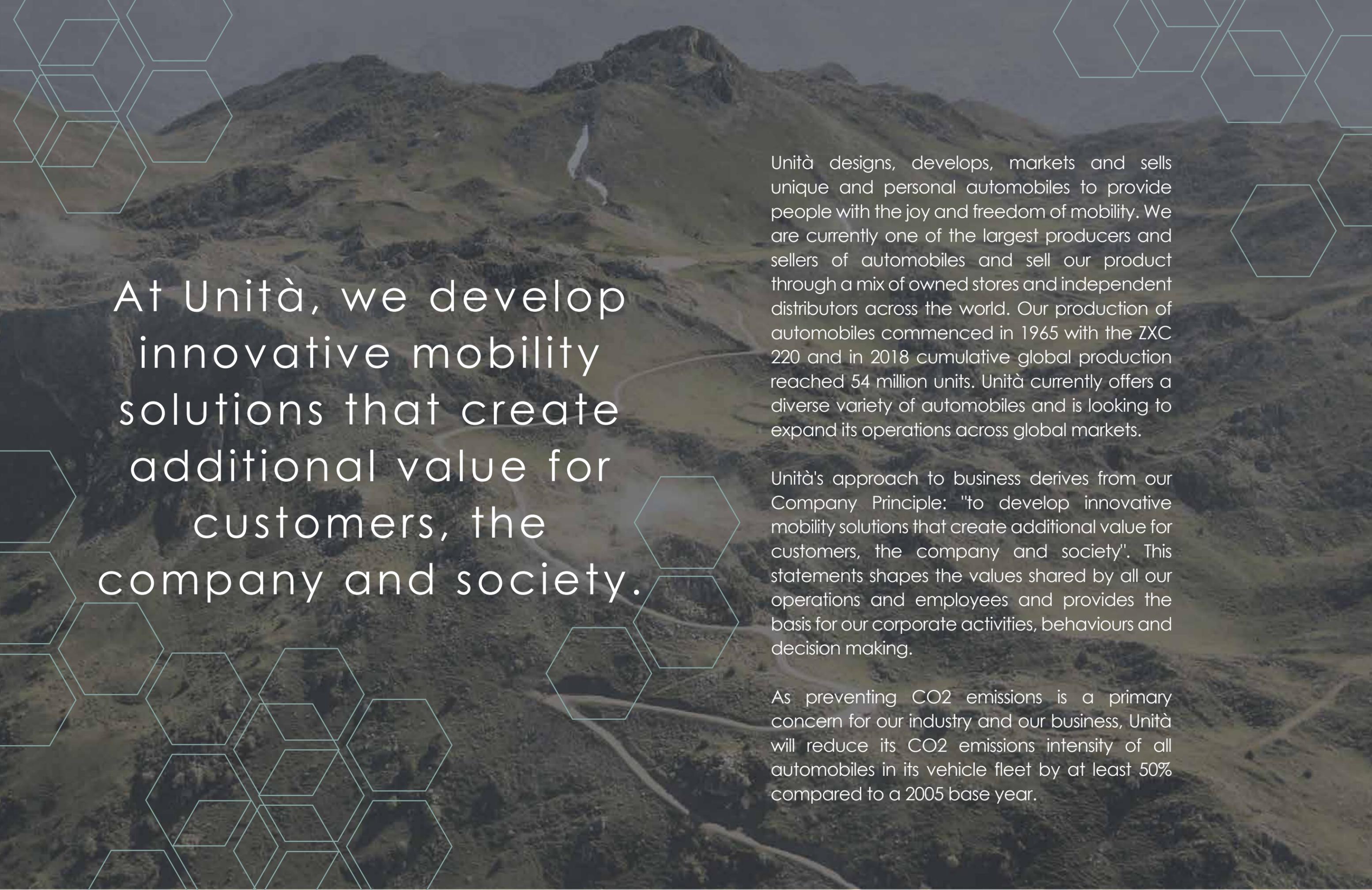


AUTOMOTIVE  
REPORT  
FY17/18

2017  
Annual  
Report

AUTOMOTIVE  
REPORT  
FY17/18

2017  
Annual  
Report

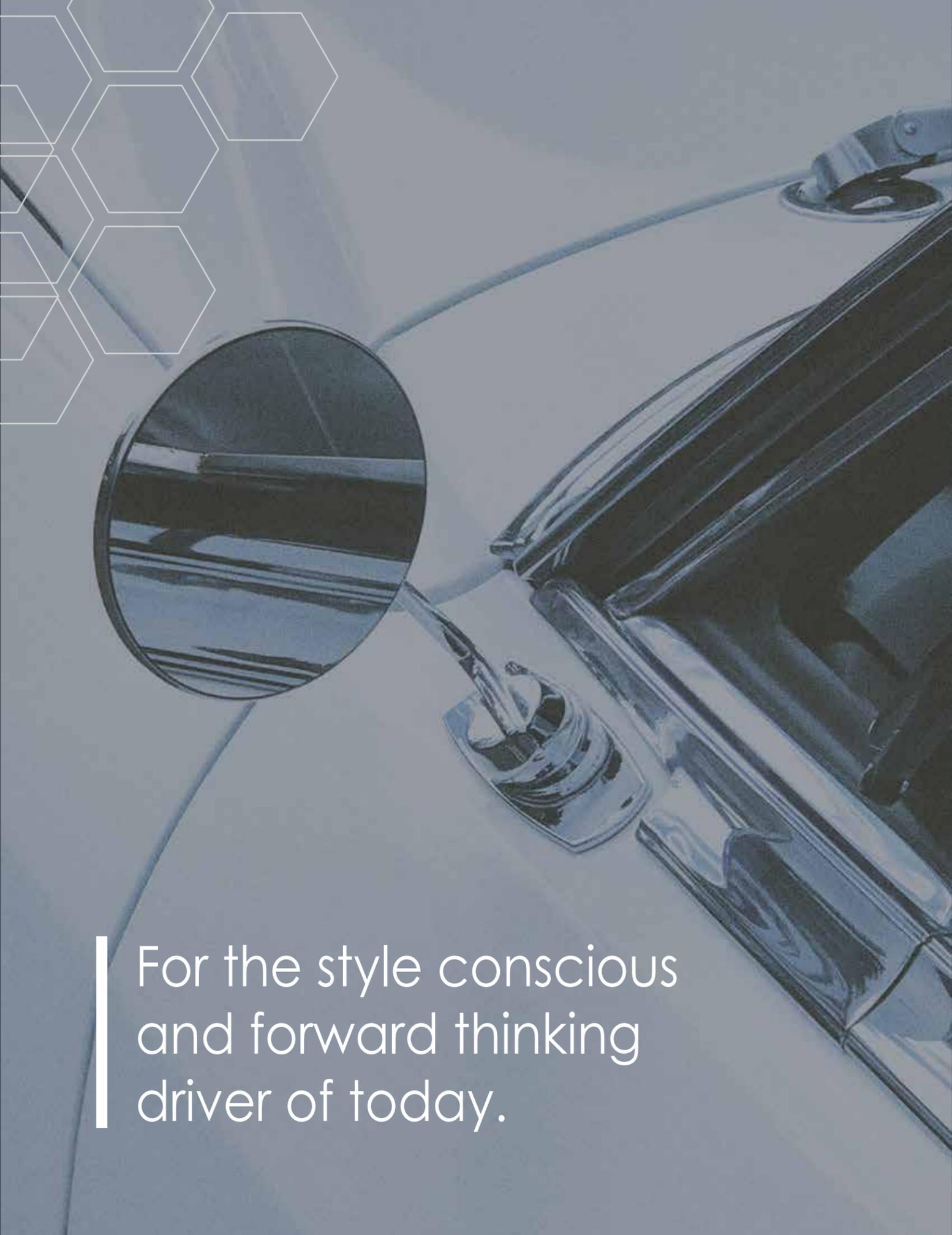


At Unità, we develop innovative mobility solutions that create additional value for customers, the company and society.

Unità designs, develops, markets and sells unique and personal automobiles to provide people with the joy and freedom of mobility. We are currently one of the largest producers and sellers of automobiles and sell our product through a mix of owned stores and independent distributors across the world. Our production of automobiles commenced in 1965 with the ZXC 220 and in 2018 cumulative global production reached 54 million units. Unità currently offers a diverse variety of automobiles and is looking to expand its operations across global markets.

Unità's approach to business derives from our Company Principle: "to develop innovative mobility solutions that create additional value for customers, the company and society". This statement shapes the values shared by all our operations and employees and provides the basis for our corporate activities, behaviours and decision making.

As preventing CO<sub>2</sub> emissions is a primary concern for our industry and our business, Unità will reduce its CO<sub>2</sub> emissions intensity of all automobiles in its vehicle fleet by at least 50% compared to a 2005 base year.



For the style conscious  
and forward thinking  
driver of today.

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2017  
Annual  
Report



Since Unità's earliest beginnings, our company has been on the leading edge of innovation and change. As the automotive industry shifts towards an exciting future, we are committed to leading the evolution of transport, rather than be a product of it. As growing cities and an expanding middle class continue to increase, issues such as air quality, congestion and associated social and environmental impacts become more important than ever. [blank]'s dedication to facing these sustainability challenges and more has never been stronger and as we strengthen our automotive business strategy, so too do we hope to accelerate a strategic shift in the way transport makes an positive impact to people's lives.

Climate change is a significant issue which faces us all. Everyone across the automotive sector has to take responsibility and do their part to bring about real change to the industry. At Unità, we remain absolutely committed to improving fuel efficiency, reducing emissions and transform our products in line with advances in electrification and sustainable manufacturing strategies. To do our part in preventing damaging climate change issues, we will continue to advance our climate change solutions that include contributions from every sector and every country we operate in. We also commit to challenge ourselves to perform better and set continuing goals to reduce climate-related impacts in our facilities.

As we look ahead to what lies in store for the automotive industry we are innovating our business to prepare for a necessary transformation in the future. Together, we at [blank] are committed to sharpening operational execution, modernizing our present business and transforming the company to meet the expectation of tomorrow's stakeholders.

While growing the business's economic performance, we are also committed to growing our sustainability performance. For Unità, our goal is simple: to make transport better. When we envisage a future version of our business, we see a company that delivers excellent products and services and strives to make the world better than the one that came before. This is why our investment in sustainable product development is the cornerstone of our corporate identity.

Our efforts in sustainability and corporate citizenship have been recognised globally and we're very proud of our achievement. In 2018, Unità was named as one of the World's Most Ethical Companies by the Ethisphere Institute - a reflection of our core values and our commitment to installing corporate social responsibility at every level of our business.

While this report focuses on our performance to date, it also serves as a presentation of our targets for the future. As we continue to focus on creating sustained economic, environmental and social value to our stakeholders, we believe that everyone has a vital part to play in revolutionising the industry. That is why we are continuing to embed sustainability across our business and work closely with our value chain across the world.

We are a global company with large social and environmental impacts on the world. We understand that sustainability is a journey and we are committed to embracing the road to sustainable business that lies ahead.

Christian Smith  
CEO

PRODUCT DESIGN

Addressing impacts at every stage of the automotive life cycle, from the use of natural resources and materials to product quality and safety  
Innovation in engineering, design and tech to provide solutions to specific mobility, social and environmental challenges

RAW MATERIAL EXTRACTION

Human rights/conflict minerals  
Supply chain management

LOGISTICS & TRANSPORTATION

Fuel use and transport emissions  
Supply chain management

SUPPLY CHAIN PARTS MANUFACTURING

Use of materials  
Waste  
Supply chain management

PRODUCT MANUFACTURING

GHG Emissions, water, waste, materials  
Community impacts  
Lean process innovations  
Socio-economic contributions

END OF VEHICLE LIFE

Waste materials/landfill  
Closed-loop processes  
Recovery, refuse and recycling.

OUR VEHICLES IN USE

Product carbon footprint  
Air quality and congestion  
Affordable fuel economy, sustainable materials, etc.  
Mobility solutions for tomorrow's cities

SALES AND SERVICES

Social and environmental responsibility  
Local employment  
Recycling of used parts

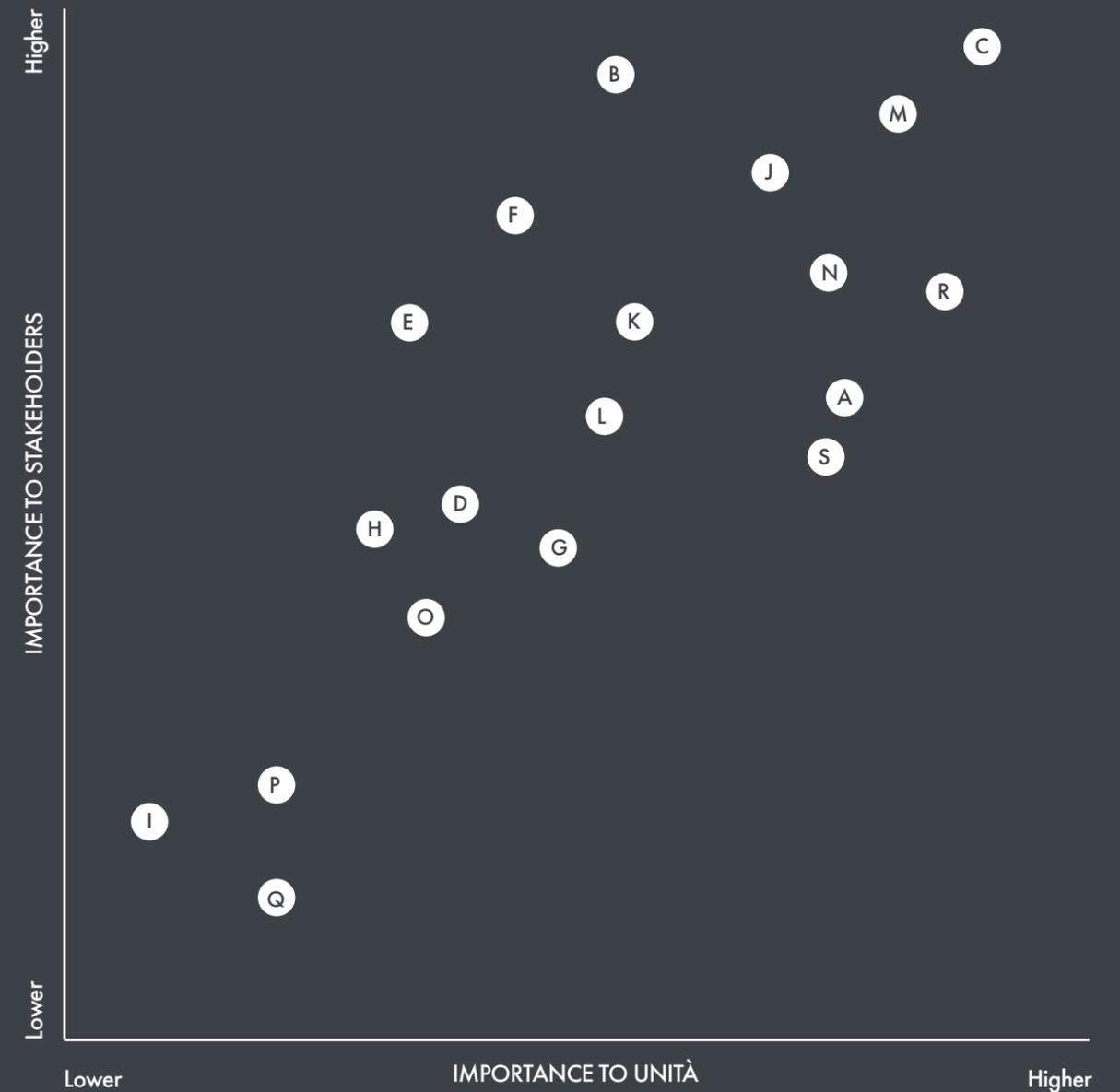
The Life Cycle of a Sustainably Designed Unità Vehicle

BUSINESS OVERVIEW

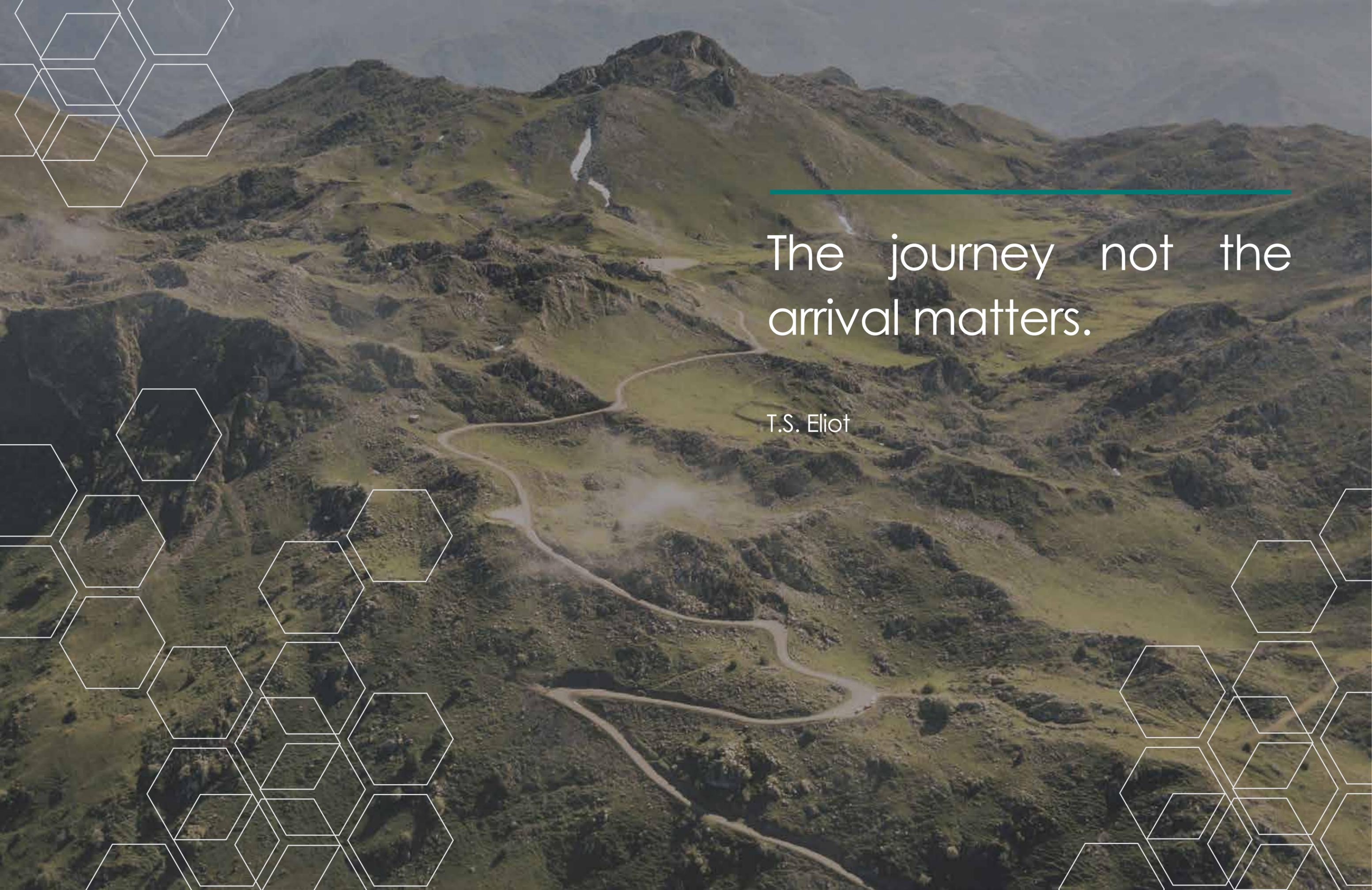
# MATERIALITY ISSUES AFFECTING OUR STAKEHOLDERS

In order to make sure Unità is fit for the future of automotive travel, we constantly strive to integrate sustainability throughout our business model and our entire group. At Unità, we see how global megatrends such as increasing urbanisation and an acceleration of technological change affect the future of our business. In response, we see an incredible opportunity to revolutionise our products and services for an ever evolving client. In this way, sustainability is not just a risk factor to consider, it's a long term strategy that dictates how Unità does business. Our innovations in transportation are not just about enhancing our customers travel experience - we also want them to contribute to a positive impact on their societies and their environments.

Taking responsibility for building a sustainable future for our company and our consumers is an integral goal for what how we see [blank] doing business in the future. We see that the lasting economic success of any large multi-national business in today's economy depends on transparent commitments and collective responsibility for the challenges that affect today's world. By ensuring a commitment towards proper economic, environmental and social action, we achieve a clear competitive advantage, whilst promoting efficient and resource-friendly production processes for our business. For these reasons, Unità has made sustainability a key component of our corporate strategy moving forward. Our commitment to embedding sustainability into our business practice can be seen by our awareness of challenges and issues across our entire value chain and our revolutionary approach to the design and efficient manufacture of our products.



- |   |   |   |  |
|---|---|---|--|
| A | Financial health, intellectual property protection and brand perception | K | Human capital  |
| B | Mobility, product and service innovation                                | L | Employee wellness, health and safety                                   |
| C | Product carbon footprint and fuel economy                               | M | Supply chain management, assessment, capacity building and performance |
| D | Air quality   | N | Customer satisfaction, product quality and safety                      |
| E | Operations and logistics energy use and GHG emissions                   | O | Customer privacy, data protection and understanding consumer behaviour |
| F | Climate change resilience strategy and energy future                    | P | Sustainable cities and infrastructure                                  |
| G | Water use   | Q | Socio-economic contribution and community engagement                   |
| H | Sustainable materials and waste management                              | R | Ethical business practices   |
| I | Environmental management, process innovation and biodiversity           | S | Government regulation and policy                                       |
| J | Human rights  |   |  |

An aerial photograph of a rugged mountain range. A dirt road winds through a valley, and a stream flows down a slope. The terrain is covered in green grass and rocky patches. The sky is overcast. A teal horizontal line is positioned above the main text.

The journey not the  
arrival matters.

T.S. Eliot

# SUSTAINABLE DEVELOPMENT GOALS

In 2015 and in response to the 2030 Agenda for Sustainable Development adopted by all United Nations Member States, Unità set itself nine strategic sustainability goals to reach by 2030, which are consistent with the targets advocated by the Sustainable Development Goals.

## Production and Value Creation

- **Consumption of resources**  
Water, energy, waste, solvents per vehicle reduced by 32% (base year 2008)
- **Renewable energy**  
Leader in the use of renewable energy in production and value creation
- **Sustainable, resource-efficient supply chain**  
Increased transparency and resource efficiency in the supply chain

## Employees and society

- **Corporate citizenship**  
Leader in intercultural understanding
- **Diversity**  
Increase diversity within the company and enhance innovative strength
- **Long-term employee development**  
Find employees, tap into young talent, develop potential and secure employability

## Products and services

- **CO2 emissions**  
Reduced by at least 50% in the American new vehicle fleet (base year 2001)
- **Electromobility**  
Leader in taking holistic approach to premium electromobility
- **Mobility patterns**  
Permanently changed mobility patterns in selected metropolitan areas by introducing integrated mobility services.

## Recognising our key issues

The development of our corporate sustainability strategy is based on our identification of the key issues which our business have impacts. Our analysis of material issues is presented in the materiality matrix presented below. We regularly review the alignment of our strategy goals with our sustainability targets and measurements to ensure Unità maintains a positive trajectory.

To identify opportunities and risks to our business, both current and projected, Unità ensures that we track internal and external trends in sustainability issues on an ongoing basis, which call our 'SPS - Sustainability Positioning System'. Additionally, we also carry out regular materiality analyses in order to identify other issues which have been covered. We do this by analysing the importance of our current universe of sustainability topics, both from an internal and external perspective of our stakeholder population. Additional topics identified by our SPS policy our then added and form the basis of identifying topics and validating the results of the materiality process.

## Considering our material topics

To prioritise topics to report on, [blank] produces a topic list in line with the GRI Standards, the UN Global Compact and the UN Sustainable Development Goals (SDGs). This group, in addition to the results from our SPS analysis serves as the basis for our materiality analysis. In 2018, our analysis of material topics indicated several high priority issues which we have addressed in this report. We conducted webinar interviews and forums with over 20 representative stakeholder groups to help review the selection of topics from an external perspective. A thorough cross-section of customers, suppliers, investors, national authorities, NGOs and academics from different nationalities and backgrounds comprised our chosen interviewees. The results from our external stakeholder

engagement were assessed by internal experts from within [blank]'s sustainability team to verify identified issues.

The analysis of these results was then discussed over the course of several internal materiality workshops and presentations. The impacts were then validated and prioritised from both an internal/external perspective of Unità's operations, in addition to the projected scale of impact on the economy, environment and society.

The results of these engagements produced our materiality matrix for 2018. Topics presented contain recently identified impacts from 2018's surveys as well as topics still considered to be valid from 2017's review. Topics considered to be highly relevant from both an internal and external stakeholder perspective were identified and prioritised by our sustainability team and given appropriate coverage in this year's report.

This process of engaging with our stakeholders across a wide spectrum of sources represents an invaluable part of our strategy formation. A continuous dialogue ensures that sustainability topics that are considered important are reported on appropriately and accurately.

# SUSTAINABLE DEVELOPMENT GOALS

By 2030, Unità will reduce its CO2 emissions intensity of all automobiles in its vehicle fleet by at least 50% compared to a 2005 base year. Climate change and the burdens placed on air quality, especially cities, are some of the key challenges we face as a carmaker. At Unità we believe in the necessity of reducing CO2 emitted from products in response to global warming and energy issues, which are the most pressing environmental challenges which the world needs to address. Unità is making strenuous efforts to reduce its CO2 emissions from its production sources. With the shift towards low-emission, fuel-efficient vehicles in our portfolio, we also consistently try to meet our customers' wishes as they become increasingly aware of environmental issues.

As a company-wide call to action, our company has formulated and promoted initiatives under a goal to reduce CO2 emission intensity of all our automobile models by 50% from a 2005 base year by 2030. To accomplish this, we have implemented two key measures across our value chain to provide our customers with sustainable purchasing decisions:

## 1. Lower emissions from vehicle use with efficiency technologies, solutions for pollutant reduction and electric drivetrains.

In our conventional drive vehicles, we currently achieve the most effective impact on lowering CO2 and pollutant emissions through our efficiency technologies and through specific solutions for pollutant reduction. All our diesel vehicles have an NOx storage catalytic converter fitted. In addition,

depending on the engine and size of the vehicle, exhaust gas purification is carried out by urea injection with Ad-Blue. We continue to refine these technologies, always taking the latest research advances into account.

## 2. Systematically reducing emissions in product development

We consistently take our reduction targets and market-specific fleet requirements into account during product development. This entails defining specific emission reduction targets for each product line and each new vehicle project over the whole life cycle. The life cycle of our products extends from the development of vehicles and services, via the supply chain and production, right up to utilisation, and finally vehicle recycling. Life Cycle Engineering helps us carry through our vision of achieving a substantial improvement from one vehicle generation to the next. We manage the implementation of targets and the evaluation of progress in the development process by applying Life Cycle Assessment in accordance with ISO 14040/44.

### Plant reduction plans and domestic production goals

In addition to our commitment to reducing our fleet's environmental impact, we have also set ambitious targets for our domestic plants and service centres. In compliance with the Framework Act on Low Carbon Green Growth, which took effect as of 2011, all of Unità's domestic worksites have been tracking and reporting their GHG emissions and energy consumption to the government retroactively since 2008. Looking at the 4-year trend as of 2018, per-unit GHG emissions showed a moderate downward curve, despite upwards trajectories around 2016, and total GHG emissions followed the general trend this year.

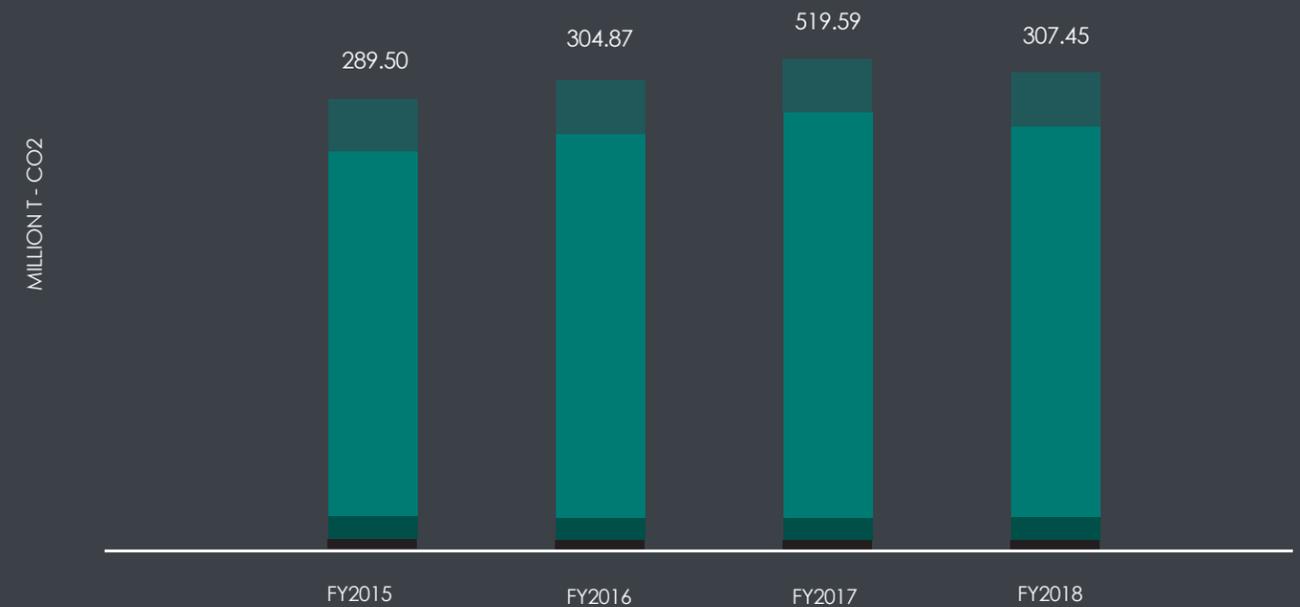
### Results and performance

#### 2018 Greenhouse Gas Emissions

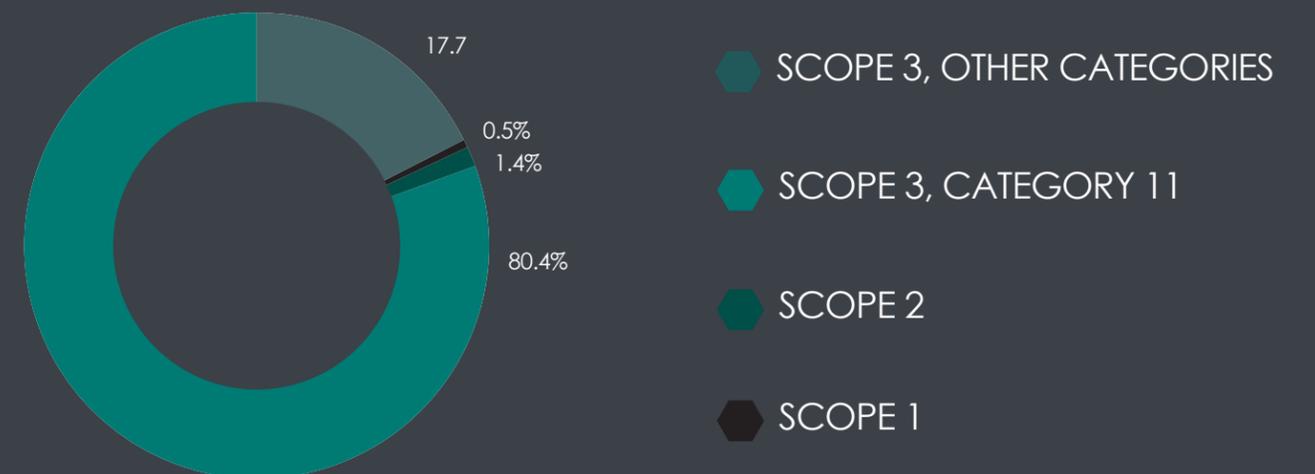
In 2018, collective GHG emissions from Unità 's domestic plants, service centres, sales offices, shipping offices and training centres totalled 307.45 million tonnes, of which direct emissions from fuel consumption (scope 1) amounted to 1.37 billion tonnes and indirect emissions from electricity use (scope 2) totalled 4.5 billion tonnes. Both upstream and downstream in our value chain, we continually strive to reduce emissions cause by the use and disposal of our products, in our supply chain, in transport logistics and by employees commuting to and from work (scope 3). After analysing the leading causes of emission intensity across our value chain, we discovered that almost 82% of all scope 3 emissions are generated during utilisation of our vehicles being sold.

# GHG MEASURES

### TOTAL FY2018 GHG EMISSIONS



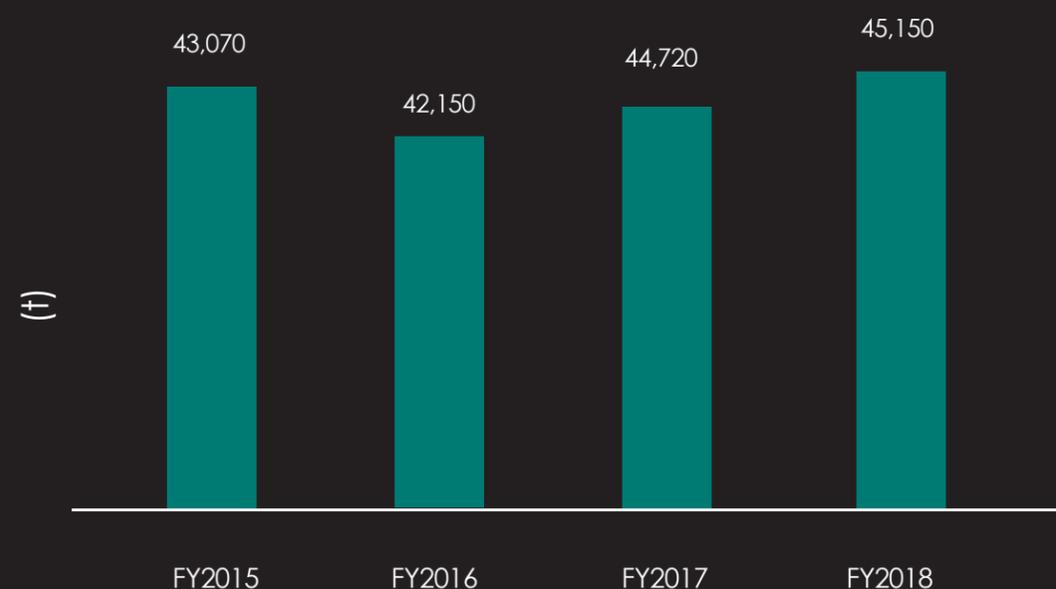
### BREAKDOWN OF TOTAL FY2018 GHG EMISSIONS



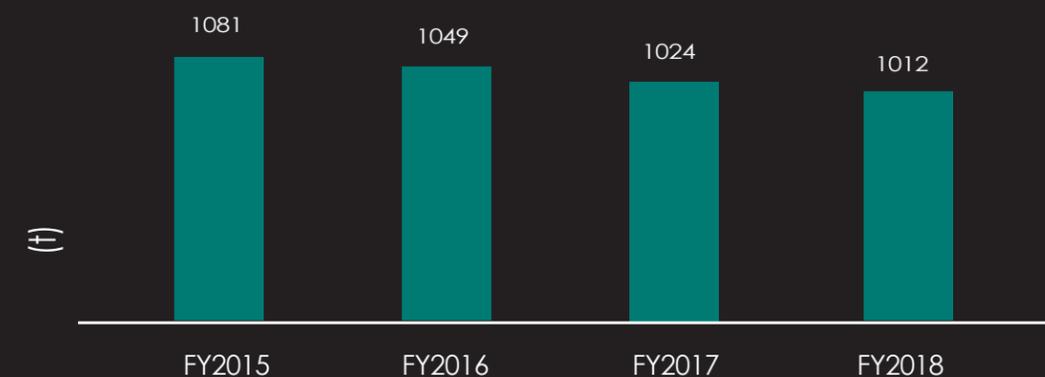
| UNITA'S TOTAL GHG EMISSIONS                   |                           |        |        |        |        |  |
|---|---------------------------|--------|--------|--------|--------|--|
|   | CATEGORY                  | FY2015 | FY2016 | FY2017 | FY2018 |  |
| GHG EMISSIONS FROM UNITA'S ENTIRE VALUE CHAIN | SCOPE 1, 2, & 3           | 289.5  | 304.87 | 319.59 | 307.45 |  |
| <b>BREAKDOWN</b>                              |                           |        |        |        |        |  |
| DIRECT EMISSIONS FROM BUSINESS ACTIVITIES     | SCOPE 1                   | 1.46   | 1.4    | 1.39   | 1.37   |  |
| INDIRECT EMISSIONS FROM ENERGY USE            | SCOPE 2                   | 4.12   | 4.07   | 4.05   | 4.5    |  |
| EMISSIONS FROM UNITA'S BUSINESS ACTIVITIES    | TOTAL OF SCOPE 1 & 2      | 7.08   | 6.48   | 6.54   | 6.03   |  |
| EMISSIONS FROM CUSTOMER USE OF SOLD PRODUCTS  | SCOPE 3, CATEGORY 11      | 221.38 | 227.47 | 231.68 | 235.14 |  |
| OTHER EMISSIONS                               | SCOPE 3, OTHER CATEGORIES | 49.08  | 50.07  | 49.41  | 48.97  |  |
| OTHER INDIRECT EMISSIONS                      | TOTAL OF SCOPE 3          | 282.4  | 298.4  | 313    | 301.4  |  |

GHG MEASURES

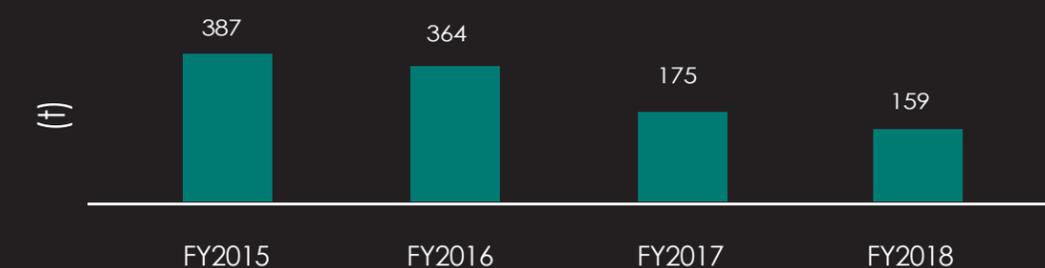
BREAKDOWN OF TOTAL ENERGY CONSUMPTION

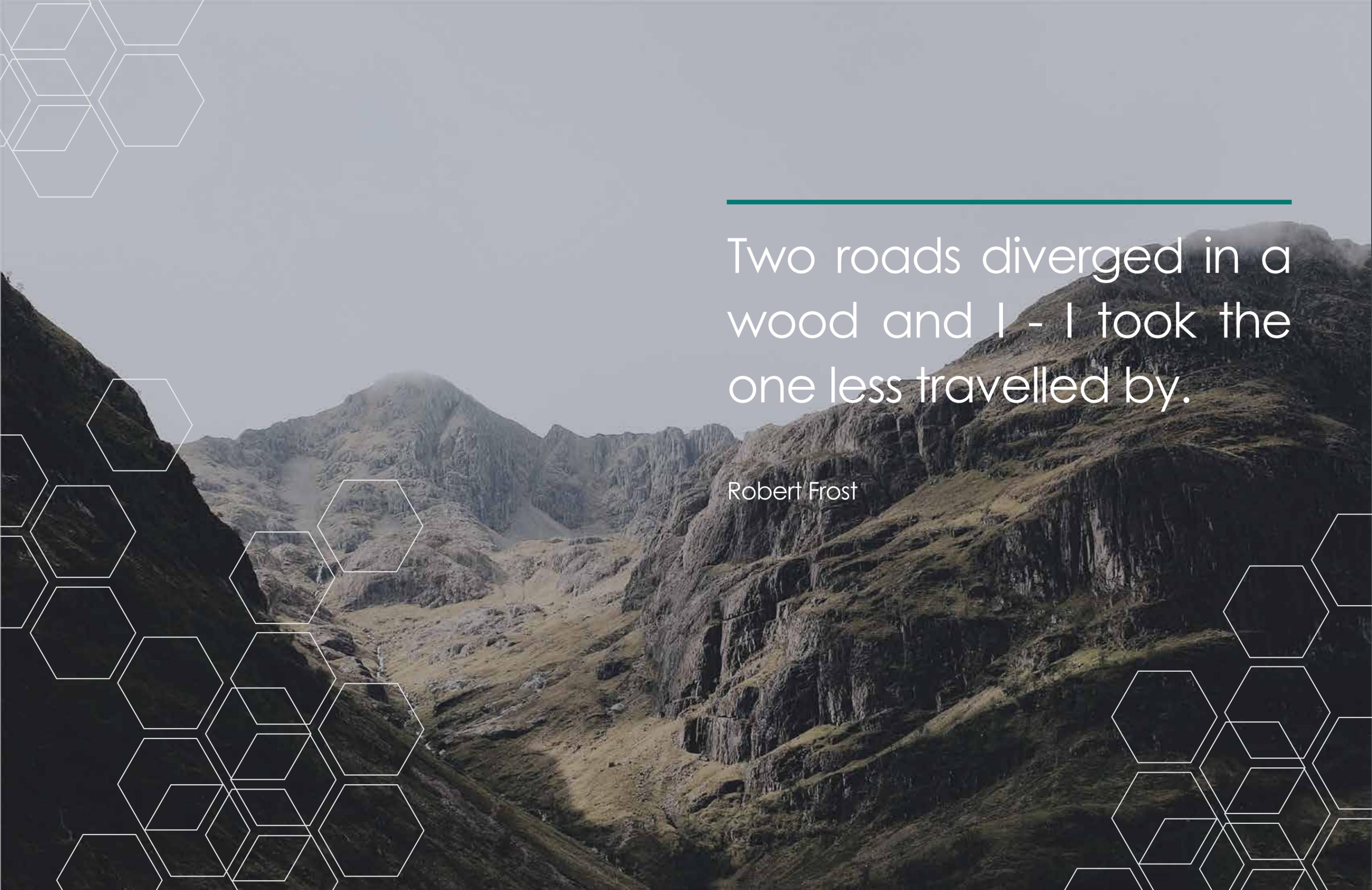


BREAKDOWN NOx EMISSIONS



BREAKDOWN OF SOx EMISSIONS





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Two roads diverged in a  
wood and I - I took the  
one less travelled by.

Robert Frost

Change in Total GHG Emissions Amount compared to 2017

4%

Total Air Pollutant Emissions Compared to 2017

1%

Per-Vehicle of Hazardous Chemicals Input Compared to 2017

29%

Change in Total Use of Raw Materials Compared to 2017

5%

Per-unit Pollutant Emissions

7.5%

Per-Unit use (emissions) figured represent the amount used/emitted from producing one vehicle

Waste Recycling Rate

86%

Scrap Car Recycling

89%

# Key Performance Indicators Statistical Overview

KPI OVERVIEW



Make a difference in style.