

Contribution to Local Economy through Business Activities



Medium- to Long-Term Vision for Material Issues

	Risks	Opportunities	Direction of Responses
Long Term	<ul style="list-style-type: none"> Companies from around the world are investing in the ASEAN region, leading to concerns about labor shortages and rising personnel costs. Economic development could lead to increasing income disparities within the region. 	<ul style="list-style-type: none"> Strengthen management base by developing human resources. Ongoing capital expenditure could improve the working environment and raise productivity and efficiency. 	<ul style="list-style-type: none"> We will develop our business in pace with the region. We aim to grow along with the region through development and by resolving issues.
Medium Term	External Environment	Stakeholders' Needs and Expectations	Medium-Term Targets
	<ul style="list-style-type: none"> In the ASEAN region, <ul style="list-style-type: none"> Environmental regulations are growing stricter, and individual countries are promoting electrification policies with a view to increasing EV production volumes. Multiple free trade agreement networks are being expanded, facilitating exports and imports. 	<ul style="list-style-type: none"> Regional development through employment, human resource development, investment, technology transfer, exports, the environment and social contribution 	<ul style="list-style-type: none"> Conducting business with an emphasis on contributing to all stakeholders and society Concentration of management resources with a business focus on the ASEAN region

FY2020 Materiality Targets and Results

○: As planned △: Delayed

Details of Main Initiatives	FY2020 Targets	Indicators	FY2020 Results	Self-Evaluation
Employment	Continuous creation of local employment	Actual employment	Created local employment for 11,000 people in Thailand, Indonesia, the Philippines and Vietnam (including non-full-time employees)	–
Human resource development	Support for the development of personnel responsible for the development of the local economy	Number of training sessions, number of participants	Representative examples of training Sales and service training for dealer staff, business-level-enhancement seminars for local employees, "manufacturing training" to enhance technical skills, internal control and compliance training	○
Investment	Continuous implementation of capital investment that supports the growth of the local economy	Rate of progress on investment plan	Principal investment plans Upgraded a paint plant and installed a rooftop solar power system in Thailand, prepared to export commercial vehicles to the Philippines and ASEAN countries, considered a new plant in Vietnam	○
Technology transfer	By continuing with local production, support advances in the local manufacturing industry	Progress on projects	Major projects Commenced local production of the XPANDER in Vietnam and Malaysia; in Thailand, Indonesia, the Philippines and Vietnam, provided scholarships to vocational training schools and technical universities, provided training vehicles, and conducted traveling courses	○
	Localized production of engines	Business viability KPI targets	Achieve business viability, reach KPI targets, and begin mass production of engines in Indonesia	○
Export	Supporting growth of the local economy through the acquisition of foreign currency by means of export	Number of vehicles exported	Exported 202,000 vehicles from Thailand and 39,000 from Indonesia	○
Environmental and social contribution	Leverage our technologies and services to help resolve local social issues	Level of contribution	Engaged in initiatives using the OUTLANDER PHEV Began producing the OUTLANDER PHEV in Thailand; in Indonesia, donated OUTLANDER PHEV vehicles to the Red Cross to assist in efforts to halt the COVID-19 pandemic	○



Basic Approach

MITSUBISHI MOTORS has been developing business in the ASEAN region since prior to the rise of motorization, and we have grown up alongside these countries while developing close ties with the region based on the idea that "regional development" is "MITSUBISHI MOTORS development."

In this region, where we have undertaken business activities for many years, we are working proactively to address local social issues. We aim to grow together, invigorate the region, cultivate the market, understand consumers' needs and reinforce our own brand. We believe these efforts will allow us to simultaneously achieve social value and our own corporate value. Our current mid-term business plan, "Small but Beautiful," calls for the concentration of management resources, identifying the ASEAN region as a core business area. We aim to achieve further growth by providing customers with the products they require. One of our material issues is "contribution to the local economy through business activities." In accordance with this aim, by developing our business in the ASEAN region, we will contribute to the local economy through employment, human resource development, investment, technology transfer and exports.*1

In addition, by responding to social needs specific to the ASEAN region, we will engage in initiatives that leverage our technologies and services in the areas of the environment and social contribution, as well.*2

*1 Please see page 11 for details on identifying material issues

*2 See pages 89-92 for specific examples.

Management Structure

Local subsidiaries take charge of planning and implementing activities in line with initiatives that target material issues in the ASEAN region. Our sales division, which maintains administrative and supervisory functions, is responsible for promoting these initiatives. In the four countries where our production bases are located (Thailand, Indonesia, the Philippines and Vietnam), every six months we check with local subsidiaries on the rate of progress and results of initiatives, reporting to the management team via the Sustainability Committee.

Employment

Markets in the ASEAN region have been affected by the COVID-19 pandemic. To help reinvigorate the economy and facilitate growth, we believe it is our mission to continue to create employment in the region. We employ approximately 11,000 people in the four countries where we have production bases: Thailand, Indonesia, the Philippines and Vietnam. In fiscal 2021, we plan to create employment in line with our business plans.

Human Resource Development

In the ASEAN region, which is working to become more industrially advanced, we help by providing experience in automobile manufacturing, sales and service. In addition to cultivating specialized expertise and skills, we cultivate people who are involved in manufacturing and foster local economic growth. In fiscal 2020, we maintained strict COVID-19 precautions, conducting some training online and providing OJT in other areas, depending on the individual companies' circumstances. In Thailand, we conducted sales and service training for around 20,000 employees and dealer staff. In Indonesia, we conducted online training for local employees according to their business level. In the Philippines, more than 200 employees received manufacturing training in the aim of enhancing the production division's capabilities, boosting their level of specialization. In fiscal 2021, we plan to continue providing training courses and OJT according to conditions in each country.

Investment

We continue to make capital investments in plants, which support local economic growth. In Thailand, where our largest overseas production base is located, we are building a new paint plant and installing a rooftop solar power system. Through these efforts, we are reconfiguring our manufacturing structure to reduce environmental impact. In the Philippines, we are setting up production facilities for the L300, a commercial vehicle model for export. In Vietnam, we are considering the construction of a new plant.



Technology Transfer

In terms of technology transfer by production sites in the ASEAN region, by continuing with local production we are supporting the advancement of the local manufacturing sector. MITSUBISHI MOTORS is also working to make our factories more competitive by transforming the value chain, such as by raising quality and lowering costs. In fiscal 2020, we commenced local production in Malaysia of the XPANDER, a compact MPV. We established a new engine assembly plant for the XPANDER in Indonesia. In addition to generating new employment, the plant will encourage technology transfer from Japan and promote local parts procurement. Mass production began at the plant in fiscal 2020. The COVID-19 pandemic limited the number of engineers we were able to dispatch from overseas. However, we provided local support remotely, and as a result production was able to commence generally according to plan. Boosting engine production at another location in the ASEAN region in addition to Thailand has reinforced our competitiveness.

In fiscal 2020, we offered scholarships to technical universities and vocational training schools in Indonesia, the Philippines and Vietnam. We also provided training vehicles, conducted traveling courses, and provided instructors for online seminars, supporting vocational training with an eye to technology transfer.

Export

Exports generate foreign currency, which supports the continuous growth of the local economy. Mitsubishi Motors (Thailand) Co., Ltd. (MMTh) is our largest overseas production base. Leveraging this strategic location, we export key models (including pickup trucks and SUVs) to ASEAN countries and globally. In fiscal 2020, the COVID-19 pandemic made market conditions extremely problematic. Even so, we exported 200,000 vehicles from Thailand. From Indonesia, we shipped approximately 40,000 units of the XPANDER, a compact MPV. We will continue to enhance a mutually comprehensive structure for production within the ASEAN region, as well as maintaining exports to other ASEAN countries and the rest of the world.

Environmental and Social Contribution

Responding to environmental regulation is becoming a more serious issue than ever before. Amid growing mobility and worldwide advances in electrification, electric vehicles are swiftly being adopted in the ASEAN region, as well. Leveraging our strengths in EV technologies and expertise, we are helping various countries popularize EVs and resolve local social problems. In fiscal 2020, we commenced local production and sales in Thailand of a plug-in hybrid electric vehicle, the OUTLANDER PHEV, as well as launching in the Philippines. In Indonesia, we donated OUTLANDER PHEV models to the Red Cross, which used them to supply power in efforts to fight the COVID-19 pandemic. Going forward, we will continue to provide technologies and expertise related to electric vehicles and EV infrastructure.