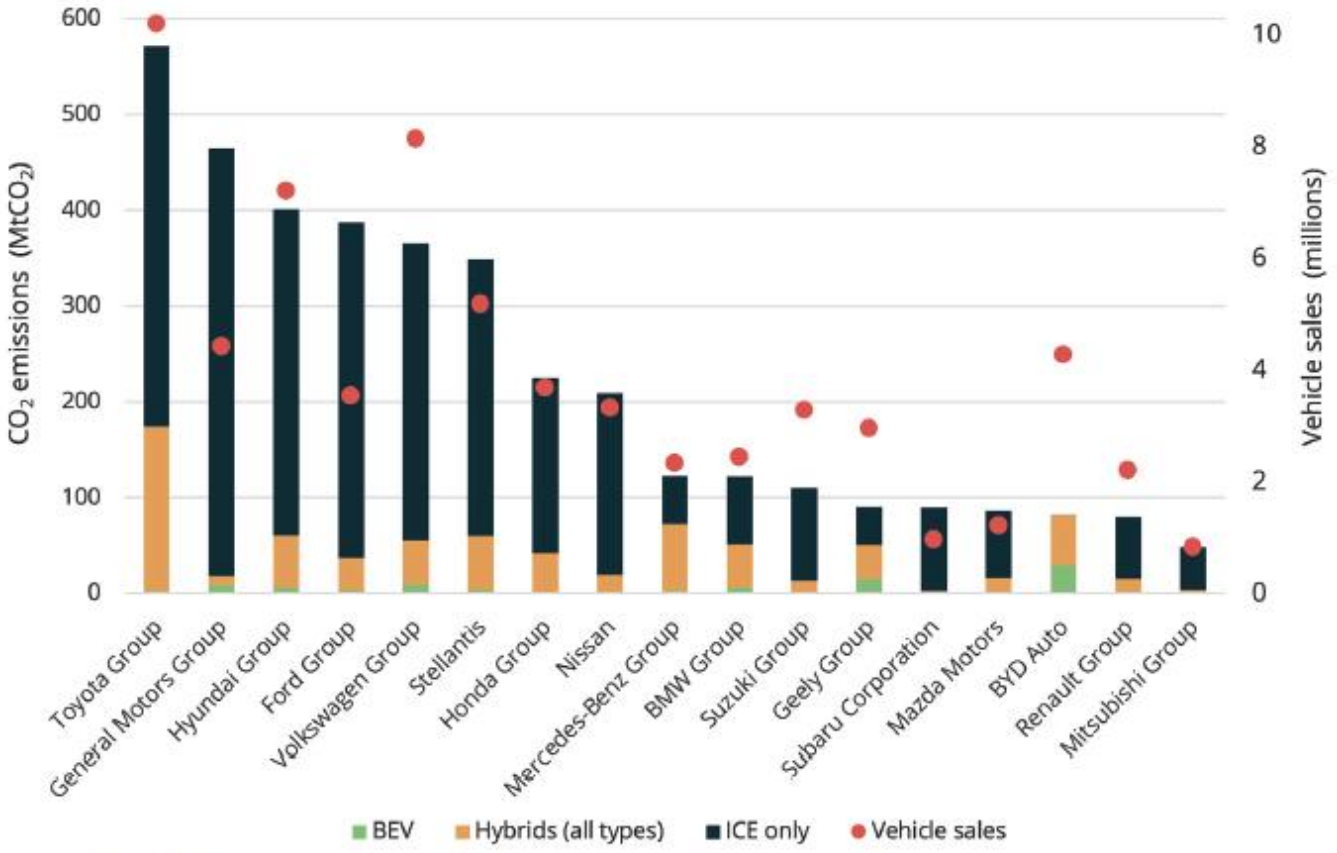
BEV-Focussed (The Leaders)



Hybrid-Heavy (The Laggards)

Hybrid Efficiency Trap

- **'Legacy bolt-on' Risk:** Adding small batteries to tradition ICE platforms offers marginal emissions reductions while being tethered to legacy architecture.
- **Toyota Overweight on Hybrids:** With a sales ratio of 27 hybrids for every one BEV, Toyota fundamentally tethered to legacy engine technology, leaving the firm highly exposed to tightening global emission mandates.
- **Toyota the Largest Emitter:**
  - Toyota is the largest emitter in the automotive sector, a direct consequence of its global sales volume.
  - Scope 3 Cat 11 emissions generated by Toyota's hybrid fleet alone exceed the equivalent total for the entire BMW Group.
  - Even if ICE vehicles were excluded from its reporting, Toyota's hybrid segment would still rank as the 7th largest emitter globally.



Source: Carbon Tracker Calculations

GHG Protocol vs E-Ledgers

- **The Industry Baseline**: It represents the established global standard for carbon accounting, classifying emissions into Scopes 1, 2, and 3 to give investors a comprehensive view of corporate climate risk across the entire value chain.
- **Exposes Downstream Responsibility**: By design, it requires automakers to report Scope 3 Category 11 emissions (lifetime vehicle tailpipe use), ensuring that corporate design decisions and fossil-fuel reliance remain visible to asset managers.

- **Alternative Accounting Coalition:** Launched in 2025 by oil majors (including ExxonMobil and TotalEnergies) and joined by Toyota in 2026, this industry coalition champions an alternative approach based on transferable "E-Ledgers".
- **Obscures Carbon Transparency:** From an investor's perspective, this framework risks narrowing corporate accountability by shifting downstream vehicle emissions off the automaker's balance sheet, masking financial exposure to oil demand without changing real-world fuel consumption.

Investor Transition Toolkit

1. Interrogate Scope 3 Methodologies
2. Focus on BEV Sales Share as the Core Transition KPI
3. Identify ‘Carbon Gap’ Exposure
4. Evaluate Powertrain Strategy
5. Incorporate Standardised Carbon Intensity into Valuation
6. Monitor Alignment With Evolving Reporting Standards

Disclaimer

As an initiative of Tracker Group Ltd., Carbon Tracker's reports are impersonal and do not provide individualised advice or recommendations for any specific reader or portfolio. Tracker Group Ltd. is not an investment adviser and makes no recommendations regarding the advisability of investing in any particular company, investment fund or other vehicle. The information contained in this research report does not constitute an offer to sell securities or the solicitation of an offer to buy, or recommendation for investment in, any securities within any jurisdiction.

The information is not intended as financial advice. The information used to compile this report has been collected from a number of sources in the public domain and from Tracker Group Ltd. licensors. While Tracker Group Ltd. and its partners have obtained information believed to be reliable, none of them shall be liable for any claims or losses of any nature in connection with information contained in this document, including but not limited to, lost profits or punitive or consequential damages. This research report provides general information only. The information and opinions constitute a judgment as at the date indicated and are subject to change without notice. The information may therefore not be accurate or current. The information and opinions contained in this report have been compiled or arrived at from sources believed to be reliable and in good faith, but no representation or warranty, express or implied, is made by Tracker Group Ltd. as to their accuracy, completeness or correctness and Tracker Group Ltd. does also not warrant that the information is up to date.