# **Mitsubishi Motors Corporation - Climate Change 2018**

## **C0. Introduction**

## **C0.1**

### **(C0.1) Give a general description and introduction to your organization.**

Mitsubishi Motors Corporation was established in 1970 and currently, it manufactures automobiles in 4 countries around the world (the Company and its consolidated subsidiaries), selling them in approximately 160 countries. It has been a member of the Renault-Nissan alliance since October 2016. The number of its employees on a consolidated basis is 30,507. In 2017, it sold 12.6 million vehicles and sales reached 2.1924 trillion yen. In 2009, it launched i-MiEV, the world’s first mass produced electric vehicle and in 2013, it launched the Outlander PHEV, a plugin hybrid vehicle.

## **C0.2**

### **(C0.2) State the start and end date of the year for which you are reporting data.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Start date** | **End date** | **Indicate if you are providing emissions data for past reporting years** | **Select the number of past reporting years you will be providing emissions data for** |
| Row 1 | April 1 2017 | March 31 2018 | No | <Not Applicable> |
| Row 2 | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Row 3 | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Row 4 | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |

## **C0.3**

### **(C0.3) Select the countries/regions for which you will be supplying data.**

Australia

China

Germany

Indonesia

Japan

Netherlands

New Zealand

Philippines

Puerto Rico

Thailand

United Arab Emirates

United States of America

## **C0.4**

### **(C0.4) Select the currency used for all financial information disclosed throughout your response.**

JPY

## **C0.5**

### **(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your consolidation approach to your Scope 1 and Scope 2 greenhouse gas inventory.**

Financial control

## **C-TO0.7/C-TS0.7**

### **(C-TO0.7/C-TS0.7) For which transport modes will you be providing data?**

Light Duty Vehicles (LDV)

## **C1. Governance**

## **C1.1**

### **(C1.1) Is there board-level oversight of climate-related issues within your organization?**

No

## **C1.1c**

### **(C1.1c) Why is there no board-level oversight of climate-related issues and what are your plans to change this in the future?**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Primary reason** | **Board-level oversight of climate-related issues will be introduced within the next two years** | **Please explain** |
| Row 1 |  | No, we do not currently plan to do so |  |

## **C1.2**

### **(C1.2) Below board-level, provide the highest-level management position(s) or committee(s) with responsibility for climate-related issues.**

|  |  |  |
| --- | --- | --- |
| **Name of the position(s) and/or committee(s)** | **Responsibility** | **Frequency of reporting to the board on climate-related issues** |
| Sustainability committee | Both assessing and managing climate-related risks and opportunities | Annually |

## **C1.2a**

### **(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored.**

The Environmental Management Committee is the highest decision-making body. This committee comes under the Management Committee, which has been entrusted with most of the executive authority by the Board of Directors. The E xecutive Vice President (responsible for development and quality), a member of the Board of Directors, and the Senior Vice President (responsible for production) are appointed by the CEO to serve as Joint-Chairman of the committee. Relevant executive officers and divisional managers attend the meetings to share long-term environmental trends including COP21, deliberate on the mid-term plan, “Drive for Growth”, to deal with environmental issues with a focus on climate change countermeasures based on a common awareness, and to propose and decide on the plan. The current mid-term plan is the “E nvironment Initiative Program 2019” which defines the initiatives and plans to be implemented during the period of the mid-term business plan until the year 2019. This plan was released in March 2018 to define the initiatives and plans to deal with environmental issues, including a plan to reduce CO2 emissions during production, office operations, distribution and use of the product. The Environment Management Committee adopts annual reduction targets prescribed for each department based on the “Environment Initiative Program 2019” as its KPIs and follows up on the attainment of these targets. If reduction targets are not achieved, it deliberates on countermeasures and reports the results to the Management Committee. For targets that are not achieved, countermeasures such as raising the proportion of fuel-efficient vehicles in the product rollout plan, promoting the development of fuel-efficient vehicles, investing in energy-usage reduction and other necessary measures are reflected in the management plan.

## **C1.3**

### **(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?**

Yes

## **C1.3a**

### **(C1.3a) Provide further details on the incentives provided for the management of climate-related issues.**

### **Who is entitled to benefit from these incentives?**

All employees

### **Types of incentives**

Monetary reward

### **Activity incentivized**

Emissions reduction project

### **Comment**

The Company works to reduce GHG emissions associated with employee commuting. Employees who commute to work in low-emission EVs or PHEVs, for example, receive benefits proportional to their commuting distances. To encourage employees without charging equipment in their homes to commute in EVs and PHEVs, meanwhile, the Company also implements workplace charging efforts by installing charging facilities in Company parking lots. Another example of the Company’s initiatives is its park-and-ride system, which provides each employee user with up to 3,000 yen per month to help cover parking fees.

### **Who is entitled to benefit from these incentives?**

Chief Sustainability Officer (CSO)

### **Types of incentives**

Monetary reward

### **Activity incentivized**

Emissions reduction project

### **Comment**

The responsibility of reviewing and formulating the medium-term “Environment Initiative Program” is shouldered by an executive director in-charge of the environment. By positioning the above-mentioned item as a commitment in our staff appraisal system, the proper review and formulation of an “Environment Initiative Program” serves as a factor to determine the salary and bonus of the person, ensuring that the plan is implemented properly.

## **C2. Risks and opportunities**

## **C2.1**

### **(C2.1) Describe what your organization considers to be short-, medium- and long-term horizons.**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **From (years)** | **To (years)** | **Comment** |
| Short-term | 1 | 1 |  |
| Medium-term | 1 | 3 | The planning periods are defined in our mid-term initiative plan “Environment Initiative Program 2019”. They are synchronized with our mid-term business plan “Drive for Growth”. |
| Long-term | 3 | 32 | The period until 2050 is being positioned as long-term. |

## **C2.2**

### **(C2.2) Select the option that best describes how your organization's processes for identifying, assessing, and managing climate-related issues are integrated into your overall risk management.**

Integrated into multi-disciplinary company-wide risk identification, assessment, and management processes

## **C2.2a**

### **(C2.2a) Select the options that best describe your organization's frequency and time horizon for identifying and assessing climate-related risks.**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Frequency of monitoring** | **How far into the future are risks considered?** | **Comment** |
| Row 1 | Annually | >6 years | Information on climate change-related risks and opportunities until the year 2050 that has been gathered and evaluated by the Environmental Management Department are shared at the Environment Management Committee Meeting held once a year and reflected in the formulation and review of goals and plans for environmental initiatives. |

## **C2.2b**

### **(C2.2b) Provide further details on your organization’s process(es) for identifying and assessing climate-related risks.**

(ⅰ)Company level

An environmental management department has been established in each office and development department of the Company and its affiliates to collect information on risk and opportunity factors until the year 2050. The Environmental Management Department evaluates reports received from these departments. In particular, for regulatory information and information that affects mid-term initiatives and plans of the Company, it investigates the areas where the risks reside and the magnitude, range and probability of the impact from the potential monetary impact, identifying those that may be subject to penalties and those that may have a considerable impact on sales as risks/opportunities having substantial influence. These results are monitored and deliberated once a year by the Environment Management Committee and reported to the Management Committee where necessary. In this process, IPCC2 level scenarios and IEA and other trend predictions are used as references.

(ⅱ)Asset level

Once a year, the Environmental Management Departments in the offices of the Company and its affiliates gathers the views of stakeholders such as local residents and municipalities as well as information on the regulatory trends of each country or municipality or country where it is located to identify the risk and opportunity factors. The information then goes into reports submitted to the Environmental Management Department (CSR/Environment Division), which incorporates the asset-level risk/opportunity factors into its Company-level risk assessments.

## **C2.2c**

### **(C2.2c) Which of the following risk types are considered in your organization's climate-related risk assessments?**

|  |  |  |
| --- | --- | --- |
|  | **Relevance & inclusion** | **Please explain** |
| Current regulation | Relevant, always included | CO2 emissions from running vehicles are recognized as one of the major causes of climate change. As a climate change countermeasure, each country has established regulations governing the fuel efficiency and CO2 emissions of vehicles. We are aware that such regulations affect our sales. Currently, regulations have been enacted in 12 countries around the world and depending on the extent of the regulations, penalties etc. are expected to be imposed. |
| Emerging regulation | Relevant, always included | CO2 emissions from running vehicles are recognized as one of the major causes of climate change. As a climate change countermeasure, each country has established regulations governing the fuel efficiency and CO2 emissions of vehicles. We are aware that such regulations affect our sales. In future, regulations will be considered in countries such as Australia etc. and depending on the extent of the regulations, penalties etc. are expected to be imposed. |
| Technology | Relevant, always included | Vehicles running on internal combustion engines emit CO2 when they are running. From the perspective of dealing with climate change, it is necessary to shift to electric vehicles from vehicles with conventional engines e.g. Norway is considering banning the sales of vehicles other than electric and hybrid vehicles etc. If the development of electric vehicle technology is delayed in our company, this will impede our business strategy transformation, and the impact on our business will be a concern. |
| Legal | Relevant, sometimes included | The awareness of stakeholders is increasing due to the progression in climate change. If our climate change countermeasures are inadequate in such a situation, legal risks such as class-action suits may possibly occur. |
| Market | Relevant, always included | Vehicles running on internal combustion engines emit CO2 when they are running. From the perspective of dealing with climate change, it is necessary to shift to electric vehicles from vehicles with conventional engines e.g. Norway is considering banning the sales of vehicles other than electric and hybrid vehicles etc. Changes in preferences in such a market will possibly exert a huge impact on our company’s sales. |
| Reputation | Relevant, always included | Due to the progression in climate change, customer needs for environmental considerations to be taken into account by companies and ESG investment opportunities are expanding. If stakeholders were to deem that our climate change countermeasures are inadequate under such a social trend, our reputation will be affected, and a deterioration in sales and a drop in corporate value can be expected. |
| Acute physical | Relevant, sometimes included | It is said that a rise in the sea level temperature due to climate change will bring about an increase in tornadoes and tropical low pressures. Many of our production bases area located in Japan or Southeast Asia and so an increase in tropical low pressures may increase the risk of our own operations and supply chain being disrupted. |
| Chronic physical | Relevant, sometimes included | If there is a change in the average air temperature of the country or region that we operate in due to climate change, the increase in business cost accompanying an increase in the energy cost required for air-conditioning will be a concern. |
| Upstream | Relevant, sometimes included | Besides the risk of supplier operations being disrupted by an increase in tropical low pressures accompanying a rise in the sea level that is described as acute physical in the upstream area of the supply chain, the energy cost of our suppliers will increase due to a carbon pricing system being adopted e.g. taxes for global warming countermeasures in Japan, which is expected to be reflected in the purchase price of our parts and materials. |
| Downstream | Relevant, sometimes included | In the downstream areas of the supply chain, if we are not able to comply with the regulations for vehicle products in each country, we may be subject to market risks including the suspension of sales to customers by our distributors as a result of the regulations, and reputation risks concerning the performance of our products. |

## **C2.2d**

### **(C2.2d) Describe your process(es) for managing climate-related risks and opportunities.**

We encourage initiatives to be adopted by each department by reporting risks identified by the Environmental Management Department to the Environment Management Committee. One of the important items under the mid-term business plan “Environment Initiative Program 2019” is the reduction of CO2 emissions from our vehicle products. Applicable risks and opportunities are those that may possibly occur in all the regions and countries where the offices of our consolidated subsidiaries and distributors of our vehicles are located. The Environmental Management Department collects information on risk and opportunity factors and then prioritizes the factors based on their relative impact and probability. In particular, those related to regulations shall be accorded the highest priority while those related to product development and business activities shall be evaluated based on their investment effect.

## **C2.3**

### **(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?**

Yes

## **C2.3a**

### **(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.**

### **Identifier**

Risk 1

### **Where in the value chain does the risk driver occur?**

Customer

### **Risk type**

Transition risk

### **Primary climate-related risk driver**

Technology: Costs to transition to lower emissions technology

### **Type of financial impact driver**

Technology: Research and development (R&D) expenditures in new and alternative technologies

### **Company- specific description**

The Company is subject to regulations on fuel economy/CO2 emissions in the countries where it markets its products. In the event that a country revises existing regulations, tightens existing regulations, or enacts new regulations, the Company may need to invest considerable expenses in efforts to ensure regulatory compliance. In Europe, one of the Company’s primary markets, the CO2 regulation values for 2020 will be 95 g CO2 ( value for a segment of passenger vehicle ) and 147 g CO2 ( value for a segment of commercial vehicle). Conforming to these standards will not only require improvements in gasoline/diesel engine-powered vehicles but also demand further development and popularization of EVs and PHEVs. In the ASEAN community, which represents the biggest market for the Company, the adoption of the Paris Agreement could prompt new fuel economy-related regulations—and ensuring regulatory compliance could create additional costs.

### **Time horizon**

Medium-term

### **Likelihood**

Virtually certain

### **Magnitude of impact**

High

### **Potential financial impact**

1000000

### **Explanation of financial impact**

Failure to meet fuel-economy standards would likely subject the Company to fines or orders to suspend sales. If a company were to fail to comply with fuel-economy regulations in Japan, for example, it would be publicly named by the government as a non-compliant entity and required to pay a fine of 1 million yen.

### **Management method**

In an effort to meet the fuel-economy standards in the countries where its products are on the market, the Company is working to improve the fuel economy of its gasoline/diesel engine-powered vehicles, developing technologies to improve the electricity-consumption rates of its EVs/PHEVs, and taking steps to expand EV/PHEV sales. Japan and Europe represent the primary markets for the Company’s EVs and PHEVs.

### **Cost of management**

6100000000

### **Comment**

Cost of management is related to the development of electric vehicles, an area where we are focusing our efforts on in particular.

### **Identifier**

Risk 2

### **Where in the value chain does the risk driver occur?**

Supply chain

### **Risk type**

Physical risk

### **Primary climate-related risk driver**

Acute: Increased severity of extreme weather events such as cyclones and floods

### **Type of financial impact driver**

Reduced revenue from decreased production capacity (e.g., transport difficulties, supply chain interruptions)

### **Company- specific description**

Mitsubishi Motors, which operates on a global scale, has production sites across Japan (in Aichi Prefecture and Okayama Prefecture, for example) and in Thailand, the Philippines, and numerous other Asian countries. As climate change continues to drive sea surface temperatures up, the Asian region is bound to see an increasing number of powerful tropical storms—events that lead to rising rivers and flooding that could put the Company’s operations and supply chain at risk. The Thailand floods of October 2011 showed how devastating the results could be: While the MMTh (Thailand) plant was fortunate enough to emerge from the disaster intact, the floods disabled many suppliers, disrupted part-supply lines, and forced the site to suspend operations for around one month.

### **Time horizon**

Long-term

### **Likelihood**

Likely

### **Magnitude of impact**

High

### **Potential financial impact**

4700000000

### **Explanation of financial impact**

While the company saw increased sales in Asia and the other regions outside Japan, the United States, and Europe in FY2011, the year of the Thailand floods, the impact of the disaster and other factors brought operating profits to 37.7 billion yen—down 4.7 billion yen year on year.

### **Management method**

To address the risks of supply-chain disruption, the Company is having its major parts suppliers complete their BCPs and establish measures for resuming production as quickly as possible in the event of a disaster. To monitor its suppliers, the Company shares applicable systems and requires suppliers to report immediately on site status in the event of a disaster. In addition, information on secondary and lower level suppliers (address, products handled, etc.) is made visible in our supply chain information management system so as to build a system which allows us to quickly understand the supply information and risks.

### **Cost of management**

10800000

### **Comment**

Cost of management includes the usage charges of systems shared with our suppliers.

### **Identifier**

Risk 3

### **Where in the value chain does the risk driver occur?**

Customer

### **Risk type**

Transition risk

### **Primary climate-related risk driver**

Reputation: Increased stakeholder concern or negative stakeholder feedback

### **Type of financial impact driver**

Reputation: Reduced revenue from decreased demand for goods/services

### **Company- specific description**

After the conclusion of the Paris Agreement, the awareness of stakeholders towards climate change has increased dramatically. Vehicles are known as one of the main emission sources of GHG and thus tough countermeasures to combat climate change are required. If product countermeasures or climate change countermeasures in our business activities are inadequate under such as a trend, or if they are not understood sufficiently by stakeholders, our social trust may be damaged, thereby affecting our sales.

### **Time horizon**

Long-term

### **Likelihood**

Likely

### **Magnitude of impact**

High

### **Potential financial impact**

### **Explanation of financial impact**

We acknowledge that there will be a large impact on sales.

### **Management method**

In an effort to meet the fuel-economy standards in the countries where its products are on the market, the Company is working to improve the fuel economy of its gasoline/diesel engine-powered vehicles, developing technologies to improve the electricity-consumption rates of its EVs/PHEVs, and taking steps to expand EV/PHEV sales. Japan and Europe represent the primary markets for the Company’s EVs and PHEVs. In addition, we aim to reduce our CO2 emissions steadily by formulating CO2 reduction targets in our business activities.

### **Cost of management**

6100000000

### **Comment**

Cost of management is related to the development of electric vehicles, an area where we are focusing our efforts on in particular.

## **C2.4**

### **(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

Yes

## **C2.4a**

### **(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.**

### **Identifier**

Opp1

### **Where in the value chain does the opportunity occur?**

Customer

### **Opportunity type**

Products and services

### **Primary climate-related opportunity driver**

Shift in consumer preferences

### **Type of financial impact driver**

Increased revenue through demand for lower emissions products and services

### **Company- specific description**

After launching sales of the i-MiEV—the world’s first mass-produced electric vehicle—in 2009, the Company later came out with the Outlander PHEV—the world’s first plug-in hybrid SUV—in 2013. The Company’s EVs and PHEVs generate no CO2 emissions when running on electric power, giving them environmental performance levels that satisfy fuel-economy standards and make them eligible for incentives in several countries. In the Netherlands, for example, the government offered subsidies of up to 25,000€ for EV/PHEV purchases as a means of combating climate change. That year, sales of the Company’s Outlander PHEV reached 10,000 units; in December, the Company also boasted more domestic sales in the Netherlands than any other brand. Leveraging EV/PHEV products and technologies not only gives the Company a competitive advantage in terms of complying with fuel-economy regulations in various countries but also helps boost buying motivation through incentives, thereby providing the Company with valuable business opportunities.

### **Time horizon**

Medium-term

### **Likelihood**

Virtually certain

### **Magnitude of impact**

High

### **Potential financial impact**

76700000000

### **Explanation of financial impact**

In FY2017, the Company’s global sales came to 1.101 million vehicles and a total value of 2.1924 trillion yen. The Company sold 29,000 Outlander PHEVs over the world. Potential financial imapct was culculated from the proportion of the market which has incentive program etc.

### **Strategy to realize opportunity**

To ensure better compliance with fuel-economy standards around the world, make its products eligible for more incentives, and expand sales further, the Company is currently developing technologies for extending its EV/PHEV cruising ranges and meeting other objectives. Japan and Europe represent the primary markets for the Company’s EVs and PHEVs.

### **Cost to realize opportunity**

6100000000

### **Comment**

Cost of management is related to the development of electric vehicles, an area where we are focusing our efforts on in particular.

### **Identifier**

Opp2

### **Where in the value chain does the opportunity occur?**

Customer

### **Opportunity type**

Products and services

### **Primary climate-related opportunity driver**

Development of climate adaptation and insurance risk solutions

### **Type of financial impact driver**

Increased revenue through new solutions to adaptation needs (e.g., insurance risk transfer products and services)

### **Company- specific description**

Climate change and the resulting increases in seawater temperatures could lead to more frequent water damage from heavy rains and typhoons—anomalies that will likely push the risk of power failure higher and higher every year. Mitsubishi Motors’ lineup of EV/PHEV products currently in development and on the market fill a unique position in that context: In the event of a blackout, for example, users (in certain markets) can extract the electricity from an EV/PHEV drive battery and divert that energy to home appliances. The MiEV Power Box (sold separately), for instance, can supply up to 1,500 W of electricity at 100 V (AC) from an i-MiEV or other Mitsubishi Motors EV. Meanwhile, the Outlander PHEV has a 100-V AC power-supply function (either standard or via a factory option) that can provide up to 1,500 W of AC electricity from the vehicle’s outlet. By using a charger with discharge functionality, etc., users can also turn their EVs/PHEVs into power supplies for homes, facilities, buildings, and communities (V2X: Vehicle to X)—a feature that provides electricity for gathering information from media sources and cooking food in the event of a blackout or other emergencies. As the risks of climatic anomalies continue to grow, the Company’s lineup puts it in excellent position to tap the demand for EVs/PHEVs with power-supply functionality.

### **Time horizon**

Medium-term

### **Likelihood**

Virtually certain

### **Magnitude of impact**

High

### **Potential financial impact**

33800000000

### **Explanation of financial impact**

The feature for supplying power to home appliances from an EV/PHEV may be cultivating sales. In FY2017, roughly 30% of approximately 30,000 EV/PHEV vehicles that the Company sold in the domestic Japanese market were models with the power-supply feature.

### **Strategy to realize opportunity**

The Company promotes initiatives to develop technologies for enhancing the performance of EV/PHEV drive batteries.

### **Cost to realize opportunity**

6100000000

### **Comment**

Cost of management is related to the development of electric vehicles, an area where we are focusing our efforts on in particular.

### **Identifier**

Opp3

### **Where in the value chain does the opportunity occur?**

Customer

### **Opportunity type**

Products and services

### **Primary climate-related opportunity driver**

Shift in consumer preferences

### **Type of financial impact driver**

Better competitive position to reflect shifting consumer preferences, resulting in increased revenues

### **Company- specific description**

The Company’s EVs/PHEVs run on high-capacity drive batteries, which not only power the vehicles for transportation purposes but also store energy that users can supply to homes, facilities, buildings, and communities via devices like chargers with discharge functions (V2X: Vehicle to X). With this feature, the vehicles could serve as regulating power sources for use in tandem with solar power, wind power, and other forms of weather-dependent renewable energy. As the adoption of the Paris Agreement is now pushing countries to pursue GHG reductions via shifts toward renewable energy, V2X technology will be finding applications across an increasingly broader scope. That development would bode well for the Company’s EV/PHEV sales, giving the Company valuable business opportunities.

### **Time horizon**

Long-term

### **Likelihood**

More likely than not

### **Magnitude of impact**

High

### **Potential financial impact**

57800000000

### **Explanation of financial impact**

Mitsubishi Motors expects future expansion in the V2X market to spur demand for EVs/PHEVs with V2X-compatible power-supply functionality. Potential financial impct was estimated from V2X usage rate etc,.

### **Strategy to realize opportunity**

In addition to developing EV/PHEV vehicles and technologies, the Company also has a department for building solutions and business around EV/PHEV features. The department works with auto manufacturers, power companies, and other parties to implement V2X demonstration testing and other projects.

### **Cost to realize opportunity**

6100000000

### **Comment**

Cost of management is related to the development of electric vehicles, an area where we are focusing our efforts on in particular.

## **C2.5**

### **(C2.5) Describe where and how the identified risks and opportunities have impacted your business.**

|  |  |  |
| --- | --- | --- |
|  | **Impact** | **Description** |
| Products and services | Impacted | The necessity of complying with fuel efficiency regulations enacted by each country around the world as a climate change countermeasure has brought about an increase in our research and development cost and penalties may be imposed if we are not able to comply with these regulations. As a risk, a penalty of 1,000,000 yen is expected to be imposed under Japanese regulations. The heightening interest in V2X and incentives for fuel-efficient and zero emission vehicles of each country has also served to raise the sales and number of EVs and PHEVs sold, which are our company’s specialty products. Potentical financial impact is estimated as 76.7 billion yen. |
| Supply chain and/or value chain | Impacted for some suppliers, facilities, or product lines | Due to the impact of climate change, it is believed that disasters caused by typhoons and tropical low pressures are increasing. Our products are assembled from several tens of thousands of parts manufactured by our suppliers and thus the risk of our business being disrupted by a disaster has a higher probability of occurring in our supply chain than our factories and offices. When the businesses of our suppliers are disrupted by a disaster, our business cost may increase as a result of a deterioration in our production efficiency that is caused by a disruption in the supply of parts. The estimated scale is 4.7 billion yen. |
| Adaptation and mitigation activities | Impacted | The electric vehicles that we sell are useful in disaster response because of their external power supply function and V2X. As a form of preparation against the possibility of an increase in the probability of floods occurring due to heavy rain and typhoons as the sea level rises due to climate change, we believe they contribute to the adaptation with respect to climate change. The above-mentioned possibility is one of the attractions of our products and we believe the necessity of measures to adapt to climate change contributes to an increase in the sales of electric vehicles that we sell. |
| Investment in R&D | Impacted | We are subject to fuel efficiency and CO2 emission regulations in each country where we sell our products and we invest in research and development to comply with revised and new enhanced regulations, In 2017, we invested 230 million yen in the development of electric vehicles. |
| Operations | Impacted | After the conclusion of the Paris Agreement, the awareness of stakeholders towards climate change has increased dramatically. Vehicles are known as one of the main emission sources of GHG and thus tough countermeasures to combat climate change are required. If product countermeasures or climate change countermeasures in our business activities are inadequate under such as a trend, or if they are not understood sufficiently by stakeholders, our social trust may be damaged, thereby affecting our sales.We have implemented equipment upgrading and other energy conservation investments and promoted the purchase of green energy and these expenditures have led to an increase in business costs. All electrical power consumed in the new buildings of the Okazaki Technical Center to be newly constructed in 2018 and the Tokyo head office which is scheduled to be relocated will be provided by power which comes with a green energy certificate. |
| Other, please specify | Please select |  |

## **C2.6**

### **(C2.6) Describe where and how the identified risks and opportunities have factored into your financial planning process.**

|  |  |  |
| --- | --- | --- |
|  | **Relevance** | **Description** |
| Revenues | Impacted | We view the impact of the incentive system for fuel-efficient vehicles and zero emission vehicles of each country as an opportunity due to climate change. To maximize the contribution to sales by these systems, we have surveyed the system of each country, drafted a product plan for each market based on this, and reflected it in the sales target by region. The heightening interest in V2X and incentives for fuel-efficient and zero emission vehicles of each country has also served to raise the sales and number of EVs and PHEVs sold, which are our company’s specialty products. Potentical financial impact is estimated as 76.7 billion yen. |
| Operating costs | Impacted | If the climate change countermeasures in our business activities are inadequate, or if they are not understood sufficiently by our stakeholders, our social trust will be damaged, and this may exert an adverse impact on our sales. As a result, we are promoting measures such as the purchase of green energy etc., and factoring the costs incurred to mitigate the effects of such climate change in our expenditure plan. |
| Capital expenditures / capital allocation | Impacted | If the climate change countermeasures in our business activities are inadequate, or if they are not understood sufficiently by our stakeholders, our social trust will be damaged, and this may exert an adverse impact on our sales. As a result, we are promoting measures such as upgrading of energy-saving devices etc, and factoring the costs incurred to mitigate the effects of such climate change in our expenditure plan. |
| Acquisitions and divestments | Impacted | The impact on the economy due to climate change is likely to give rise to new business opportunities in addition to being a huge risk factor. As the reduction of CO2 emissions in our business activities and from vehicles produced by us affects our rating by institutional investors, our share price and fundraising efforts will be affected. |
| Access to capital | Impacted | The impact on the economy due to climate change is likely to give rise to new business opportunities in addition to being a huge risk factor. As the reduction of CO2 emissions in our business activities and from vehicles produced by us affects our rating by institutional investors, our share price and fundraising efforts will be affected. |
| Assets | Impacted | The necessity of mitigating climate change has affected our business costs.If the climate change countermeasures in our business activities are inadequate, or if they are not understood sufficiently by our stakeholders, our social trust will be damaged, and this may exert an adverse impact on our sales. As a result, we are promoting measures such as the purchase of green energy and upgrading of energy-saving devices etc,.And we are factoring the costs incurred to mitigate the effects of such climate change in our expenditure plan. |
| Liabilities | Impacted | Operating costs and capital expenditures/capital allocation need to be incurred in mitigating climate change and we believe there is a risk our liabilities will increase as these costs increase together with the progression in climate change. |
| Other | Please select |  |

## **C3. Business Strategy**

## **C3.1**

### **(C3.1) Are climate-related issues integrated into your business strategy?**

Yes

## **C3.1a**

### **(C3.1a) Does your organization use climate-related scenario analysis to inform your business strategy?**

No, but we anticipate doing so in the next two years

## **C-AC3.1b/C-CE3.1b/C-CH3.1b/C-CO3.1b/C-EU3.1b/C-FB3.1b/C-MM3.1b/C-OG3.1b/C-PF3.1b/C-ST3.1b/C-TO3.1b/C-TS3.1b)**

### **(C-AC3.1b/C-CE3.1b/C-CH3.1b/C-CO3.1b/C-EU3.1b/C-FB3.1b/C-MM3.1b/C-OG3.1b/C-PF3.1b/C-ST3.1b/C-TO3.1b/C-TS3.1b) Indicate whether your organization has developed a low-carbon transition plan to support the long-term business strategy.**

No, we do not have a low-carbon transition plan

## **C3.1c**

### **(C3.1c) Explain how climate-related issues are integrated into your business objectives and strategy.**

i. A company-specific explanation of how business objectives and strategy have been influenced by climate-related issues;

The Environmental Management Committee is the highest decision-making body. This committee comes under the Management Committee, which has been entrusted with most of the executive authority by the Board of Directors. The E xecutive Vice President (responsible for development and quality), a member of the Board of Directors, and the Senior Vice President (responsible for production) are appointed by the CEO to serve as Joint-Chairman of the committee. Relevant executive officers and divisional managers attend the meetings to share long-term environmental trends including COP21, deliberate on the mid-term plan, “Drive for Growth”, to deal with environmental issues with a focus on climate change countermeasures based on a common awareness, and to propose and decide on the plan. The current mid-term plan is the “E nvironment Initiative Program 2019” which defines the initiatives and plans to be implemented during the period of the mid-term business plan until the year 2019. This plan was released in March 2018 to define the initiatives and plans to deal with environmental issues, including a plan to reduce CO2 emissions during production, office operations, distribution and use of the product. The Environment Management Committee adopts annual reduction targets prescribed for each department based on the “Environment Initiative Program 2019” as its KPIs and follows up on the attainment of these targets. If reduction targets are not achieved, it deliberates on countermeasures and reports the results to the Management Committee. For targets that are not achieved, countermeasures such as raising the proportion of fuel-efficient vehicles in the product rollout plan, promoting the development of fuel-efficient vehicles, investing in energy-usage reduction and other necessary measures are reflected in the management plan.

ii. Explanation of whether your business strategy is linked to an emissions reductions target or energy reduction target;

The “Environment Initiative Program 2019” is linked to the investment and expenditure plan, product rollout plan and model development plan under the mid-term business plan “Drive for Growth”. In addition, initiatives required to attain the target are linked to the business strategy, including the business budget and product plan for each fiscal year.

iii. What have been the most substantial business decisions made during the reporting year that have been influenced by the climate change driven aspects of the strategy

We formulated the “Environment Initiative Program” in March 2017. This plan defines the environmental initiatives planned during the period of the mid-term business plan “DRIVE FOR GROWTH”, and establishes a CO2 reduction plan for the amount of CO2 emitted from each new vehicle when it is running, and the CO2 emitted from our production activities, other offices, and each business area including distribution and so on. These are linked to the investment and expenditure plan, product rollout plan and model development plan.

## **C3.1g**

### **(C3.1g) Why does your organization not use climate-related scenario analysis to inform your business strategy?**

We recognize the necessity, but we are under consideration.

## **C4. Targets and performance**

## **C4.1**

### **(C4.1) Did you have an emissions target that was active in the reporting year?**

Intensity target

## **C4.1b**

### **(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).**

### **Target reference number**

Int 1

### **Scope**

Scope 1 +2 (market-based)

### **% emissions in Scope**

83

### **% reduction from baseline year**

37

### **Metric**

Metric tons CO2e per unit of production

### **Base year**

2005

### **Start year**

2017

### **Normalized baseline year emissions covered by target (metric tons CO2e)**

0.624

### **Target year**

2019

### **Is this a science-based target?**

No, but we anticipate setting one in the next 2 years

### **% achieved (emissions)**

76

### **Target status**

Underway

### **Please explain**

### **% change anticipated in absolute Scope 1+2 emissions**

### **% change anticipated in absolute Scope 3 emissions**

0

### **Target reference number**

Int 2

### **Scope**

Scope 2 (market-based)

### **% emissions in Scope**

12

### **% reduction from baseline year**

1

### **Metric**

Other, please specify (Average % of intensity reduction)

### **Base year**

2016

### **Start year**

2017

### **Normalized baseline year emissions covered by target (metric tons CO2e)**

100

### **Target year**

2019

### **Is this a science-based target?**

No, but we anticipate setting one in the next 2 years

### **% achieved (emissions)**

100

### **Target status**

Underway

### **Please explain**

This is the target for non-production facilities, which aims for 1% reduction compared to previous year in every year.

### **% change anticipated in absolute Scope 1+2 emissions**

-1

### **% change anticipated in absolute Scope 3 emissions**

0

### **Target reference number**

Int 3

### **Scope**

Scope 3: Upstream transportation & distribution

### **% emissions in Scope**

2

### **% reduction from baseline year**

9

### **Metric**

Other, please specify (kg/1000t・km)

### **Base year**

2010

### **Start year**

2017

### **Normalized baseline year emissions covered by target (metric tons CO2e)**

92.1

### **Target year**

2019

### **Is this a science-based target?**

No, but we anticipate setting one in the next 2 years

### **% achieved (emissions)**

63

### **Target status**

Underway

### **Please explain**

### **% change anticipated in absolute Scope 1+2 emissions**

0

### **% change anticipated in absolute Scope 3 emissions**

### **Target reference number**

Int 4

### **Scope**

Scope 3: Use of sold products

### **% emissions in Scope**

68

### **% reduction from baseline year**

8

### **Metric**

Grams CO2e per kilometer\*

### **Base year**

2010

### **Start year**

2017

### **Normalized baseline year emissions covered by target (metric tons CO2e)**

176.9

### **Target year**

2019

### **Is this a science-based target?**

No, but we anticipate setting one in the next 2 years

### **% achieved (emissions)**

100

### **Target status**

Underway

### **Please explain**

### **% change anticipated in absolute Scope 1+2 emissions**

0

### **% change anticipated in absolute Scope 3 emissions**

## **C4.2**

### **(C4.2) Provide details of other key climate-related targets not already reported in question C4.1/a/b.**

## **C4.3**

### **(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.**

Yes

## **C4.3a**

### **(C4.3a) Identify the total number of projects at each stage of development, and for those in the implementation stages, the estimated CO2e savings.**

|  |  |  |
| --- | --- | --- |
|  | **Number of projects** | **Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked \*)** |
| Under investigation | 1 |  |
| To be implemented\* | 58 | 8972 |
| Implementation commenced\* | 2 | 38 |
| Implemented\* | 31 | 16493 |
| Not to be implemented | 0 |  |

## **C4.3b**

### **(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.**

### **Activity type**

Energy efficiency: Building fabric

### **Description of activity**

Insulation

### **Estimated annual CO2e savings (metric tonnes CO2e)**

1265

### **Scope**

Scope 1

Scope 2 (location-based)

### **Voluntary/Mandatory**

Voluntary

### **Annual monetary savings (unit currency – as specified in CC0.4)**

37000000

### **Investment required (unit currency – as specified in CC0.4)**

1400000000

### **Payback period**

>25 years

### **Estimated lifetime of the initiative**

11-15 years

### **Comment**

Based on the voluntary reduction targets of CO2 emission set in the "Environmental Initiative Program", Mitsubishi Motors promotes GHG emission reduction through energy conservation by updating mercury lamps to LEDs and updating transformers etc., at each site.

### **Activity type**

Energy efficiency: Processes

### **Description of activity**

Fuel switch

### **Estimated annual CO2e savings (metric tonnes CO2e)**

65

### **Scope**

Scope 1

### **Voluntary/Mandatory**

Voluntary

### **Annual monetary savings (unit currency – as specified in CC0.4)**

54000000

### **Investment required (unit currency – as specified in CC0.4)**

210000000

### **Payback period**

4 - 10 years

### **Estimated lifetime of the initiative**

6-10 years

### **Comment**

Based on the voluntary reduction targets of CO2 emissions set in the "Environmental Initiative Program", Mitsubishi Motors is promoting GHG emission reduction through energy conservation by improvement of efficiency by updating the boiler and change to a heat source with lower environmental impact at each site.

### **Activity type**

Process emissions reductions

### **Description of activity**

Changes in operations

### **Estimated annual CO2e savings (metric tonnes CO2e)**

15163

### **Scope**

Scope 2 (market-based)

### **Voluntary/Mandatory**

Voluntary

### **Annual monetary savings (unit currency – as specified in CC0.4)**

430000000

### **Investment required (unit currency – as specified in CC0.4)**

1400000000

### **Payback period**

4 - 10 years

### **Estimated lifetime of the initiative**

6-10 years

### **Comment**

Based on the voluntary reduction targets of CO2 emission set in the "Environmental Initiative Program", Mitsubishi Motors is promoting reduction of GHG emissions through energy conservation through improvement of production equipment and equipment at each site, for example,we promote optimization of the temperature of boiler setting and efficiency of energy use through integration of production .

## **C4.3c**

### **(C4.3c) What methods do you use to drive investment in emissions reduction activities?**

|  |  |
| --- | --- |
| **Method** | **Comment** |
| Dedicated budget for energy efficiency | The Company’s yearly business plans include budget resources for efforts to reduce CO2 emissions. |

## **C4.5**

### **(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?**

Yes

## **C4.5a**

### **(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.**

### **Level of aggregation**

Group of products

### **Description of product/Group of products**

The Company continues to develop EVs and PHEVs. EVs are capable of achieving zero Scope 1 emissions during customer usage. While EVs do produce Scope 2 emissions, the Company’s LCA results indicate the possibility of CO2-emission reductions in many countries. PHEVs, meanwhile, generate the same results as EVs when running on charged electric power. A PHEV runs mostly on engine-driven power after exhausting its supply of charged electric power from an external source, but the vehicle still emits less CO2 than a base gasoline-powered vehicle. When running on charged electric power from renewable energy sources, both EVs and PHEVs can eliminate CO2 emissions completely.

### **Are these low-carbon product(s) or do they enable avoided emissions?**

Low-carbon product and avoided emissions

### **Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions**

Other, please specify (The Company’s LCA results. )

### **% revenue from low carbon product(s) in the reporting year**

4

### **Comment**

Over 70% of the GHG emissions that occur in the Company’s supply chain result from the use of sold vehicle products. For the Company, then, efforts to enhance its vehicles’ fuel economy and develop/popularize electric vehicles represent the most crucial components of its measures to address climate change. Recognizing the gravity of these issues, the Company manages per-vehicle CO2 emissions and EH/PHEV shares of its total production volume by objectives. The figures for low-carbon product shares (to the left) correspond to the actual goal values.

## **C5. Emissions methodology**

## **C5.1**

### **(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).**

### **Scope 1**

### **Base year start**

April 1 2010

### **Base year end**

March 31 2011

### **Base year emissions (metric tons CO2e)**

166855

### **Comment**

### **Scope 2 (location-based)**

### **Base year start**

April 1 2010

### **Base year end**

March 31 2011

### **Base year emissions (metric tons CO2e)**

487822

### **Comment**

### **Scope 2 (market-based)**

### **Base year start**

April 1 2010

### **Base year end**

March 31 2011

### **Base year emissions (metric tons CO2e)**

374521

### **Comment**

## **C5.2**

### **(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.**

Japan Ministry of the Environment, Law Concerning the Promotion of the Measures to Cope with Global Warming, Superceded by Revision of the Act on Promotion of Global Warming Countermeasures (2005 Amendment)

## **C6. Emissions data**

## **C6.1**

### **(C6.1) What were your organization’s gross global Scope 1 emissions in metric tons CO2e?**

### **Row 1**

### **Gross global Scope 1 emissions (metric tons CO2e)**

120063

### **End-year of reporting period**

<Not Applicable>

### **Comment**

## **C6.2**

### **(C6.2) Describe your organization’s approach to reporting Scope 2 emissions.**

### **Row 1**

### **​Scope 2, location-based​**

We are reporting a Scope 2, location-based figure

### **Scope 2, market-based**

We are reporting a Scope 2, market-based figure

### **Comment**

## **C6.3**

### **(C6.3) What were your organization’s gross global Scope 2 emissions in metric tons CO2e?**

### **Row 1**

### **Scope 2, location-based**

410151

### **Scope 2, market-based (if applicable)**

419856

### **End-year of reporting period**

<Not Applicable>

### **Comment**

## **C6.4**

### **(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?**

Yes

## **C6.4a**

### **(C6.4a) Provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure.**

### **Source**

The values include figures for all consolidated subsidiaries responsible for vehicle/part production and larger consolidated sales companies, but the information does not include data for smaller consolidated subsidiaries. The totals for affiliates follow a similar pattern, as well: While the values include figures for major affiliates, there are some affiliates (Chinese engine production companies, for example) whose figures are not part of the total. We consider the infuluence is not so important.

### **Relevance of Scope 1 emissions from this source**

Emissions are not relevant

### **Relevance of location-based Scope 2 emissions from this source**

Emissions are not relevant

### **Relevance of market-based Scope 2 emissions from this source (if applicable)**

Emissions are not relevant

### **Explain why the source is excluded**

In the Company’s estimation, smaller consolidated subsidiaries generate minimal emissions and thus warrant exclusion. The Company is currently expanding the scope of affiliates for inclusion in the values.

## **C6.5**

### **(C6.5) Account for your organization’s Scope 3 emissions, disclosing and explaining any exclusions.**

### **Purchased goods and services**

### **Evaluation status**

Relevant, calculated

### **Metric tonnes CO2e**

5855319

### **Emissions calculation methodology**

Σ(Purchase Cost of material × Emissions factors ). Emissions factors are referred from the data base published by “Ministry of Environment” and “Ministry of Economy, Trading and Industry.” This figure depends on consolidated basis.

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

### **Explanation**

### **Capital goods**

### **Evaluation status**

Relevant, calculated

### **Metric tonnes CO2e**

296825

### **Emissions calculation methodology**

Σ( Property Increase × Emissions factors). Emissions factors are referred from the data base published by “Ministry of Environment” and “Ministry of Economy, Trading and Industry.” This figure depends on non-consolidated basis.

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

### **Explanation**

### **Fuel-and-energy-related activities (not included in Scope 1 or 2)**

### **Evaluation status**

Relevant, calculated

### **Metric tonnes CO2e**

44696

### **Emissions calculation methodology**

Σ(Consumption amount of fuels, electricity, steam, water × Emissions factors). Emission factors are referred from CFP (Carbon Footprint of Products) Program data base. This figure depends on consolidated basis.

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

### **Explanation**

### **Upstream transportation and distribution**

### **Evaluation status**

Relevant, calculated

### **Metric tonnes CO2e**

1013047

### **Emissions calculation methodology**

We calculate CO2 emissions according to "Act on the Rational Use of Energy," based on the volume of distribution and the fuel economy. Σ(Cost of marine transport from the plant in Japan, Thailand and China × Emissions factors). Emissions factors are referred from the data base published by “Ministry of Environment” and “Ministry of Economy, Trading and Industry.” This figure depends on consolidated basis.

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

### **Explanation**

### **Waste generated in operations**

### **Evaluation status**

Relevant, calculated

### **Metric tonnes CO2e**

15874

### **Emissions calculation methodology**

Σ(Intermediate treatment amount by waste category × Emissions factors). Emissions factors are referred from the data base published by “Ministry of Environment” and “Ministry of Economy, Trading and Industry.” This figure depends on non-consolidated basis.

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

### **Explanation**

### **Business travel**

### **Evaluation status**

Relevant, calculated

### **Metric tonnes CO2e**

3966

### **Emissions calculation methodology**

Number of employee × Emissions factors. Emissions factors are referred from the data base published by “Ministry of Environment” and “Ministry of Economy, Trading and Industry.” This figure depends on consolidated basis.

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

### **Explanation**

### **Employee commuting**

### **Evaluation status**

Relevant, calculated

### **Metric tonnes CO2e**

13533

### **Emissions calculation methodology**

Σ(Number of employees by facilities or countries × Emissions factors). Emissions factors are referred from the data base published by “Ministry of Environment” and “Ministry of Economy, Trading and Industry.” This figure depends on consolidated basis.

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

### **Explanation**

### **Upstream leased assets**

### **Evaluation status**

Not relevant, explanation provided

### **Metric tonnes CO2e**

### **Emissions calculation methodology**

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

### **Explanation**

Included in scope 1 and 2 emissions.

### **Downstream transportation and distribution**

### **Evaluation status**

Not relevant, explanation provided

### **Metric tonnes CO2e**

### **Emissions calculation methodology**

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

### **Explanation**

Included in scope3 category 4 emissions.

### **Processing of sold products**

### **Evaluation status**

Not relevant, explanation provided

### **Metric tonnes CO2e**

### **Emissions calculation methodology**

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

### **Explanation**

Included in scope 1 and 2 emissions.

### **Use of sold products**

### **Evaluation status**

Relevant, calculated

### **Metric tonnes CO2e**

30731365

### **Emissions calculation methodology**

Σ(Number of sold vehicle × estimated travel distance in the life of the vehicle × CO2 emissions per travel distance). This calculation covers all markets.

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

### **Explanation**

### **End of life treatment of sold products**

### **Evaluation status**

Relevant, calculated

### **Metric tonnes CO2e**

741367

### **Emissions calculation methodology**

Σ(Number of sold vehicle × vehicle weight × Emissions factors). This calculation covers all markets.

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

### **Explanation**

### **Downstream leased assets**

### **Evaluation status**

Not relevant, explanation provided

### **Metric tonnes CO2e**

### **Emissions calculation methodology**

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

### **Explanation**

Included in scope 1 and 2 emissions.Included in scope 1 and 2 emissions.

### **Franchises**

### **Evaluation status**

Relevant, calculated

### **Metric tonnes CO2e**

4735

### **Emissions calculation methodology**

Total CO2 emissions emitted by some independent dealerships in Japan.

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

100

### **Explanation**

### **Investments**

### **Evaluation status**

Not relevant, explanation provided

### **Metric tonnes CO2e**

### **Emissions calculation methodology**

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

### **Explanation**

We have no investments to calculate for this category.

### **Other (upstream)**

### **Evaluation status**

Not evaluated

### **Metric tonnes CO2e**

### **Emissions calculation methodology**

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

### **Explanation**

### **Other (downstream)**

### **Evaluation status**

Not evaluated

### **Metric tonnes CO2e**

### **Emissions calculation methodology**

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

### **Explanation**

## **C6.7**

### **(C6.7) Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?**

No

## **C6.10**

### **(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.**

### **Intensity figure**

0.246

### **Metric numerator (Gross global combined Scope 1 and 2 emissions)**

539919

### **Metric denominator**

Other, please specify (Unit total revenue (million yen))

### **Metric denominator: Unit total**

2192389

### **Scope 2 figure used**

Market-based

### **% change from previous year**

14

### **Direction of change**

Decreased

### **Reason for change**

Due to increased production and sales, operation efficiency has become better than previous year.

### **Intensity figure**

0.468187

### **Metric numerator (Gross global combined Scope 1 and 2 emissions)**

539919

### **Metric denominator**

vehicle produced

### **Metric denominator: Unit total**

1153211

### **Scope 2 figure used**

Market-based

### **% change from previous year**

25

### **Direction of change**

Decreased

### **Reason for change**

Due to increased production and sales, operation efficiency has become better than previous year.

## **C7. Emissions breakdowns**

## **C7.1**

### **(C7.1) Does your organization have greenhouse gas emissions other than carbon dioxide?**

Yes

## **C7.1a**

### **(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).**

|  |  |  |
| --- | --- | --- |
| **Greenhouse gas** | **Scope 1 emissions (metric tons of CO2e)** | **GWP Reference** |
| CO2 | 120063 | IPCC Fifth Assessment Report (AR5 – 100 year) |

## **C7.2**

### **(C7.2) Break down your total gross global Scope 1 emissions by country/region.**

|  |  |
| --- | --- |
| **Country/Region** | **Scope 1 emissions (metric tons CO2e)** |
| Japan | 91700 |
| Thailand | 8312 |
| Philippines | 2768 |
| United States of America | 760 |
| New Zealand | 23 |
| Australia | 466 |
| Netherlands | 489 |
| Germany | 321 |
| Indonesia | 1727 |
| China | 13497 |

## **C7.3**

### **(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.**

By facility

## **C7.3b**

### **(C7.3b) Break down your total gross global Scope 1 emissions by business facility.**

|  |  |  |  |
| --- | --- | --- | --- |
| **Facility** | **Scope 1 emissions (metric tons CO2e)** | **Latitude** | **Longitude** |
| Production | 104629 |  |  |
| Non-production | 15434 |  |  |

## **C-CE7.4/C-CH7.4/C-CO7.4/C-EU7.4/C-MM7.4/C-OG7.4/C-ST7.4/C-TO7.4/C-TS7.4**

### **(C-CE7.4/C-CH7.4/C-CO7.4/C-EU7.4/C-MM7.4/C-OG7.4/C-ST7.4/C-TO7.4/C-TS7.4) Break down your organization’s total gross global Scope 1 emissions by sector production activity in metric tons CO2e.**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Gross Scope 1 emissions, metric tons CO2e** | **Net Scope 1 emissions , metric tons CO2e** | **Comment** |
| Cement production activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Chemicals production activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Coal production activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Electric utility generation activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Metals and mining production activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Oil and gas production activities (upstream) | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Oil and gas production activities (downstream) | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Steel production activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Transport OEM activities | 120063 | <Not Applicable> |  |
| Transport services activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |

## **C7.5**

### **(C7.5) Break down your total gross global Scope 2 emissions by country/region.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Country/Region** | **Scope 2, location-based (metric tons CO2e)** | **Scope 2, market-based (metric tons CO2e)** | **Purchased and consumed electricity, heat, steam or cooling (MWh)** | **Purchased and consumed low-carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)** |
| Japan | 273666 | 295038 | 534086 | 0 |
| Thailand | 62840 | 65743 | 125763 | 0 |
| Philippines | 20526 | 18326 | 33463 | 0 |
| United States of America | 2124 | 2124 | 4658 | 0 |
| Puerto Rico | 61 | 61 | 261 | 0 |
| New Zealand | 61 | 62 | 496 | 0 |
| Australia | 1371 | 1371 | 1816 | 0 |
| United Arab Emirates | 344 | 344 | 606 | 0 |
| Netherlands | 0 | 0 | 1512 | 1512 |
| Germany | 19 | 19 | 980 | 938 |
| Indonesia | 18847 | 22035 | 25712 | 0 |
| China | 30292 | 14733 | 46107 | 0 |

## **C7.6**

### **(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.**

By facility

## **C7.6b**

### **(C7.6b) Break down your total gross global Scope 2 emissions by business facility.**

|  |  |  |
| --- | --- | --- |
| **Facility** | **Scope 2 location-based emissions (metric tons CO2e)** | **Scope 2, market-based emissions (metric tons CO2e)** |
| Production | 362540 | 372295 |
| Non-production | 47610 | 47561 |

## **C-CE7.7/C-CH7.7/C-CO7.7/C-MM7.7/C-OG7.7/C-ST7.7/C-TO7.7/C-TS7.7**

### **(C-CE7.7/C-CH7.7/C-CO7.7/C-MM7.7/C-OG7.7/C-ST7.7/C-TO7.7/C-TS7.7) Break down your organization’s total gross global Scope 2 emissions by sector production activity in metric tons CO2e.**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Scope 2, location-based, metric tons CO2e** | **Scope 2, market-based (if applicable), metric tons CO2e** | **Comment** |
| Cement production activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Chemicals production activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Coal production activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Metals and mining production activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Oil and gas production activities (upstream) | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Oil and gas production activities (downstream) | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Steel production activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Transport OEM activities | 410150 | 419856 |  |
| Transport services activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |

## **C-TO7.8**

### **(C-TO7.8) Provide primary intensity metrics that are appropriate to your indirect emissions in Scope 3 Category 11: Use of sold products from transport.**

### **Activity**

Light Duty Vehicles (LDV)

### **Emissions intensity figure**

0.000164

### **Metric numerator (Scope 3 emissions: use of sold products) in Metric tons CO2e**

30731365

### **Metric denominator**

p.km

### **Metric denominator: Unit total**

187297500000

### **% change from previous year**

12

### **Vehicle unit sales in reporting year**

1248650

### **Vehicle lifetime in years**

15

### **Annual distance in km or miles (unit specified by column 4)**

10000

### **Load factor**

In our internal metric, nerither passenger numbers nor cargo amount are not consider in calculation for the intensity of Scope 3 category 11. Therefore, load factor is considered as 1.

### **Please explain the changes, and relevant standards/methodologies used**

Category 11 emissions were culculate by following formula. Σ(CO2 emissions amount per distance for each model)×(sales number for each model)×(Annual distance in km: 10,000 km) Denominator was calculate by following formula. Σ(vehicle lifetime in years: 15)×(annual distance in km:10,000 km)×(vehicle unit sales reporting year:1,248,650)

## **C7.9**

### **(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?**

Decreased

## **C7.9a**

### **(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined) and for each of them specify how your emissions compare to the previous year.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Change in emissions (metric tons CO2e)** | **Direction of change** | **Emissions value (percentage)** | **Please explain calculation** |
| Change in renewable energy consumption | 932 | Decreased | 0 | (CO2 emissions in FY2016 in facility whose comsumtion of renewable energy has increased for FY2017)/(CO2 emissions in FY2016) =932t/544796t=-0.2% |
| Other emissions reduction activities | 16493 | Decreased | 5 | Last year 16,493 tCO2 were reduced by our emissions reduction projects, and our total S1 and S2 emissions in Japan during the previous year was 360,256 tCO2e, therefore we arrived at 5% through (16,493/ 360,256)\*100= 5% |
| Divestment | 0 | No change | 0 |  |
| Acquisitions | 0 | No change | 0 |  |
| Mergers | 0 | No change | 0 |  |
| Change in output | 54480 | Increased | 10 | ((The number of vehicle produced in fiscal 2017) - (The number of vehicle produced in fiscal 2016) / (The number of vehicle produced in fiscal 2016) = (965412 - 875748) / 875748 = 10% The number of vehicle produced in fiscal 2016 in the facilities which are newly added to data boundary in fiscal 2016 is not included and reported as change in boundary. (Emissions in fiscal 2016) × 10% = 54480 t |
| Change in methodology | 0 | No change | 0 |  |
| Change in boundary | 51992 | Increased | 10 | (CO2 emissions in the facility which were newly added into boundary during Fiscal 2017) / (CO2 emissions in FY 2016) = 51,992/544,796 = 10% |
| Change in physical operating conditions | 0 | No change | 0 |  |
| Unidentified | 0 | No change | 0 |  |
| Other | 93893 | Decreased | 17 | Changes which was not included other reason are shown. This change is considered to be operational efficiency improvement by increased vehicle production. |

## **C7.9b**

### **(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?**

Market-based

## **C8. Energy**

## **C8.1**

### **(C8.1) What percentage of your total operational spend in the reporting year was on energy?**

More than 0% but less than or equal to 5%

## **C8.2**

### **(C8.2) Select which energy-related activities your organization has undertaken.**

|  |  |
| --- | --- |
|  | **Indicate whether your organization undertakes this energy-related activity** |
| Consumption of fuel (excluding feedstocks) | Yes |
| Consumption of purchased or acquired electricity | Yes |
| Consumption of purchased or acquired heat | No |
| Consumption of purchased or acquired steam | Yes |
| Consumption of purchased or acquired cooling | No |
| Generation of electricity, heat, steam, or cooling | Yes |

## **C8.2a**

### **(C8.2a) Report your organization’s energy consumption totals (excluding feedstocks) in MWh.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Heating value** | **MWh from renewable sources** | **MWh from non-renewable sources** | **Total MWh** |
| Consumption of fuel (excluding feedstock) | HHV (higher heating value) | 0 | 558224 | 558224 |
| Consumption of purchased or acquired electricity | <Not Applicable> | 2450 | 768228 | 770678 |
| Consumption of purchased or acquired heat | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Consumption of purchased or acquired steam | <Not Applicable> | 0 | 4782 | 4782 |
| Consumption of purchased or acquired cooling | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Consumption of self-generated non-fuel renewable energy | <Not Applicable> | 105 | <Not Applicable> | 105 |
| Total energy consumption | <Not Applicable> | 2555 | 1331234 | 1333789 |

## **C8.2b**

### **(C8.2b) Select the applications of your organization’s consumption of fuel.**

|  |  |
| --- | --- |
|  | **Indicate whether your organization undertakes this fuel application** |
| Consumption of fuel for the generation of electricity | Yes |
| Consumption of fuel for the generation of steam | Yes |
| Consumption of fuel for the generation of cooling | Yes |
| Consumption of fuel for co-generation or tri-generation | No |

## **C8.2c**

### **(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.**

### **Fuels (excluding feedstocks)**

Town Gas

### **Heating value**

HHV (higher heating value)

### **Total fuel MWh consumed by the organization**

434300

### **MWh fuel consumed for the self-generation of electricity**

0

### **MWh fuel consumed for self-generation of heat**

434300

### **MWh fuel consumed for self-generation of steam**

0

### **MWh fuel consumed for self-generation of cooling**

0

### **MWh fuel consumed for self- cogeneration or self-trigeneration**

<Not Applicable>

### **Fuels (excluding feedstocks)**

Natural Gas

### **Heating value**

HHV (higher heating value)

### **Total fuel MWh consumed by the organization**

7201

### **MWh fuel consumed for the self-generation of electricity**

0

### **MWh fuel consumed for self-generation of heat**

7201

### **MWh fuel consumed for self-generation of steam**

0

### **MWh fuel consumed for self-generation of cooling**

0

### **MWh fuel consumed for self- cogeneration or self-trigeneration**

<Not Applicable>

### **Fuels (excluding feedstocks)**

Kerosene

### **Heating value**

HHV (higher heating value)

### **Total fuel MWh consumed by the organization**

5969

### **MWh fuel consumed for the self-generation of electricity**

0

### **MWh fuel consumed for self-generation of heat**

5969

### **MWh fuel consumed for self-generation of steam**

0

### **MWh fuel consumed for self-generation of cooling**

0

### **MWh fuel consumed for self- cogeneration or self-trigeneration**

<Not Applicable>

### **Fuels (excluding feedstocks)**

Other, please specify (Heavy oil A)

### **Heating value**

HHV (higher heating value)

### **Total fuel MWh consumed by the organization**

29606

### **MWh fuel consumed for the self-generation of electricity**

0

### **MWh fuel consumed for self-generation of heat**

29606

### **MWh fuel consumed for self-generation of steam**

0

### **MWh fuel consumed for self-generation of cooling**

0

### **MWh fuel consumed for self- cogeneration or self-trigeneration**

<Not Applicable>

### **Fuels (excluding feedstocks)**

Liquefied Petroleum Gas (LPG)

### **Heating value**

HHV (higher heating value)

### **Total fuel MWh consumed by the organization**

50222

### **MWh fuel consumed for the self-generation of electricity**

0

### **MWh fuel consumed for self-generation of heat**

50222

### **MWh fuel consumed for self-generation of steam**

0

### **MWh fuel consumed for self-generation of cooling**

0

### **MWh fuel consumed for self- cogeneration or self-trigeneration**

<Not Applicable>

### **Fuels (excluding feedstocks)**

Motor Gasoline

### **Heating value**

HHV (higher heating value)

### **Total fuel MWh consumed by the organization**

16995

### **MWh fuel consumed for the self-generation of electricity**

0

### **MWh fuel consumed for self-generation of heat**

16995

### **MWh fuel consumed for self-generation of steam**

0

### **MWh fuel consumed for self-generation of cooling**

0

### **MWh fuel consumed for self- cogeneration or self-trigeneration**

<Not Applicable>

### **Fuels (excluding feedstocks)**

Diesel

### **Heating value**

HHV (higher heating value)

### **Total fuel MWh consumed by the organization**

13931

### **MWh fuel consumed for the self-generation of electricity**

119

### **MWh fuel consumed for self-generation of heat**

13812

### **MWh fuel consumed for self-generation of steam**

0

### **MWh fuel consumed for self-generation of cooling**

0

### **MWh fuel consumed for self- cogeneration or self-trigeneration**

<Not Applicable>

## **C8.2d**

### **(C8.2d) List the average emission factors of the fuels reported in C8.2c.**

### **Diesel**

### **Emission factor**

2.58

### **Unit**

kg CO2 per liter

### **Emission factor source**

Japan Ministry of the Environment, Law Concerning the Promotion of the Measures to Cope with Global Warming, Superceded by Revision of the Act on Promotion of Global Warming Countermeasures (2005 Amendment)

### **Comment**

### **Kerosene**

### **Emission factor**

2.49

### **Unit**

kg CO2 per liter

### **Emission factor source**

Japan Ministry of the Environment, Law Concerning the Promotion of the Measures to Cope with Global Warming, Superceded by Revision of the Act on Promotion of Global Warming Countermeasures (2005 Amendment)

### **Comment**

### **Liquefied Petroleum Gas (LPG)**

### **Emission factor**

3

### **Unit**

metric tons CO2 per Mg

### **Emission factor source**

Japan Ministry of the Environment, Law Concerning the Promotion of the Measures to Cope with Global Warming, Superceded by Revision of the Act on Promotion of Global Warming Countermeasures (2005 Amendment)

### **Comment**

### **Motor Gasoline**

### **Emission factor**

2.32

### **Unit**

kg CO2 per liter

### **Emission factor source**

Japan Ministry of the Environment, Law Concerning the Promotion of the Measures to Cope with Global Warming, Superceded by Revision of the Act on Promotion of Global Warming Countermeasures (2005 Amendment)

### **Comment**

### **Natural Gas**

### **Emission factor**

2.22

### **Unit**

kg CO2 per m3

### **Emission factor source**

Japan Ministry of the Environment, Law Concerning the Promotion of the Measures to Cope with Global Warming, Superceded by Revision of the Act on Promotion of Global Warming Countermeasures (2005 Amendment)

### **Comment**

### **Town Gas**

### **Emission factor**

2.24

### **Unit**

kg CO2 per m3

### **Emission factor source**

Japan Ministry of the Environment, Law Concerning the Promotion of the Measures to Cope with Global Warming, Superceded by Revision of the Act on Promotion of Global Warming Countermeasures (2005 Amendment) Heating value for each supplier was converted into CO2 emissions factor.

### **Comment**

Since the heating value applied by each facility is different, emissions factor occupying a large number(2.24) are listed.

### **Other**

### **Emission factor**

### **Unit**

Please select

### **Emission factor source**

### **Comment**

## **C8.2e**

### **(C8.2e) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Total Gross generation (MWh)** | **Generation that is consumed by the organization (MWh)** | **Gross generation from renewable sources (MWh)** | **Generation from renewable sources that is consumed by the organization (MWh)** |
| Electricity | 110 | 110 | 105 | 105 |
| Heat | 0 | 0 | 0 | 0 |
| Steam | 0 | 0 | 0 | 0 |
| Cooling | 0 | 0 | 0 | 0 |

## **C8.2f**

### **(C8.2f) Provide details on the electricity, heat, steam and/or cooling amounts that were accounted for at a low-carbon emission factor in the market-based Scope 2 figure reported in C6.3.**

### **Basis for applying a low-carbon emission factor**

Contract with suppliers or utilities ( e.g. green tariff), supported by energy attribute certificates

### **Low-carbon technology type**

Hydropower

### **MWh consumed associated with low-carbon electricity, heat, steam or cooling**

2450

### **Emission factor (in units of metric tons CO2e per MWh)**

0

### **Comment**

## **C-TO8.4**

### **(C-TO8.4) Provide any efficiency metrics that are appropriate for your organization’s transport products and/or services.**

### **Activity**

Light Duty Vehicles (LDV)

### **Metric figure**

0.000164

### **Metric numerator**

tCO2

### **Metric denominator**

Use phase: Vehicle.km

### **Metric numerator: Unit total**

30731365

### **Metric denominator: Unit total**

187297500000

### **% change from previous year**

12

### **Please explain**

## **C9. Additional metrics**

## **C9.1**

### **(C9.1) Provide any additional climate-related metrics relevant to your business.**

## **C-TO9.3/C-TS9.3**

### **(C-TO9.3/C-TS9.3) Provide tracking metrics for the implementation of low-carbon transport technology over the reporting year.**

### **Activity**

Light Duty Vehicles (LDV)

### **Metric**

Sales

### **Technology**

Plug-in hybrid vehicle (PHEV)

### **Metric figure**

4

### **Metric unit**

% of total sales

### **Explanation**

## **C-TO9.6/C-TS9.6**

### **(C-TO9.6/C-TS9.6) What is your investment in research and development (R&D), equipment, products and services and which part of it would you consider a direct investment in the low-carbon transition?**

### **Activity**

Light Duty Vehicles (LDV)

### **Investment start date**

April 1 2017

### **Investment end date**

March 31 2018

### **Investment area**

R&D

### **Technology area**

Electrification

### **Investment maturity**

Applied research and development

### **Investment figure**

230000000

### **Low-carbon investment percentage**

0-20%

### **Please explain**

Mitsubishi Motors is investing in research and development aimed at improving the environmental performance of automobiles. In particular, improvement of the performance and safety of new batteries is indispensable for electrification of vehicles, and many of these are applied.

## **C10. Verification**

## **C10.1**

### **(C10.1) Indicate the verification/assurance status that applies to your reported emissions.**

|  |  |
| --- | --- |
|  | **Verification/assurance status** |
| Scope 1 | No third-party verification or assurance |
| Scope 2 (location-based or market-based) | No third-party verification or assurance |
| Scope 3 | No third-party verification or assurance |

## **C10.2**

### **(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?**

No, we do not verify any other climate-related information reported in our CDP disclosure

## **C11. Carbon pricing**

## **C11.1**

### **(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?**

Yes

## **C11.1a**

### **(C11.1a) Select the carbon pricing regulation(s) which impacts your operations.**

Japan carbon tax

## **C11.1c**

### **(C11.1c) Complete the following table for each of the tax systems in which you participate.**

### **Japan carbon tax**

### **Period start date**

April 1 2017

### **Period end date**

March 31 2018

### **% of emissions covered by tax**

72

### **Total cost of tax paid**

111767466

### **Comment**

We estimate the cost added to the power and fuel costs being paid instead of the amount being taxed directly.

## **C11.1d**

### **(C11.1d) What is your strategy for complying with the systems in which you participate or anticipate participating?**

Carbon tax is included in energy costs, so we promote reduction of the indirect burden by carbon tax through energy saving.

## **C11.2**

### **(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?**

Yes

## **C11.2a**

### **(C11.2a) Provide details of the project-based carbon credits originated or purchased by your organization in the reporting period.**

### **Credit origination or credit purchase**

Credit purchase

### **Project type**

Energy efficiency: industry

### **Project identification**

Upgrading of boiler in the food factory (Japan J-Credit Scheme: Disaster-Area Reconstruction Assistance J-Credit)

### **Verified to which standard**

Not yet verified

### **Number of credits (metric tonnes CO2e)**

8

### **Number of credits (metric tonnes CO2e): Risk adjusted volume**

8

### **Credits cancelled**

No

### **Purpose, e.g. compliance**

Voluntary Offsetting

## **C11.3**

### **(C11.3) Does your organization use an internal price on carbon?**

No, but we anticipate doing so in the next two years

## **C12. Engagement**

## **C12.1**

### **(C12.1) Do you engage with your value chain on climate-related issues?**

Yes, our suppliers

Yes, other partners in the value chain

## **C12.1a**

### **(C12.1a) Provide details of your climate-related supplier engagement strategy.**

### **Type of engagement**

Compliance & onboarding

### **Details of engagement**

Included climate change in supplier selection / management mechanism

### **% of suppliers by number**

100

### **% total procurement spend (direct and indirect)**

100

### **% Scope 3 emissions as reported in C6.5**

100

### **Rationale for the coverage of your engagement**

This has been rolled out to all parts, materials, production equipment and other suppliers in Japan and Thailand.

### **Impact of engagement, including measures of success**

In hopes of mitigating the environmental burden of GHG emissions and other byproducts of its supply chains, Mitsubishi Motors has created a “Green Procurement Guideline” that applies to companies supplying parts, raw materials, and production facilities, etc., to the Company’s own in-house plants and production sites in Thailand. The Green Procurement Guideline requires suppliers to manage their supply chains, including second-tier suppliers. One of the key requirements deals with reductions in CO2 emissions, stipulating that suppliers need to manage emissions voluntarily via environmental management systems such as ISO14001. Suppliers that have not yet obtained environmental management system certification need to provide information on the corresponding efforts at the Company’s request. The Company requires all companies supplying parts, raw materials, and production facilities, etc., to the Company’s own in-house plants and production sites in Thailand to comply with the “Green Procurement Guideline.”

### **Comment**

## **C12.1c**

### **(C12.1c) Give details of your climate-related engagement strategy with other partners in the value chain.**

In order to expand environmental considerations including CO2 reduction to our supply chain in general, we conduct educational activities for distributors in Japan and encourage them to acquire certification for their environmental management systems such as Eco Action 21 that is promoted by the Ministry of the Environment as an environmental management system for small and medium enterprises. So far, 13 consolidated subsidiaries and affiliates have acquired certification and currently, we are requesting the distributors of non-affiliates also to acquire certification.

## **C12.3**

### **(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?**

Trade associations

## **C12.3b**

### **(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?**

Yes

## **C12.3c**

### **(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.**

### **Trade association**

Japan Automobile Manufacturers Association, Inc

### **Is your position on climate change consistent with theirs?**

Consistent

### **Please explain the trade association’s position**

Japan’s total CO2 emissions in FY2014 amounted to roughly 1.266 billion tCO2 (according to preliminary figures), 17% of which came from the vehicle-heavy transportation sector. Given the current conditions, the Japan Automobile Manufacturers Association (JAMA) is now taking steps to improve the fuel economy of vehicle products and curb CO2 emissions in production processes. Part of the organization’s efforts focus on limiting CO2 emissions from vehicle products. The Japanese government is aiming to reduce the country’s total GHG emissions by 26.0% (relative to FY2013) by FY2030, with the target reduction for the transportation sector at 27.6%—an ambitious endeavor that JAMA is currently tackling by focusing on fuel economy standards. JAMA has also set target values for CO2 emissions from production processes: Bring the total volume from 9.9 million tons in FY1990 to 6.43 million tons by FY2020 and 6.16 million tons by FY2030.

### **How have you, or are you attempting to, influence the position?**

Executive Vice Presidents at Mitsubishi Motors are on the JAMA Board of Directors. The Company’s Chief Environmental Strategy Officer also serves on JAMA’S Environment Committee, engaging in active discussions on relevant topics. Company personnel sit on the Environment Committee’s subcommittees, as well, where they liaison with relevant authorities in various countries, help set industry-wide CO2-reduction targets, and play active roles in other industry projects. Through these activities, the Company exerts an influence on JAMA’s official stances and decision-making processes.

## **C12.3f**

### **(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?**

Relevant executive officers and divisional managers share long-term environmental trends including COP21, deliberate on the mid-term plan to deal with environmental issues with a focus on climate change countermeasures based on a common awareness, and propose and decide on the plan at the Management Committee meetings. As the attendees are executive officers and divisional managers responsible for the relevant departments in addition to being company directors, they bear responsibility for the PR activities conducted by each department, thereby ensuring consistency in the company’s internal policy for climate change countermeasures and PR activities of each department.The Company also uses its intranet and e-Learning programs to keep employees informed of Company policies and plans for medium-term initiatives.

## **C12.4**

### **(C12.4) Have you published information about your organization’s response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).**

### **Publication**

In voluntary communications

### **Status**

Underway – previous year attached

### **Attach the document**

[environment\_report2017.pdf](https://www.cdp.net/en/formatted_responses/files?file_path=k9me76vz7u2sozvqoi2gbw-cdp-credit360-com/NK4VctjQFEKrhDTD-_QOUg/environmentreport2017.pdf)

### **Content elements**

Governance

Strategy

Risks & opportunities

Emissions figures

Emission targets

### **Publication**

In mainstream reports in accordance with the CDSB Framework

### **Status**

Complete

### **Attach the document**

[yuka20180626.pdf](https://www.cdp.net/en/formatted_responses/files?file_path=k9me76vz7u2sozvqoi2gbw-cdp-credit360-com/kBhJaaH_ZUKdvLvYqxEc0A/yuka20180626.pdf)

### **Content elements**

Risks & opportunities

## **C14. Signoff**

## **C-FI**

### **(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.**

## **C14.1**

### **(C14.1) Provide details for the person that has signed off (approved) your CDP climate change response.**

|  |  |  |
| --- | --- | --- |
|  | **Job title** | **Corresponding job category** |
| Row 1 | Chief Environmental Strategy Officer | Other C-Suite Officer |