

Toyota, Honda top list of carmakers facing climate-change risks

Hurricanes, flooding, and water supplies threaten assembly lines of Japanese auto companies

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Japan's three biggest carmakers are facing the greatest risk from climate change among global auto companies because much of their manufacturing remains concentrated in the island nation, according to a study by Greenpeace.

Toyota Motor, Honda Motor Co. and Nissan Motor will face major challenges ranging from hurricanes and flooding, to high temperatures and water shortages, in the coming years based on where their factories are

located, said the environmental-advocacy group, which analyzed data from Moody's ESG Solutions on physical risks.

When it comes to environmental, social and governance issues, the spotlight is usually on the impact that manufacturers have on the climate, or society. Yet, as changes in the weather make the impact of natural disasters more frequent and intense, carmakers will face "a high level of physical risk" of damage and disruption at their operational facilities as well as supply-chain disruptions, Greenpeace said.

To an extent, the list reflects the realities of geography. The Japanese carmakers, which also have factories in Asia, have facilities scattered across an archipelago that's susceptible to typhoons. The word itself means "big wind" in Japanese. Toward the bottom of the list of major carmakers facing less climate risk are Volkswagen AG, Stellantis NV and other European automakers with manufacturing facilities in northern climates.

Even so, Greenpeace singled out Toyota, which scored the highest, as being "reluctant to disclose climate risks in relation to its facilities" and recommended that the company "take more aggressive action to reduce its carbon footprint." More than 90 per cent of Toyota's manufacturing sites are at high

risk for at least one climate hazard, according to Greenpeace's analysis.

Toyota pushed back on the study, saying that it has worked to

build a "disaster-resilient supply chain," disclose its emissions and taken steps to secure water supplies. Almost 30% of Toyota's vehicle output came from Japan

in the first half.

"Toyota has a solid track record of working within its resources to restore its operations and production in the event of climate change-related disasters, earthquakes and fires with humanitarian assistance and early restoration of affected areas as the utmost priority," the company said in a

statement. Nissan said it conducts long-term assessments of climate-change risks, and takes that into account when setting strategy for its supply chain. "We'll continue to hold a dialog with stakeholders and proactively strengthen our activities," Nissan spokesman Shiro Nagai said. **BLOOMBERG**

