

Policy Directions

Environmental Plan Package

Anticipating a time 30 years in the future, in October 2020 MITSUBISHI MOTORS formulated the Environmental Plan Package, which defines the directions and targets of its environmental initiatives. This package establishes the foundation for our directions on environment-related management strategy, outlining our objectives for realizing a sustainable society, including one that is carbon-neutral, as we conduct our business activities. The Environmental Plan Package comprises the Environmental Policy, which we have revised to incorporate our medium- to long-term

Environmental Policy

MITSUBISHI MOTORS recognizes that responding to environmental issues through its business activities is essential. Accordingly, we will engage proactively in specific and effective measures from a medium- to long-term perspective. (Directions of initiatives)

1. We will face three specific environmental issues head-on: climate change, resource depletion and environmental pollution.
2. Given that 2050 is an important landmark for climate change on a global scale, we have clarified levels to be achieved, in 10-year increments, and are pursuing initiatives to this end.
3. We will respond to environmental issues through the following activities.
 - Unique environmental contributions through our products
 - Initiatives at each stage of automobile production, sale and use
 - Collaboration with business partners, affiliated institutions, governments and local authorities
 - Initiatives targeting environmental issues rooted in the local community
 - Initiatives to determine and reduce environmental impact of all related business activities

perspective; the Environmental Vision 2050, which sets out our vision for society to be achieved by 2050 and directions for our initiatives; and the Environmental Targets 2030, which clarifies specific initiatives to be achieved by 2030 in accordance with this vision.

Environmental Policy

The Company has been acting in accordance with its Environmental Policy, which was formulated in 1999. However, in the 20 years that have passed since that time the operating environment has changed, prompting us to revise the policy in 2020 to reflect current social trends. We recognize that responding to environmental issues in our business activities is essential, and so have newly incorporated a medium- to long-term outlook into our policy.

Focusing specifically on climate change, resource depletion and environmental pollution, we aim to contribute to the preservation of water resources and biodiversity through initiatives in these areas.

Environmental Vision 2050

Members of the Paris Agreement, adopted in 2015, agreed to limit the rise in average global temperatures to 2°C above levels before the Industrial Revolution and endeavor to keep the increase to 1.5°C. From this basis, we established initiatives to pursue from a long-term perspective, leading up to 2050. In 2018, the IPCC* published the Special Report on Global Warming of 1.5°C, which calls for society as a whole to achieve a net-zero balance between human-caused greenhouse gas emissions and absorption.

As these measures illustrate, awareness of climate change and other environmental issues is rising each year. Companies are also being called upon to undertake more ambitious initiatives.

Against this backdrop, we formulated the Environmental Vision 2050, which sets out our vision for society to be achieved by 2050, as well as directions for our initiatives, with regard to climate change, resource circulation and preventing environmental pollution.

* Intergovernmental Panel on Climate Change

Environmental Vision 2050

In December 2015, the Paris Agreement was adopted at COP21. Members of this accord agreed to curtail the rise in average global temperatures to 2°C above levels before the Industrial Revolution and to work to keep the rise to 1.5°C. Given such social demands, MITSUBISHI MOTORS believes it can contribute toward the realization of a sustainable society, achieving a balance between the progress of humankind and the global environment, through the proliferation of electric vehicles and the promotion of their use in society.

Action to Climate Change

Through electric vehicles and the increased use of renewable energy, we will contribute to net-zero CO₂ emissions and the realization of a society that is resilient to climate change.

Resource Circulation

We will contribute to a resource-recycling- oriented society by minimizing input resources and maximizing resource efficiency.

Pollution Prevention

We will contribute toward a society free of environmental pollution affecting human health and the ecosystem by reducing the environmental impact of our products and the pollution resulting from our business activities.

Environmental Targets 2030

Targets 2030	Main Initiatives
<p>Action to Climate Change</p> <p>CO₂ emissions from new vehicles*¹: -40% (compared with FY2010)</p> <p>CO₂ emissions from business activities*³: -40% (compared with FY2014)</p> <p>Implementation of measures to address climate change</p>	<ul style="list-style-type: none"> Promotion of electric vehicles, centering on plug-in hybrid electric vehicles (PHEVs) (electric vehicles*² sales ratio: 50%) Improved fuel efficiency of ICE vehicles Promotion of energy conservation Introduction of renewable energy Promotion of V2X*⁴ (DENDO DRIVE STATION/HOUSE) Contribution to adaptation through agreements in times of disaster
<p>Resource Circulation</p> <p>Expanding adoption of plastic materials not derived from oil</p> <p>Achievement of zero direct landfill waste (less than 0.5%)</p> <p>Reuse of batteries used in electric vehicles</p>	<ul style="list-style-type: none"> Development of material technologies Proactive use in parts Reduction of waste generation and promotion of reuse as resources Appropriate waste treatment Promotion of recovery and use (BESS*⁵, etc.) Technology development with a view to reuse (battery packs, systems)
<p>Pollution Prevention</p> <p>Conformance to regulations on regulations on use of hazardous substances in products</p>	<ul style="list-style-type: none"> Obtaining information on laws and regulations, enhancing the internal management structure Collaboration with suppliers

Environmental Management

- Promotion of LCA*⁶
- Expanded environmental information disclosure
- Collaboration with suppliers
- Promotion of environmental management within the Group and at sales outlets
- Promotion of employee education and awareness activities
- Promotion of grass-roots community environmental preservation activities

*1: CO₂ emissions per new vehicle while driving *2: Battery electric vehicles, plug-in hybrid electric vehicles (PHEVs), and hybrid electric vehicles

*3: Scope 1 (direct emissions) and Scope 2 (indirect emissions)

*4: A general term encompassing vehicle to home (V2H) and vehicle to grid (V2G), among others.

*5: BESS stands for Battery Energy Storage System.

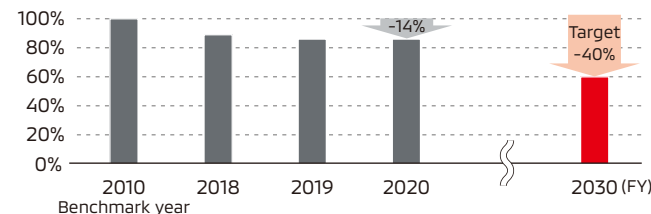
*6: LCA stands for life cycle assessment, which is a technique for calculating the environmental impact of a product from manufacturing to disposal.

Environmental Vision 2050 sets out our vision for society in 30 years' time, as well as the directions for our initiatives. In line with this vision, we have formulated Environmental Targets 2030, which sets forth items to be addressed in the next 10 years.

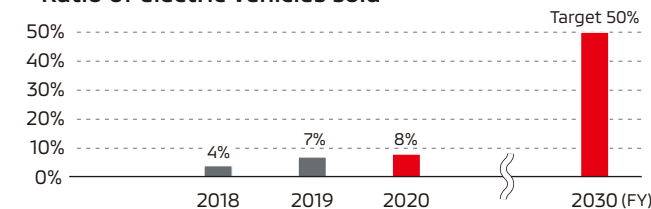
Our principal targets and results for FY2020 are outlined below. The substantial reduction in CO₂ emissions from our business activities was affected by a downturn in the number of vehicles produced, due to the COVID-19 pandemic.

Environmental Targets 2030: Principal Targets and Results

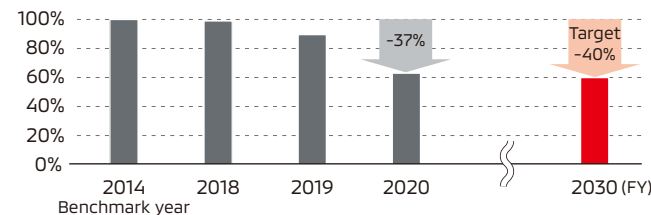
• CO₂ emissions from new vehicles



• Ratio of electric vehicles sold



• CO₂ emissions from business activities



Framework for Consideration

MITSUBISHI MOTORS formed the Environmental Working Group, made up of members from across the Company, and proceeded with considerations.

After certain directions had been determined, a small circle chaired by the then-CEO moved forward to specifics. These were proposed to the Executive Committee and Board of Directors and approved.

<July 2018 to December 2019>

Sustainability Committee

(Chair: CEO*; members: Division general managers of relevant divisions)

Environmental Working Group

Leader: Technical advisor to the chairman*¹
 Subleader: Division general manager of the Development Management Division*¹
 Secretariat: Sustainability Promotion Department
 Members: **Corporate departments**

- Strategy management
- Human resources
- Public and investor relations
- Asset management
- Finance

Product and business activities departments

- Technology strategy
- Manufacturing
- EV business
- Development management
- Materials technology
- Logistics
- Procurement
- Overseas sales
- Domestic sales
- After-sales service

<January–October 2020>

Board of Directors

Executive Committee

Small Circle

Members:

- CEO*¹
- Co-CEO (in charge of development)
- Director in charge of manufacturing
- Director in charge of sustainability
- Head of corporate strategy
- Division general manager of the Development Management Division
- Division general manager of the Product Strategy Division
- Division general manager of the Production Engineering Division

Steps to Formulation

The Environmental Working Group we set up in FY2018 gathered data related to global social changes, such as economic growth and population increase, as well as environmental issues. In particular, the group looked for information on regions of importance to MITSUBISHI MOTORS' business, ascertaining the status of local communities and government environmental policies. We also looked at unit sales and the number of vehicles owned in each country, arranging this data to match the Company's business characteristics by looking at our business data and results of environmental initiatives. The group also summarized our efforts to date.

Using this data, we then verified each of the environmental issues and our relationship to them. We identified three environmental issues to face head-on: action to climate change, resource circulation and pollution prevention. We considered the long-term outlook for these environmental issues by studying external scenarios from the IEA*² and IPCC, as well as by running our own simulations. We then arranged the issues to be addressed by thinking about how to contribute in a manner tailored to local communities while maximizing our strengths, looking at each market from a regional perspective and considering plug-in hybrid electric vehicles (PHEVs) and other business characteristics.

Based on this analysis, we clearly spelled out the directions for initiatives indicated in the Environmental Policy and Environmental Vision and set numerical targets for the items in the Environmental Targets. In this way, we formulated the New Environmental Plan Package, which provides an overall summary of our environmental strategies.

In addition, we had outside experts review the draft package we had formulated, looking at it from a stakeholder perspective.

Going forward, we will continue to accumulate and analyze information on social trends and confirm the appropriateness of our Environmental Plan Package.

*2: International Energy Agency

Gathering of Information

- **Social and economic conditions**
Such as economic growth and population increases
- **Status of environmental issues**
Climate change, resource depletion, environmental pollution, loss of biodiversity and shortage of water resources
- **Trends in key regions (Japan, ASEAN, Oceania, others)**
GDP, changes in the population, government environmental policies, etc.
- **Automobile production and data related to the Company**
<Business>
Unit sales and number of vehicles owned, globally and by region
<Results of Environmental Initiatives>
CO₂ emissions (Scope 1, 2, 3), amount of waste generated, etc.

Analysis

- **Verify relationships between environmental issues and the Company**
Identify environmental issues to face head-on
- **Consider long-term outlook for environmental issues**
Gather external scenarios on CO₂ emissions, run our own simulations
- **Arrange initiatives to be taken, given our business characteristics (markets and products)**

Formulation

- **Clearly spell out the Environmental Policy and Environmental Vision 2050**
- **Consider initiatives in the Environmental Targets 2030, as well as numerical targets**

Review

- **Conduct review via outside experts**

*1 Positions as of March 2020