
Vigeo Eiris severely downgrades Mitsubishi Motors' rating

On April 21st, Vigeo Eiris severely downgraded its scores in its Equitics© Rating* for Mitsubishi Motors following the admitted false claims on fuel efficiency of its vehicles. In a press conference held by its President on April 20th 2016, Mitsubishi Motors admitted the manipulation of test data to make false claims on fuel efficiency for 625,000 cars, some of which were manufactured for Nissan. Mitsubishi Motors admitted that publicly-released fuel-economy levels were higher than stated in test results.

The manipulation of the calculation methods and equipment used during fuel efficiency tests in Japan challenges the levels of assurance that Vigeo Eiris had previously made about Mitsubishi Motors' performance on environment, governance, business ethics and community involvement.

Vigeo Eiris' opinion is highly downgraded on the capacity of the automobile manufacturer to mitigate its reputational and legal security risks, and its ability to ensure the efficiency of its internal processes. While the Volkswagen scandal already severely tarnished auto makers' image within the public sphere, these revelations may alter Mitsubishi Motors' position on the market (the company already stopped producing the concerned vehicles) as well as its attractiveness among investors (the company's share price dropped by 15% following Mitsubishi Motors' announcement on April 20th).

Before these revelations, Vigeo Eiris had considered Mitsubishi Motors' overall performance as weak with a score of 19/100, and the company ranked as the second-weakest performer (20th out of 21) in the "Asia-Pacific Automobiles" sector. In the environmental domain, Mitsubishi Motors' performance was low (27/100) and the company ranked as 19th in the sector, far below competitors such as Nissan (51/100) and Toyota Motors (45/100). Vigeo Eiris had also noticed the company's lack of transparency and absence of commitment on main issues related to business ethics.

Following these events, **Mitsubishi Motors' scores are downgraded in 4 of the 6 domains** under review by Vigeo:

- **The score in the environment domain falls** from 27/100 to 5/100
- **The criterion analyzing the fairness of information provided to customers** within the business behavior domain is now rated for this company, and is being scored at the minimum level of 0/100

- **The criterion relating to the societal impact of products** has been downgraded from 32/100 to 0/100
- **Two criteria relating to corporate governance** and analyzing the integration of CSR issues at Board level as well as audit and internal controls are downgraded, to score now at 23/100 and 0/100, respectively.
- **Domain scores relative to human resources and the respect of human rights in the workplace** are not being downgraded for now. It should be noted that Mitsubishi Motors' performances on these issues were already very weak. This scandal further reduces Vigeo's assurance on Mitsubishi Motors' capacity to safeguard the social cohesion of its human capital, its reputation, and the social interest of its collaborators and suppliers.

Mitsubishi Motors' overall score is downgraded by 7 points (12/100), which is considered to be a weak ESG performance and places the company as the laggard of its sector.

For Fouad Benseddik, Director of Methods at Vigeo Eiris, "Seven months after the Volkswagen scandal, this event confirms the importance for all actors of the automobile industry's value chain to reform the measurement mechanisms for their vehicles' environmental impacts, such as through a multi-stakeholder governance of technical control systems. On a broader level, this new scandal also reflects the need to develop new forms of mobility".

* Equitics is the exclusive rating and analytical methodology developed by the agency Vigeo since 2003.

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About Vigeo Eiris

On December 22nd, 2015, Vigeo's Assembly of Shareholders endorsed the merger of these two established environmental, social and governance (ESG) research agencies from France and the United Kingdom.

Vigeo, was founded in 2002 by Nicole Notat, and EIRIS 32 years ago. Vigeo proceeded to raise 6.3 million euros of new capital to fund the EIRIS acquisition and to ensure that the new entity has the funds necessary for Vigeo Eiris' future. Vigeo Eiris will continue to offer two types of services through two business units:

- **Vigeo Eiris rating**, utilizing its teams' expertise and its unique and well-regarded methodologies, offers a large range of products and services designed for investors and asset managers engaged in sustainable and responsible investment practices. This research covers more than 4 000 issuers, including companies, regions and states and is used by more than 300 clients, partners, investors, asset managers, NGOs and international institutions.
- **Vigeo Eiris enterprise** works with organizations of all sizes, from all sectors, public and private, to support them in the integration of ESG criteria into their business functions and strategic operations.



Vigeo and EIRIS services and methodologies adheres to the strictest quality standards and has been certified to the independent ARISTA® standard, the leading quality standard for research in responsible investment.

Vigeo Eiris is present in Paris, London, Boston, Brussels, Casablanca, Milan, Montreal and Santiago and has a team of 180. The agency works also with partners in Canberra, Hannover, Istanbul, Jerusalem, Madrid, Mexico City, Rio de Janeiro, Seoul, Tokyo and Zaragoza.

For more information: www.vigeo.com and www.eiris.org