

Mitsubishi Motors' CSR Initiatives

Making CSR Our Top Priority

Recognizing that rebuilding trust is a continuing process, MMC is engaged in activities with a strong focus on building a prosperous and sustainable relationship with society, such as further strengthening social contribution activities and corporate governance, in addition to continuing conventional compliance and CSR initiatives.

We will also maintain a structure in which the status of these initiatives is reported to the Business Ethics Committee, which is made up of external experts, and monitored by this committee from a third-party perspective.

MMC will continue to make CSR its top priority to ensure that it steadfastly strives to be a good corporate citizen, with the aim of building a long and harmonious coexistence with society.



Contents

Maintaining and Strengthening CSR Activities 17

Corporate Governance 18

Internal Control Systems and Risk Management 19

Compliance 20

Activity Report by the Business Ethics Committee ... 21

Maintaining and Strengthening CSR Activities

One of the pillars of MMC's business plans has been rebuilding trust in MMC. We remain dedicated to tackling this issue, in recognition of the importance of fulfilling our corporate social responsibilities.

Initiatives Through Fiscal 2007

In response to the recall problems of 2004, MMC implemented a thorough investigation of the causes, and based on the lessons learned from this investigation we adopted the policies of "Compliance First," "Safety First," and "Customers First." Based on these policies, the entire company has worked as one to restore trust in MMC.

We receive objective, common sense guidance and advice on these initiatives from the Business Ethics Committee, which acts as an advisory body to the Board of Directors and is made up solely of external experts.

With regard to "Compliance First," the major cause of the series of recall problems was a lack of compliance. Based on MMC's conviction that the company cannot survive without complying with business ethics, MMC is undertaking activities to entrench compliance in the minds of each and every employee so that it can regain society's trust and again be known and recognized as an enterprise with integrity. [▶▶▶P.20](#)

With regard to "Safety First," in light of the past recall problems, MMC regards determining the need for market measures, such as appropriate and swift recalls based on the perspective of customers, as the most important management issue, in tandem with reliably preventing the recurrence of defects, and initiatives are being undertaken on this basis. We are also working to expedite quality improvements in the marketplace by introducing new quality information systems, while also building in quality at the development and production stages to further enhance the quality of our cars. [▶▶▶P.23](#)

With regard to our "Customers First" initiatives, MMC is working to improve customer service on the front line at dealerships, recognizing that it is extremely important not only to satisfy the users of MMC's products, but also to enable the general consumer to broadly understand MMC's corporate activities and approach. [▶▶▶P.29-30](#)

We are also taking steps to improve customer satisfaction, such as by reflecting valuable customer feedback in our products and services. [▶▶▶P.24](#)

Based on these efforts to rebuild trust in MMC, the Business Ethics Committee has concluded that the initial stage of this work is virtually complete.

Initiatives From Fiscal 2008

Upon launching our new mid-term business plan, Step Up 2010, covering fiscal 2008 through fiscal 2010, MMC made the following commitment to society: Placing top priority on corporate social responsibility (CSR), MMC seeks, in addition to continuing conventional compliance and CSR activities, to actively engage in activities aimed at building a prosperous and sustainable relationship with society.

Recognizing that rebuilding trust is a continuing process, MMC believes it is important to engage in activities with a strong focus on building a prosperous and sustainable relationship with society, such as further strengthening social contribution activities and corporate governance, in addition to continuing conventional compliance and CSR initiatives.

We continue to build an infrastructure for enhancing and expanding our social contribution activities. Measures include establishing a Corporate Citizenship Promotion Office in April 2008, enacting a Corporate Citizenship Activity Policy, and building an internal company-wide structure for promoting these activities (see Topics).

With regard to corporate governance, we are implementing company-wide measures, including the establishment of internal controls. [▶▶▶P.18](#)

And as before, we intend to maintain a structure in which the status of these initiatives is reported to the Business Ethics Committee, and checked by this committee from a third-party perspective.

Topics

Establishment of Corporate Citizenship Promotion Office

MMC has been involved in corporate citizenship activities in various regions for some time, and in April 2008 a Corporate Citizenship Promotion Office was established within the CSR Promotion Office to promote unified social contribution activities at the company-wide level. In June 2008, a Corporate Citizenship Activity Policy was enacted, encompassing the results of the activities that have been carried out so far and the future direction.

Going forward, we are planning to establish an internal promotion structure based on the Corporate Citizenship Activity Policy, and to gradually extend these activities to our domestic and overseas affiliates.

Corporate Citizenship Activity Policy

Four key themes based on MMC's corporate philosophy form the base of the company's corporate citizenship activities, abbreviated by the acronym STEP: Support for the next generation, Traffic safety, Environmental preservation, and Participation in local communities.

1. Support for the next generation

Supporting young people's education to create a prosperous future.

2. Traffic safety

Contributing to traffic safety education and the spread of safe driving to realize a zero-accident society.

3. Environmental preservation

Contributing to preservation of our natural environment.

4. Participation in local communities

Contributing to the revitalization and development of regional communities.

Note: See pages 13 to 15 for a related article.

Corporate Governance

MMC is strengthening its corporate governance primarily by implementing compliance in practice, improving transparency through proactive information disclosure to stakeholders, and clarifying management responsibility.

Corporate Governance Framework

MMC employs the Statutory Auditor System pursuant to Japanese Corporate Law. In addition to mandatory organizations and governance systems, we are improving our corporate governance by adding an executive officer system and advisory committees.

MMC's Board of Directors is responsible for making decisions concerning important management issues and overseeing execution. In addition, the executive officer system clarifies the roles and responsibilities of directors and executive officers. Managing directors' meetings composed of directors, executive officers, and statutory auditors make decisions concerning company matters in meetings once every two weeks aimed at speedy decision-making.

Status of Internal Audit and Statutory Auditors' Audit

Statutory auditors audit operations of MMC and its subsidiaries by attending important meetings such as the Board of Directors Meeting. They also review key internal documents, as well as reports received from the internal auditing groups, subsidiaries and accounting auditors.

Separate from the statutory auditors, MMC has also established two departments within the CSR Promotion Office: the Quality Audit Department and the Internal Audit Department Both are independent from operating units and conduct internal audits from an objective perspective.

The Quality Audit Department monitors whether the Quality Affairs Office is appropriately carrying out operations related to vehicle development and manufacturing based on laws and regulations in various countries. The department conducted a total of 80 audits in fiscal year 2007. The audit results are successively reported to top

management and to the Business Ethics Committee twice a year.

The Internal Audit Dept. conducts regular company-wide audits, covering areas including subsidiaries and affiliates in Japan and overseas, to verify the appropriateness and effectiveness of internal control systems including compliance and risk management. The results are reported to the top management at MMC, its subsidiaries and affiliates.

The department is actively working to strengthen corporate governance and internal controls throughout the MMC group both in Japan and overseas. In fiscal year 2005, it established internal auditing divisions at all major overseas subsidiaries. In fiscal year 2007, the department used the opportunity of the consolidation of sales companies over large areas to establish CSR divisions at various companies in Japan.

The statutory auditors, Internal Audit Department, Quality Audit Department, Compliance Department and accounting auditors regularly exchange information to strengthen cooperation.

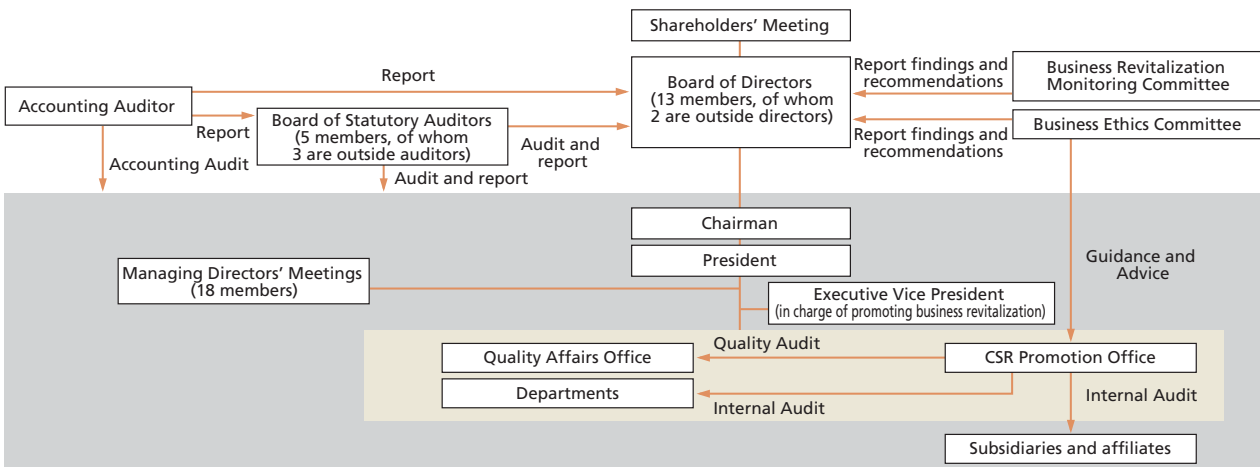
Guidance and Advice from Advisory Committees

The Business Ethics Committee is an advisory body to the Board of Directors made up of 6 outside experts. The committee aims at spreading an awareness of compliance, and it provides MMC directors with guidance and advice from an external perspective.

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In addition, MMC directors received advice from the Business Revitalization Monitoring Committee, made up of outside experts including Chairman Tomoo Tasaku and representatives of major shareholders (total of six members), to monitor progress against the aims of the Mitsubishi Motors Revitalization Plan. Established in April 2005, the committee held a total of 31 meetings, providing numerous important opinions and advice from an external perspective. This committee was dissolved on March 31, 2008 following the achievement of its initial aims.

■ Corporate Governance Framework (As of March 31, 2008)



Note: The Business Revitalization Monitoring Committee was dissolved on March 31, 2008 following the completion of the Mitsubishi Motors Revitalization Plan, the company's previous medium-term management plan. As with this committee, the Executive Vice President was put in charge of the Step Up 2010 Office from April 2008. There were 14 directors as of June 19, 2008.

Internal Control Systems and Risk Management

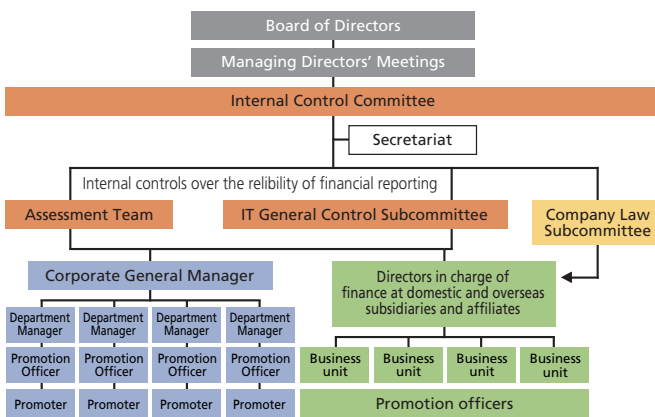
MMC is committed to conducting proper and consistent management of business operations by making a company-wide effort to develop internal control systems and a risk management system, as well as holding training programs for employees, among other measures.

Development of Internal Control Systems

Based on the "Basic Policy on the Establishment of Internal Control Systems," MMC is continually working to improve and upgrade systems to ensure compliance with laws and regulations and to promote proper, effective business execution, in line with changes in the domestic or overseas environment, in a drive to further strengthen corporate governance.

In April 2008, MMC augmented this Basic Policy with policies concerning financial reporting and the elimination of anti-social forces. With regards to ensuring the reliability of financial reporting pursuant to the Financial Instruments and Exchange Law, which came into force from fiscal year 2008, MMC is implementing Company-wide measures led by the Group Controlling & Accounting Department, Internal Audit Department, and risk management promotion teams under the leadership of the Internal Control Promotion Committee (renamed the Internal Control Committee from fiscal year 2008).

Internal Control Promotion Framework



Development of Risk Management Framework

MMC is engaged in establishing infrastructure for companywide risk management systems centered on risk management promotion teams in administrative divisions, and is also promoting the sharing of risk information within the company.

To promote risk management systems more systematically and make initiatives continuous, MMC formulated the "Risk Management Rules" and appointed a total of 19 risk management officers (as of May 31, 2008) to each operational group.

Based on the core role of these officers, MMC is working to establish and bolster its risk management systems.

In addition, to prepare for unforeseen contingencies, MMC has developed systems that enable the rapid communication of information to directors and other key personnel, as well as a swift and accurate response.

MMC has established the following basic policy on its response to natural disasters such as earthquakes, as well as other crises. The Company will conduct regular educational and training programs based on internal rules and standards to ensure safety and minimize damage in the event of a disaster.

[Basic Policies]

1. Fulfill corporate responsibilities to regional communities
2. Minimize damages as far as possible from negative impacts that hinder business operations
3. Work to continuously improve disaster countermeasures
4. The company will not pursue liability for temporary damages provided that a response taken during an emergency is a humanitarian measure
5. The company will prepare necessary resources to implement countermeasures

Information Security Management

MMC recognizes that the protection of important information assets in business activities (information as well as information systems, machines, media, and equipment used to handle that information) is vital to fulfilling its social responsibility and earning the trust of stakeholders. Accordingly, we are striving to maintain a high level of information security management.

In April 2006, MMC established an information security policy and internal rules that conform to ISO 27001. We are also providing continued employee education through training sessions, e-learning and other methods, in an effort to achieve progressive improvements.

Protection of Personal Information

MMC formulated a policy for the protection of personal information in April 2005, and built a management framework to establish internal rules. The company also appointed a person responsible for personal information management at each department under the direction of the Personal Information Officer. MMC educates staff on the subject through ongoing e-learning seminars and other programs, and makes efforts to safeguard personal information in practice.

Security Trade Control

From the viewpoint of maintaining international peace and security, MMC profoundly believes in the importance of strict trade controls to prevent the proliferation of weapons of mass destruction and the excessive accumulation of conventional weapons.

In order to ensure the appropriate trade control, MMC has established an Internal Security Trade Control Standard as a management regulation. In accordance with the standard and in order to ensure compliance with laws and regulations regarding security trade control the "Supervisory Committee for Security Trade Control" was established under the direction of the president, who acts as Chief Security Trade Control Officer. Legality of export transactions is guaranteed by a management system centered on the committee.

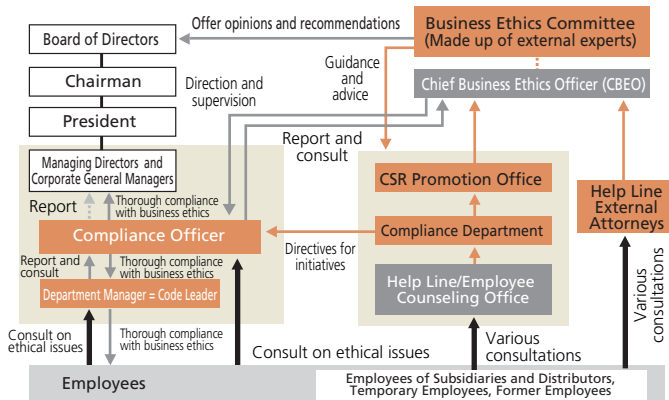
Compliance

To restore society's trust in the company and be recognized as an enterprise with integrity, MMC believes it is essential to ensure that all staff members thoroughly comply with business ethics.

Development of an Organizational Framework for Promoting Business Ethics

In June 2004, MMC established the CSR Promotion Office to ensure thorough compliance and promote a new corporate culture, while restructuring the compliance framework (diagram below). MMC has strengthened the organization to ensure that awareness of compliance spreads to every single employee. The company appointed a total of 19 compliance officers (as of fiscal year 2007) at each department to ensure compliance, under the direction of the Chief Business Ethics Officer (CBEO), and appointed department managers as code leaders in each department under the compliance officers.

Organizational Framework for Promoting Business Ethics



Initiatives to Implement Compliance

In fiscal year 2007, under the theme of "From revitalization to the future," MMC worked to encourage voluntary activities grounded on workplaces and operations by individual staff members, while holding training sessions and other events with the aim of sharing information within the group.

Awareness-Raising Activities

In fiscal year 2007, MMC held training sessions on compliance led by instructors from outside the company as part of training seminars for directors and corporate auditors, with a total of 24 full-time directors at the executive officer level or above and statutory auditors taking part.

Meetings are held three times a year in each workplace at which familiar business ethics problems are examined and solutions reached through discussion. These meetings provide a good opportunity to enhance ethical awareness and improve communication through discussion using actual examples.

In addition to these types of discussions at each workplace, compliance measures specific to each department were formulated and implemented under the direction of compliance officers. In these and other ways, MMC worked to promote compliance with business ethics.

Establishment and Dissemination of Regulations

MMC is giving priority to its internal reporting system in order to

create a highly transparent workplace environment that is not conducive to scandals and promotes their early detection as well as self-correction. MMC has already established the Employee Counseling Office and external counseling channels through outside attorneys. In April 2006, in line with the enforcement of the Whistleblower Protection Act, MMC established operational criteria related to the internal reporting system, as well as internal regulations, including those prohibiting the disadvantageous treatment of whistleblowers. Furthermore, to create a framework that facilitates internal reporting, MMC is endeavoring to disseminate regulatory information within the company by holding briefings, including information in the company newsletter, and adopting other measures.

In April 2007, MMC fully revised its "Business Ethics of Mitsubishi Motors Corporation" — MMC's corporate ethics standards — to turn them into more practical guidelines for guiding employees' actions. The company is using opportunities such as meetings on business ethics issues at each workplace to help employees gain a full understanding of its content. At the same time, all employees and directors have signed oaths of compliance with these standards. Furthermore, in January 2008, we revised the "Mitsubishi Motors Corporation Code of Conduct," guidelines for conduct that all employees must keep in mind at all times. We distributed these booklets to all employees and directors, and by making use of them on a daily basis, we aim to ensure thorough compliance with business ethics.

Activities to Spread Compliance Among MMC Group Companies

MMC believes that restoring trust in the company requires a concerted effort by the entire MMC group. To this end, domestic group companies (including exclusive dealers) have taken the lead in carrying out initiatives since fiscal 2005. In fiscal 2006, almost all companies completed the establishment of systems to ensure compliance with business ethics. They regularly conduct training on resolving corporate ethics problems and the development of precedents. In addition, major overseas affiliated companies have begun establishing concrete systems to promote compliance, following the completion of an evaluation of the status of their compliance systems and activities.

Other Initiatives

To prevent past errors such as the regrettable recall problems from being forgotten over time, January 10 and October 19 have been designated "Safety Pledge Days," since two fatal accidents occurred on those days involving large trucks manufactured by Mitsubishi Fuso, a former MMC division. All employees observe a moment of silence on these days, and the previously mentioned meetings to review business ethics problems are held around these times.

MMC reports on the status of these activities to the Business Ethics Committee, which acts as an advisory body to the Board of Directors and is made up of external experts. MMC directors receive objective, common-sense guidance and advice regarding these matters.

In fiscal year 2008 onward, MMC will continue to further develop and promote initiatives to ensure compliance based on the theme of "building a sustainable relationship with society."

Activity Report by the Business Ethics Committee



Members of the Business Ethics Committee

Nobuyuki Yamamoto

Kazuko Miyamoto

Konohe Kawagishi

Noboru Matsuda (Chairman)

Takahiro Fujimoto

Kazuo Mura

The Business Ethics Committee

The Mitsubishi Motors Business Ethics Committee was established in June 2004 as an advisory body to the Board of Directors of MMC. At that time, the recall problem had reignited and MMC faced a crisis concerning the company's survival due to the loss of confidence and trust of society in MMC. The Business Ethics Committee was established as one of the critical steps to restore trust in MMC and ensure its revitalization. The aims of this committee, which is made up solely of external experts, are to conduct monitoring, guidance and consultation from the viewpoint of external oversight and "common sense" with respect to MMC's overall activities to restore trust, especially in terms of the establishment of compliance. The scope of the committee's activity is not limited to business ethics; but also includes matters broadly related to quality problems and corporate culture.

Review of the Committee's Activities Since its Establishment

Since the committee convened its first meeting in July 2004 through to June 2008, it has held a total of 47 meetings and has considered as many as 112 issues in total. During this period, the members of the committee have raised frank questions and expressed candid opinions regarding each of these issues from the standpoint of external oversight and common sense. The general categories of topics considered by the committee are shown below. A variety of issues were considered based on each topic (the figures in brackets indicate the number or frequency of these issues).

1. Response to recall problems [23]
2. Recall process reform and quality improvement initiatives [15]
3. Initiatives to entrench compliance [31]
4. Other initiatives, including corporate culture reforms [38]
5. Fact-finding visits to plants and dealers [5]



Plant visit (July 28, 2004, Nagoya Plant)

Overview of Activities in Fiscal 2007

On May 21, 2007, the Board of Directors of MMC received a report from the committee comprising a summary of MMC's activities toward restoring trust in the company, as well as an evaluation and proposals regarding these activities. The report generally gives high marks to MMC activities in this regard. For example, looking back on the measures that MMC had taken so far, the report concluded that earnest and steady progress had been made in activities to restore trust in the company, based on the unwavering stance of top executives, and that the initial stage had been accomplished. At the same time, the report also pointed out issues and made proposals aimed at providing further support for MMC's revitalization, indicating the following: "the job of restoring trust in MMC is only half completed. It is still necessary to stay fully committed to activities to restore trust."

MMC's initiatives in response to the report's evaluations and proposals are also explained to the committee on a case-by-case basis, and the committee is asked for its views. All departments will continue to implement specific measures in the future based on the committee's advice.

The committee convened 12 times during fiscal year 2007, considering 31 issues including the company's response to the aforementioned report, a review of "Business Ethics of Mitsubishi Motors Corporation," and the fiscal year 2007 business ethics compliance promotion program. As well as formal committee meetings, committee members attend the Compliance Officers Meeting in July and Quality Meeting in September as observers, at which they are asked for their views and any queries they may have. During a visit to the Okazaki district, the committee gained an appreciation of MMC's environmental initiatives through an explanation of electric vehicles and test drive of the *i MiEV*. In addition, the committee's views and guidance are requested on any urgent issues, which are explained to the committee on a case-by-case basis.

*i MiEV* test drive (September 20, 2007, R&D Center)