

# Case study

## Nissan Motor Co., Limited



**GICS SECTOR** Consumer Discretionary  
**ANNUAL REVENUE** US \$101,400,000,000<sup>1</sup>

Emissions reduction target <sup>2</sup>	Absolute target—by 2050, 24% reduction of Scope 1, 2 and 3 emissions from 2000 baseline. Product target—by 2050, new-vehicle emissions reduction by 90% from 2000 baseline.	
Reported emissions (2015)	Scope 1	928,236 metric tons CO <sub>2</sub> e
	Scope 2 (location-based)	3,111,678 metric tons CO <sub>2</sub> e
	Scope 2 (market-based)	2,547,951 metric tons CO <sub>2</sub> e
Baseline emissions (2000)	Scope 1+2 (market-based) +3 (downstream)	
	135,000,000 metric tons CO <sub>2</sub> e	

**Nissan is developing low to near-zero** carbon emission motor vehicles as part of its response to the risks and opportunities presented by climate change. It discloses that its vehicle ‘the LEAF’ is the “first mass-market, pure-electric vehicle launched globally, and is now the best-selling EV in history.”

Nissan notes that its approach is supported by customers, who have told this global auto maker that fuel consumption and vehicle CO<sub>2</sub> emissions are priority issues. This long term business strategy is reflected in a goal to reduce new-vehicle GHG emissions by 90% by 2050 compared to 2000 levels. Across all aspects of the company’s operations in over 20 countries, Nissan discloses an absolute target of a 24% reduction in scopes 1, 2 and 3 GHG emissions by 2050.

Nissan’s strategy is also evident in the investments it has made in low- to zero-carbon technologies, such as vehicle electrification and lithium-ion batteries. Seventy percent of Nissan’s annual research and engineering budget will be allocated to environmental technologies during the Nissan Green Program, which is a six-year program

running from 2011 to 2016. This is equivalent to 300 billion JPY annually for 6 years. While investing in electric vehicles involves considerable costs, Nissan sees the potential for big returns on investment in the future—at the same time, they are supporting the achievement of what they call a ‘zero emission society.’

An internal price on carbon is used in the capital allocation process:

“GHG emissions reduction is one of the most crucial parameters in Nissan’s investment plan selection process. Proposals are compared and selected based on carbon emissions reduction per unit cost of investment, as well as the energy reduction potential, measured with an internal price of carbon.”

While Nissan did not disclose its price level, the company did share that the process involved setting a GHG reduction target first, with the price level linked to the costs and returns that investments undertaken in order to meet the target. ▼

<sup>1</sup> All annual revenue in USD, 2016 disclosure year. Retrieved September 15, 2016 from Bloomberg terminal.

<sup>2</sup> Companies may have other emissions reduction targets in addition to those listed in these studies.