

Responding to Climate Change and Energy Issues



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Medium- to Long-Term Visions for Material Issues and FY2021 Results

	Risks	Opportunities	Direction of Responses
Long Term	<ul style="list-style-type: none"> ● As regulations on fuel economy, CO₂ and ZEVs* are strengthened, failure to comply could make the Company susceptible to fines, credit costs or increasing costs for technology development to achieve regulatory compliance. ● The Company could incur higher procurement costs, such as for electricity and raw materials, due to the introduction of carbon taxes or other carbon pricing. ● More frequent and intense meteorological disasters that damage production facilities or supply chain interruptions could halt production. 	<ul style="list-style-type: none"> ● We could increase sales by enhancing our lineup of electrified vehicles and other products that help reduce CO₂ emissions. ● We could meet new demand for emergency power sources for use during meteorological disasters. 	<ul style="list-style-type: none"> ● We will contribute to the realization of a society more resilient to climate change as we move toward net-zero CO₂ emissions through the growing proliferation of electrified vehicles and renewable energy.

* Zero emission vehicles (ZEVs) are electric vehicles (EVs) and fuel cell vehicles that emit no exhaust gases. Automotive regulations in the US state of California state that for manufacturers that sell more than a certain number of units in the state, a certain percentage of those units must be ZEVs.

	External Environment	Stakeholders' Needs and Expectations	Medium-Term Targets
Medium Term	<ul style="list-style-type: none"> ● More than 140 countries and regions pledging to be carbon neutral by 2050. ● Leading countries announcing higher 2030 targets moving toward COP26. ● Various national governments considering or announcing lower CO₂ and higher fuel economy standards, making electrified vehicles mandatory, banning the sale of vehicles with internal combustion engines, strengthening regulations on life cycle assessments (LCA). ● Automakers in Japan and overseas raising electrification targets. 	<ul style="list-style-type: none"> ● As interest in environmental considerations mounts, growing expectation for carbon neutrality across the supply chain. ● Growing ESG investment (investors promoting changes in corporate activities) 	<ul style="list-style-type: none"> ● CO₂ emissions from new vehicles: -40% ● Electrified vehicles sales ratio: 50% ● CO₂ emissions from business activities: -40% ● Promotion of initiatives to address climate change

Items	FY2021 Targets and Results	Self-Evaluation
By 2030, reduce CO ₂ emissions from new vehicles by 40% (compared with FY2010)	Identify CO ₂ emissions from new vehicles based on new business plan, and reflect in product plans for next fiscal year measures that will erase gaps between targets and identified results: CO ₂ emissions Down 14% (result)	○
Achieve an electrified vehicles sales ratio of 50% by 2030	Identify ratio of electrified vehicles sales based on new business plan, and reflect in product plans for next fiscal year measures that will erase gaps between targets and identified results: electrified vehicles sales ratio 7% (result)	○
By 2030, reduce CO ₂ emissions from business activities by 40% (compared with FY2014)	Reduction measures implemented: Installed a solar power system, upgraded to energy-saving equipment Established a system for promoting CO ₂ reduction activities and set targets for each site and fiscal year Result of establishing a roadmap and implementing reduction measures: CO ₂ emissions Down 31% (result)	○
Enact measures in response to climate change	Promote disaster countermeasures, such as electricity supply systems that use electrified vehicles. Specifically, introduced various measures, including the DENDO DRIVE STATION/HOUSE, DENDO Community Support Program and V2X demonstration project	○

○: As planned △: Delayed



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Basic Approach

In recent years, extreme weather, such as heat waves, droughts and floods due to heavy rain, has caused disasters one after another around the world. The leading culprit behind these extreme-weather events is climate change, and global warming caused by CO₂ and other greenhouse gases is a major factor.

International frameworks for realizing a sustainable society, such as the Paris Agreement and the United Nations Sustainable Development Goals (SDGs) are making major progress. In particular, the Paris Agreement has set targets on climate change and fostered increased awareness toward corporate responsibility. Recently, Japan and more than 140 other countries have pledged to be carbon neutral by 2050. Japan, the United States and other countries have raised their targets for reducing greenhouse gas emissions by 2030. Thus, efforts to achieve a decarbonized society are rapidly gaining momentum.

Automobiles generate CO₂ throughout the life cycle, from production to driving and disposal. Accordingly, recognizing that "responding to climate change and energy issues" was particularly high in terms of stakeholder concern and degree of impact on MITSUBISHI MOTORS, we identified this as a material issue. In the Environmental Plan Package, this is also positioned as one of the material issues for the Company to address directly, and we are setting specific targets in this regard.

To reduce energy consumption and CO₂ emissions in all business activities, including development, production and distribution, as well as at and offices, we are promoting various initiatives, such as electrification technologies, the development of fuel-economy-improving technologies, the introduction of low-energy equipment in production processes and the use of renewable energy in offices and dealers. In particular, the Company (which counts electrification technologies as one of its strengths) should be able to work simultaneously to realize a sustainable society and achieve sustainable growth for the Company.

Our electrified vehicles have large-capacity batteries that can be used in energy management and as emergency power sources in times of disaster. Through these measures, we are also engaging in measures to adapt to climate change.

Going forward, we will strengthen our efforts to further reduce CO₂ emissions with the aim of becoming carbon neutral throughout the supply chain by 2050.



Responding to the TCFD Recommendations

With the issue of climate change growing increasingly serious, the Financial Stability Board established the Task Force on Climate-related Financial Disclosures (TCFD), which in 2017 announced its recommendations. These recommendations encourage companies to disclose information related to climate change so that investors can appropriately assess climate-related risks and opportunities.

Recognizing the potential of climate change to present medium- to long-term risks and opportunities that affect its business domains, in July 2021 MITSUBISHI MOTORS expressed its support for the TCFD Recommendations. Accordingly, we are analyzing the impact of climate change on our businesses and finances (scenario analysis). We will reflect the results of scenario analysis in our management strategies to enhance the resilience of our strategies and improve information disclosure in accordance with the TCFD Recommendations.

Governance

We have defined "responding to climate change and energy issues" as one of our materiality issues. The Sustainability Committee, which is chaired by the Executive Officer, President & CEO (who is also the chief executive officer responsible for climate change issues) deliberates on the assessment of climate change risks, opportunities and response measures. The committee also confirms the state of progress and results under Environmental Targets 2030. This committee meets three times a year, in principle. Matters of particular importance and discussed by, reported to and supervised by the Board of Directors.

For details regarding governance, please see the Sustainability Management on page 10 and Environmental Management on page 27.

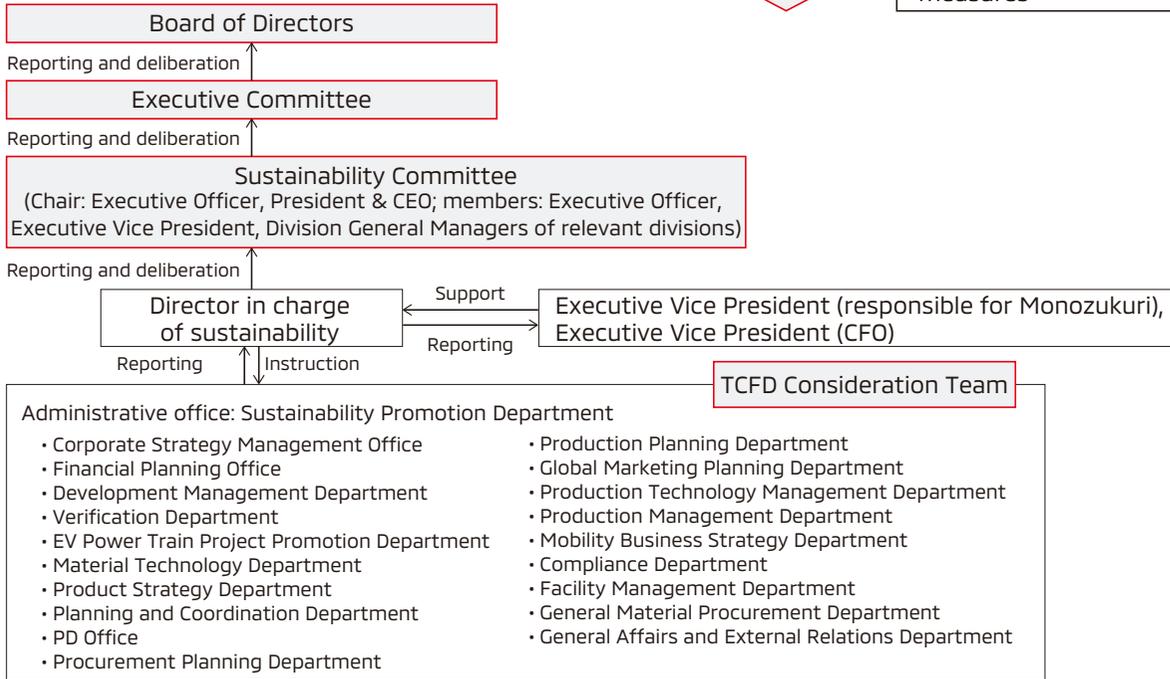
Strategies

We consider climate change risks and opportunities to be an important perspective in the formulation of our business strategy. We identified and assessed short-, medium- and long-term risks and opportunities, and envisioned a society in 2030 based on multiple climate scenarios. In addition, we are analyzing the impact of risks and opportunities on our business and considering measures to deal with them.

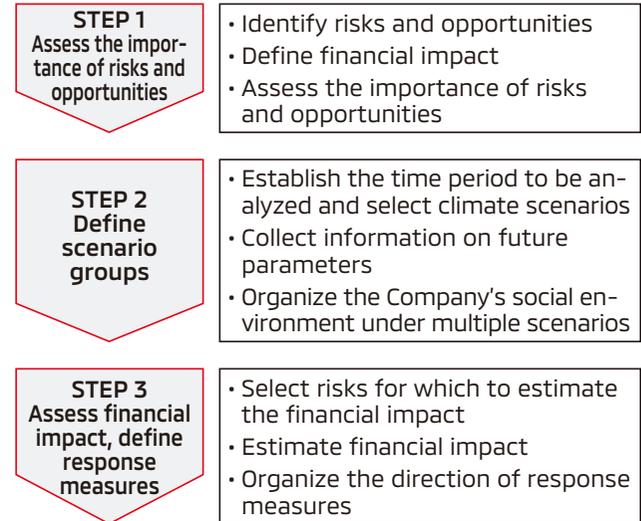
Scenario Analysis Process and Structure for Consideration

Upon expressing our support for the TCFD Recommendations, we formed a company-wide, cross-functional team to conduct a scenario analysis, using the property outlined at right.

Structure for Consideration



Scenario Analysis Implementation Process





Climate Change Risks and Opportunities

We identified and evaluated risks and opportunities that could affect MITSUBISHI MOTORS' business activities, based on the timing of occurrence and degree of impact. As particularly high-impact migration risks, we identified the "strengthening of requirements for fuel economy/CO₂ and zero-emission vehicles" and the "introduction and expansion of carbon pricing." We identified "increasing frequency and intensity of meteorological disasters" as a physical risk. While these risks may affect our business in various ways, we recognize that responding appropriately to these risks will lead to greater sales of electrified vehicles and new business opportunities.

Recognized Risks and Opportunities

Category		Item	Assumed Impact on the Company's Business Activities	Timing of the Impact*	Degree of impact
Migration risks	Policies and regulations	Strengthening of requirements for fuel economy/CO ₂ and zero-emission vehicles	<ul style="list-style-type: none"> Increased development/procurement/production costs to comply with stricter regulations Increase in fines and credit purchase costs due to non-fulfillment of regulations 	Medium/long term	Large
		Introduction and expansion of carbon pricing	<ul style="list-style-type: none"> An increasing tax burden on the Company's emissions due to the introduction and expansion of carbon taxes and other sorts of carbon pricing, as well as higher prices on carbon, and higher costs due to a price shift toward the procurement, production and logistics stages 	Medium/long term	Large
	Markets	Changes in the energy mix	<ul style="list-style-type: none"> Higher energy costs due to a rise in electricity prices resulting from the increased introduction of renewable energy and carbon-neutral sources of electricity, such as hydrogen 	Medium/long term	Medium
		Tight supply and demand for raw materials (rare metals)	<ul style="list-style-type: none"> Rise in the cost of raw materials (such as rare metals) and components due to growing demand for storage batteries 	Medium/long term	Medium
		Changes in user awareness and behavior	<ul style="list-style-type: none"> Decrease in sales volume due to the development of public transportation infrastructure and the proliferation of sharing in urban areas 	Medium/long term	Medium
Reputation	Increasingly stringent assessment by ESG institutions and stakeholders	<ul style="list-style-type: none"> Decline in the Company's social image and share price 	Short/medium term	Medium	
Physical risks	Acute	Increasing frequency and intensity of meteorological disasters	<ul style="list-style-type: none"> Damage to buildings and facilities caused by typhoons and torrential rains, and the suspension of operations at production facilities due to supply chain disruptions (delays in the supply of parts stemming from damage to suppliers and the disruption of transportation routes) 	Short/medium/long term	Large
	Chronic	Rise in average temperatures	<ul style="list-style-type: none"> Rising (energy) cost of air conditioning to maintain the work environment and employee health 	Short/medium/long term	Small
		Rise in ocean levels	<ul style="list-style-type: none"> Increased flooding and surge in the instance of storms due to rising sea levels, resulting in operational shutdowns at manufacturing facilities and increased investment in disaster countermeasures 	Short/medium/long term	Medium
Opportunities	Products and services	Growing demand for electrified vehicles	<ul style="list-style-type: none"> Expand sales of electrified vehicles by improving product capabilities and taking advantage of government and municipal measures to promote electrified vehicles Increase sales of electrified vehicles and V2X-related equipment/services in line with the growing value of electrified vehicles as energy infrastructure Boost sales of electrified vehicles that can help supply power in response to growing demand to securing sources of emergency power in times of disaster 	Medium/long term	Large
	Energy sources	Advancement in energy technologies	<ul style="list-style-type: none"> Reduce energy costs by promoting energy conservation activities and the introduction of renewable energy 	Medium/long term	Medium

*: Timing of the impact
 Short term: Up to three years; medium term: three to 10 years; long-term: more than 10 years. Some issues impacts have already occurred as a result of the recent international situation.

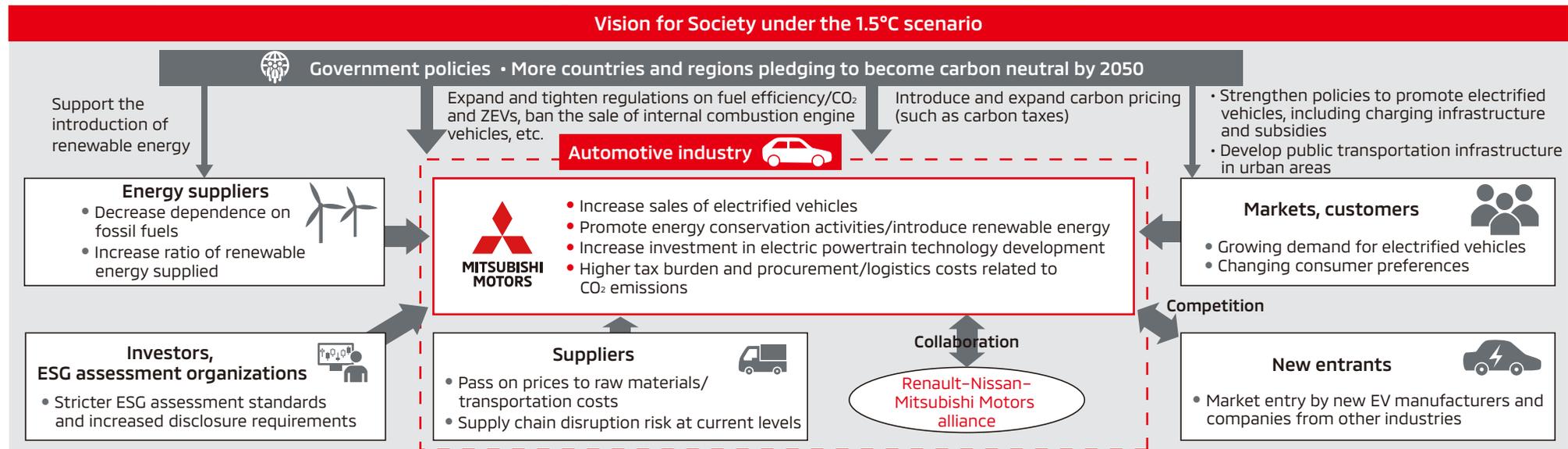


Visions for Society in 2030 Based on Multiple Climate Scenarios

To understand the future impact of climate change risks and opportunities on MITSUBISHI MOTORS' business, we drew up three visions for society in 2030 based on climate scenarios and forecast information from the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC): a 4°C scenario, a 2°C scenario and a 1.5°C scenario.

	Main reference scenarios	Visions for society in 2030
4°C scenario	<ul style="list-style-type: none"> IEA Stated Policies Scenario IPCC RCP8.5/SSP5-8.5, RCP4.5/SSP2-4.5 scenarios 	While many developed countries are raising government targets and tightening policies and regulations, this tendency has not spread to emerging markets, and societies remain dependent on fossil fuels. As a result, global CO ₂ emissions have not been reduced, temperatures continue to rise, and weather disasters such as typhoons and torrential rains have become more frequent and severe over a wider area than at present. Regulations on fuel efficiency/CO ₂ , ZEVs, and other policies to promote electrified vehicles, such as charging infrastructure and subsidies, have been introduced and strengthened only in certain countries and regions (urban areas), and electrified vehicles have not been widely adopted, leaving the market dominated by internal combustion engine vehicles.
2°C scenario	<ul style="list-style-type: none"> IEA Sustainable Development Scenario IPCC RCP2.6/SSP1-2.6 	Both developed countries and emerging markets have raised government targets and strengthened policies and regulations based on the Paris Agreement. With the shift to renewable energy, global CO ₂ emissions are being reduced amid population and economic growth. Although the rise in temperatures has been controlled to some extent, weather disasters such as typhoons and torrential rains are occurring at current levels. Demand for electrified vehicles is increasing due to a rise in the number of countries introducing and strengthening regulations on fuel efficiency/CO ₂ and ZEVs, as well as policies aimed at the popularization of electrified vehicles in various countries. In addition, the number of countries and regions introducing carbon taxes and other carbon pricing measures is expanding, and carbon prices are rising.
1.5°C scenario	<ul style="list-style-type: none"> IEA Net Zero Emissions by 2050 IPCC SSP1-1.9 	An increasing number of countries and regions around the world have net-zero targets, as well as policies and regulations that go even further than under the 2°C scenario. The renewable energy ratio has increased significantly, and the expansion of hydrogen and other low-carbon power sources has greatly reduced dependence on fossil fuels. Although the rise in temperatures has been controlled to some extent, weather disasters such as typhoons and torrential rains are occurring at current levels. Regulations on fuel efficiency/CO ₂ and ZEVs and policies to promote electrified vehicles have been further expanded and strengthened from the 2°C scenario, and demand for electrified vehicles has increased significantly. In addition, carbon pricing has been rising in the countries and regions where it has been introduced, and the carbon price has increased even more than under the 2°C scenario. In addition, consumer behavior is undergoing a major transformation, including more ride-sharing in urban areas, use of public transportation, and more short-distance travel by bicycle and on foot.

Vision for Society under the 1.5°C scenario (concept drawing)





Impact of Risks and Opportunities on MITSUBISHI MOTORS' Business Activities

We looked at risks and opportunities with regard to items that had a particularly high degree of impact under the 1.5°C scenario and 2°C scenario (under which "action to climate change" is being taken for society as a whole) and under the 4°C scenario (under which "action to climate change" is not being taken), considering the impact on the Company's business activities.

Scenario		Risks/Opportunities		Assumed impact on the Company's business activities	Key countermeasures
Item					
1.5°C/ 2°C	(1) Strengthening of requirements for fuel economy/CO ₂ and zero-emission vehicles	Risks	<ul style="list-style-type: none"> Need for both developed countries and emerging markets to comply with stricter regulations Increasing likelihood of noncompliance 	<ul style="list-style-type: none"> Higher development/procurement/production costs Fines and credit purchase costs increase if regulations are not met 	<ul style="list-style-type: none"> Reduce costs by taking advantage of the alliance, such as by standardizing components Promote electrification, including PHEVs and EVs
		Opportunities	<ul style="list-style-type: none"> Growing demand for electrified vehicles 	<ul style="list-style-type: none"> Increased sales of electrified vehicles and expansion of the value chain related to electrified vehicles 	
	(2) Introduction and expansion of carbon pricing	Risks	<ul style="list-style-type: none"> Introduction and expansion of carbon taxes, causing carbon prices to rise 	<ul style="list-style-type: none"> Increased direct and indirect tax burdens and higher costs at the procurement, production and logistics stages 	<ul style="list-style-type: none"> Promote energy conservation activities and introduce renewable energy
		Opportunities	<ul style="list-style-type: none"> Promotion of energy-saving technologies Increasing use of renewable energy 	<ul style="list-style-type: none"> Lower energy costs 	
4°C	(3) Increasing frequency and intensity of meteorological disasters	Risks	<ul style="list-style-type: none"> Increased possibility of factory damage and supply chain disruptions due to frequent and severe heavy rain and flooding 	<ul style="list-style-type: none"> Damage to production and development facilities Lower earnings due to operational shutdowns 	<ul style="list-style-type: none"> Review BCP, assuming such factors as heavy rain and flooding Consider and implement flood control measures (such as the installation of water-prevention panels) Same as (1)
		Opportunities	<ul style="list-style-type: none"> Greater demand for electrified vehicles, owing to growing need to secure emergency power sources 	<ul style="list-style-type: none"> Increased use of electrified vehicles that can help supply emergency power 	

Our State of Response

Looking 30 years into the future, in 2020 we formulated the Environmental Plan Package to promote climate change countermeasures. As for climate change countermeasures in the product area, in the May 2021 update to our mid-term business plan, "Small but Beautiful," we announced that electrified vehicles would be available for all models by 2030. We will proactively launch electrified vehicles, such as the All-New "Outlander PHEV Model" and the "Eclipse Cross PHEV Model" targeting mainly developed countries and regions that are enhancing their infrastructures and adopting more stringent regulations. Meanwhile, in emerging markets we plan to strengthen our competitiveness by providing products that are suited to regional requirements.

In business activities, we are working to reduce CO₂ emissions by promoting energy conservation efforts at each of our sites and introducing renewable energy. Through such moves, we will prepare ourselves for carbon taxes and other risks. At the same time, we will strive to promote adaptation measures, such as the formulation of a business continuity plan (BCP), in case weather disasters become more frequent and severe. <Key Initiatives under the Environmental Plan Package>

• Products:
Promote electrification centered on our proprietary plug-in hybrid electric vehicles (PHEVs) and Kei-class commercial EVs (BEVs) while reducing costs through the standardization of components by leveraging the alliance.

• Business activities:
Promote energy conservation activities and the introduction of renewable energy.

• Responses:
Collaborate with governments, companies and other organizations on the practical application of energy management, V2X* and emergency power sources for use in times of disaster, utilizing the battery and power supply functions of electric vehicles (EVs) and PHEVs. Formulate business continuity plans for flooding and other risks at each site based on hazard maps, and develop systems and operational procedures in preparation for natural disasters.

* A general term encompassing vehicle to home (V2H) and vehicle to grid (V2G)

MITSUBISHI MOTORS believes that by combining various options through alliances and proprietary technologies and by possessing a lineup of BEVs, PHEVs, and hybrid electric vehicles (HEVs), it can provide optimal solutions in terms of LCA*¹ according to uncertain future scenarios and power supply configurations that vary by country, region and era.

At the same time, based on the results of the scenario analysis we conducted in FY2021 and the recent trend targeting carbon neutrality by 2050 (such as governmental declarations of carbon neutrality, target increases and policy enhancements, investor requests, and intensified corporate initiatives), we recognize the need to formulate business strategies that assume a 1.5°C scenario and review our Environmental Targets 2030. We will consider how to respond to this issue, taking into account the situation in ASEAN and other core markets, while keeping an eye on future trends toward regulatory tightening and expansion.

*¹ Life cycle assessment, a technique for calculating the total environmental impact of a product, from manufacturing to disposal

Risk Management

Our Sustainability Committee assesses and identifies climate change risks. The head of the Internal Control Promotion Office, which oversees company-wide risk management, is a member who participates in the committee's discussions.

We have established the Internal Control Committee, which is chaired by the Executive Officer, president & CEO, to create risk control system for the entire company. Climate change risks identified by the

Sustainability Committee are integrated into company-wide risk management by the Internal Control Committee, and are positioned as one of the priority risks to be addressed and managed appropriately.

For details related to risk management, see P10 "Sustainability Management," P110 "Internal Control" and P111 "Risk Management."

Indices and Targets

When formulating the Environmental Plan Package in 2020, we established 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. Under "Action to Climate Change," which we positioned as a topmost issue, we have set a target of reducing emissions under Scope 3*², Category 11 (Use of sold products), which accounts for around 70% of total emissions throughout our supply chain: "a 40% reduction in CO₂ emissions from new vehicles (compared with FY2010 levels)" and "electrified vehicle sales ratio of 50%." For Scope 1 and 2*², we set the target of "a 40% reduction in CO₂ emissions from our business activities (compared with FY2014 levels)." We set 2030 as our target date for these.

*² Scope 1: A company's direct emissions (such as from burning fuel)
 Scope 2: Indirect emissions, resulting from electricity, heat or steam provided by another company
 Scope 3: Indirect emissions other than Scope 1 and Scope 2 (emissions from other companies and other sources related to the company's activities)



For details on indicators and targets, please see the following.

P24 "Environmental Plan Package", P120 "Environmental Data Related to Products and Business Activities (Sales of Electrified Vehicles, Scope 1, 2, 3 Emissions Results)"

Reducing CO₂ Emissions across the Supply Chain

In its Environmental Targets 2030, MITSUBISHI MOTORS has set targets for reducing CO₂ emissions from new vehicles and business activities. We are also working to decrease CO₂ emissions across the supply chain in relation to corporate activities.

To calculate CO₂ emissions across the supply chain, in addition to emissions resulting from our own business activities (such as from our fuel use and from the generation of electricity we use), we determined emissions from the procurement and transport of raw materials, vehicle travel times, and at the disposal stage. In FY2021, across the supply chain our CO₂ emissions were 28,557 thousand tons of CO₂ equivalent.

▶ Data (pp. 120–121): CO₂ emissions, Scope 3 breakdown, energy input (primary, secondary energy)

Development and Spread of Electrified Vehicles

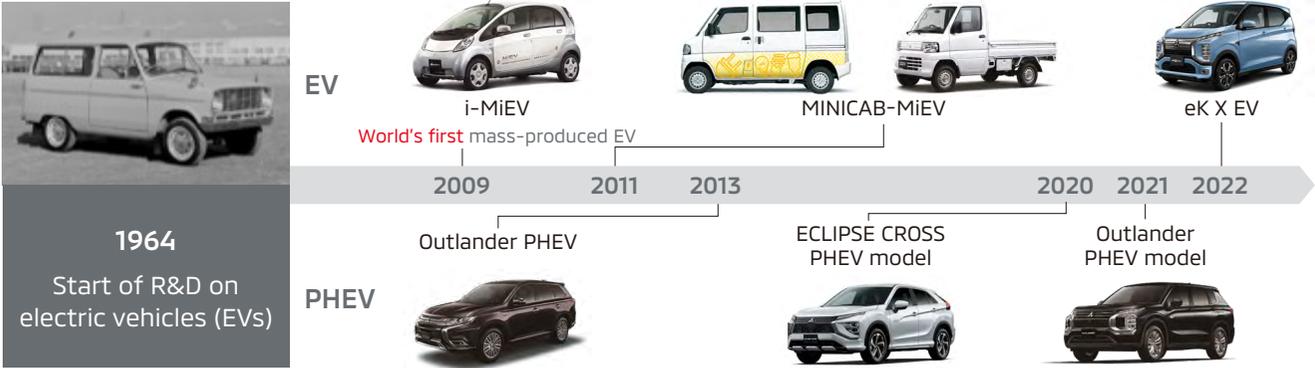
Automobiles emit CO₂ throughout their life cycle, during production, driving and disposal. Emissions are particularly high during the driving phase.

In our Environmental Targets 2030, MITSUBISHI MOTORS set the target of achieving a 40% reduction in CO₂ emissions from new vehicles by 2030 (compared with FY2010 levels). To meet this target, we have raised our target ratio of electrified vehicle sales to 50% by 2030. This change focuses our core technologies on responding to climate change and energy issues through electrified vehicles, which emit little CO₂ while driving, and concentrates on their development. Centering on our strength in plug-in hybrid electric vehicles (PHEVs), we will expand our lineup of electrified vehicles, thereby promoting their popularization and use in society and contributing toward the realization of a sustainable society.

Electric Vehicles (EVs)

Electric vehicles (EVs) are driven by electricity in battery, so they emit no exhaust gases such as CO₂ while driving.

Our History of Developing Electrified Vehicles



The Company released the "i-MiEV" as the world's first mass-produced Electric Vehicle (EV) in 2009. In addition to its environmental performance, the "i-MiEV" performed better than conventional gasoline engine vehicles on acceleration starting from maximum torque. In 2011, we launched the "MINICAB-MiEV," a Kei-car segment commercial electric vehicle (EV). In 2012, we began offering the "MINICAB-MiEV TRUCK," also a electric vehicle (EV) in the Kei-car segment. These technologies are the foundation of next-generation electrified vehicles, such as PHEVs.

We believe that expanding the lineup of Kei-class electrified vehicles, which are expected to be used in more everyday situations, will be the key to the spread of electric vehicles (EVs). Accordingly, in June 2022 we launched the "eK X EV," a new electric vehicle (EV) in the Kei-car class, and in autumn of 2022 we plan to launch the "MINICAB-MiEV," a commercial battery-powered vehicle in the Kei-car segment. We will continue to focus on the development of electric vehicles (EVs) to contribute toward the realization of a carbon neutral society.

TOPICS

Launch of the "eK X EV," a New Electric Vehicle (EV) in the Kei-Car Class



We established the "eK X EV" as our new electric vehicle (EV) in the Kei-car class, and commenced sales in June 2022. The new "eK X EV" is a new electric vehicle (EV) model in the eK X Series*1 of Kei-class vehicles with an SUV flavor. It has a driving range of 180 km per charge (WLTC Mode)*2, which is sufficient for daily use, and offers smooth and powerful acceleration, superb quietness and the excellent ride comfort that only an electric vehicle (EV) can offer. A newly developed EV system optimizes the layout to ensure a user-friendly, spacious and comfortable interior space. At the same time, a low center of gravity and ideal front-rear weight distribution provide excellent handling stability, while advanced driver-assistance functions and connected technologies reduce the burden on the driver and provide a safe, secure and comfortable driving experience.

The high-capacity drive battery is reliable in emergencies, and the V2L*3 device can be used as a convenient power source for electrical appliances. The battery also helps address electricity supply and demand problems by connecting household electricity use and vehicle charging via V2H*4 equipment.

*1 The "eK X" (a Kei-car height wagon) and the "eK X Space" (a super-height Kei wagon)
 *2 According to our studies, around 80% of users of mini cars and compact cars drive 50 km or less per day. We therefore assume that most people will be able to drive for two days without recharging their batteries.
 *3 Short for "vehicle to load," V2L is an arrangement that allows devices to tap the electricity stored by a vehicle.
 *4 Short for "vehicle to home," V2H is a system that enables electricity stored in a car's battery to be supplied to the home.



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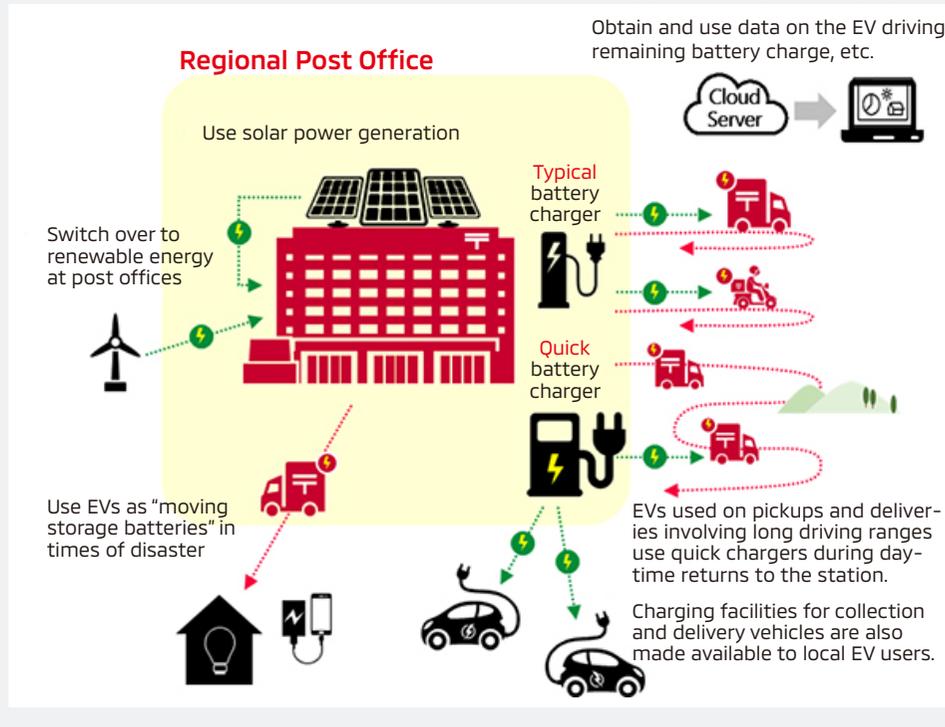
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TOPICS

Start of Demonstration Testing on Using Electric Vehicles (EVs) for Postal Delivery

In collaboration with Japan Post Holdings Co., Ltd., Japan Post Co., Ltd. and Tokyo Electric Power Company Holdings, Inc., MITSUBISHI MOTORS has commenced full-fledged demonstration tests in an effort to promote carbon neutrality.

A total of 20 "MINICAB-MiEV" commercial Kei-car class electric vehicles (EVs) were used in this demonstration test at the Oyama Post Office in Tochigi Prefecture and the Numazu Post Office in Shizuoka Prefecture. By acquiring and analyzing data on driving and remaining battery capacity, we will work to improve the driving performance. In addition to the electric vehicles (EVs) introduced for collection and delivery at post offices, these efforts will apply to commercial electric vehicles (EVs) as a whole, thereby contributing to the spread of electrified vehicles throughout Japan.



Plug-in Hybrid Electric Vehicles (PHEVs)

PHEVs are powered by electricity stored in batteries and by the motor, using the engine to generate electric power when the battery level is low. Concern over the driving range is no longer an issue as it offers the advantages of electric vehicles (EVs): powerful driving, superb quietness and high stability.

Our journey in PHEVs began with the "Outlander PHEV" in 2013, followed by the "Eclipse Cross PHEV Model" in 2020 and the launch of the All-New "Outlander PHEV Model" in 2021. At low to medium speeds, the PHEV system uses electric power from the battery, but when the battery level is low, it generates electric power during operation using the engine while also supplying power to the motor and battery. Furthermore, during high-speed driving, the vehicle is driven by the engine and simultaneously assisted by the battery-powered motor. In this way, the drive mode is automatically selected according to the situation. CO₂ emissions are substantially lower than conventional gasoline engine vehicles, delivering outstanding environmental performance.

The Values Plug-in Hybrid Electric Vehicles (PHEVs) Provide:

CO₂ Reduction

Production
→
Disposal

CO₂ emissions ■ Production/disposal ■ Travel

HEV*¹

High level of CO₂ emitted during travelling

PHEV

Relatively less CO₂ emitted during production and travel*³

EV*²

Higher level of CO₂ emitted during production*³

Note: Based on MITSUBISHI MOTORS' estimate of actual CO₂ emissions in 2025

Using the LCA*⁴ concept, which is based on calculations of total environmental impact from production to disposal, MITSUBISHI MOTORS believes PHEV system is the most environmentally friendly electrical drive systems.

*1 Hybrid electric vehicle
 *2 Electric vehicle
 *3 CO₂ emissions during travel include CO₂ emissions generated when electricity to charge the battery is generated.
 *4 LCA stands for life cycle assessment, which is a technique for calculating the environmental impact of a product from manufacturing to disposal.

Travel Range

Powered 100% by electricity for short trips

On longer trips, powered by electricity and sometimes gasoline

It is possible to use only the electric motor without consuming gasoline for short trips, such as for everyday commuting and shopping. The motor and engine can also be used in combination to extend the travel range, using the engine to generate the electricity when battery levels run low.

Power Supply Capability

Supply electricity for up to 12 days
 (Based on general household consumption)

Via a bi directional (V2H: Vehicle - to -Home) charger, the electricity in the battery and the engine's generating capabilities can be used in combination to supply electricity for up to 12 days*⁵. It can also be used as an emergency power source in times of disaster.

*5 For the All-New "Outlander PHEV Model"
 Potential supply capacity is calculated by MITSUBISHI MOTORS (calculations assume approximately 10 kWh per day for general household power consumption and do not include the conversion efficiency of the V2H equipment and/or similar device).



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Launch of the All-New "Outlander PHEV Model"



MITSUBISHI MOTORS has introduced a PHEV variant of the All-New "Outlander," a crossover SUV. The model launched in December 2021.

The All-New "Outlander" inherits an enhanced PHEV system with a twin-motor 4WD system consisting of one front and one rear high-output motor, a large-capacity battery and a 2.4L MIVEC engine. Combined with a control system with advanced braking performance, it delivers nimble and desired handling characteristics along with powerful acceleration, making it a safe, secure, and comfortable electrified vehicle in all situations.

The battery capacity is 20 kWh, a 45% increase over the previous model, and the EV cruising range is 87 km (WLTC Mode), improving EV performance and making EV driving sufficient for daily life.

There are three driving modes: EV Mode drives with the electric motors using power from the battery, Series Hybrid Mode uses gasoline engine to generate power for the electric motors which drive the vehicle, and Parallel Hybrid Mode uses gasoline engine to drive the vehicle assisted by the electric motors. Automatic switching between these modes according to driving conditions allows drivers to feel the driving pleasure of motor drive in a variety of environments.

TOPICS

Top PHEV Sales Volume in Japan in FY2021



In 2021, we sold more PHEVs than any other company in Japan*, at 11,663 units. This figure reflects total sales of the All-New "Outlander PHEV Model," the previous-generation "Outlander PHEV" and the "Eclipse Cross PHEV Model."

Since 2013, when we launched the world's first SUV PHEV, the "Outlander PHEV," we have sold 30,000 units in more than 60 countries, earning us the lead in the PHEV category.

*1 According to data from the Japan Automobile Dealers Association from April 2021 to March 2022

Promoting the Use of Electrified Vehicles as a Way of Adopting to Climate Change

By leveraging the large-capacity batteries on its electric vehicles (EVs) and PHEVs to supply electricity, the Company is contributing to measures in various countries and industries to adapt to climate change and energy issues. We are applying these to such areas as energy management, V2X*2 and use as emergency power sources in times of disaster.

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

TOPICS

Start of a Demonstration Project to Adjust Charging toward Electrified Vehicles with a View to Realizing Dynamic Pricing

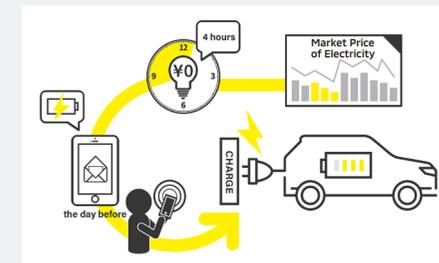
Along with MC Retail Energy Co., Ltd., we were selected to participate in the FY2020 Demonstration Project on Using Dynamic Pricing to Shift the Charging of Electrified Vehicles. A demonstration project took place in December 2021.

The ministry is concerned that the growing popularity of electrified vehicles could result in an increased load on the power grid if charging periods are concentrated. Dynamic pricing is an arrangement in which electricity rates vary depending on supply and demand. When demand for electricity increases, rates rise. Conversely, rates fall when excess supply exists, encouraging people to charge vehicles during off-peak times and reducing the load on the power grid.

In this demonstration project, we invited customers who own their electrified vehicles to participate, acting as monitors. We contacted monitors by social media or email a day in advance about four-hour windows during which electricity rates on the Japan Electric Power Exchange (JEPX) were lowest. We encouraged them to charge their electrified vehicles for free during these periods.

This project enabled electricity retailers to consider the viability of this arrangement, encouraged a shift in behavior among electrified vehicle owners and provided a chance to study the impact on the power grid.

<Flow of Activity with Demonstration Project Monitors>





Targets
● 7.2
● 7.3



Target
● 9.4



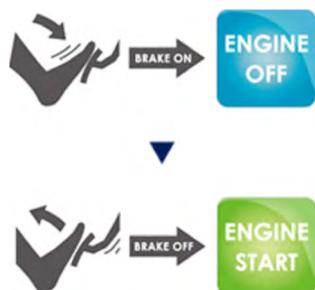
Targets
● 13.1
● 13.2
● 13.3

Development of Improving Fuel Economy Technologies

MITSUBISHI MOTORS is developing engine and body technologies to reduce fuel and energy waste in order to improve the fuel efficiency of vehicles with conventional engines.

Idle-Stop "AS&G"

AS&G is an idling stop function that automatically stops and starts the engine when the vehicle stops or moves off. This has a major effect on improving the fuel economy because no fuel is consumed when at a stop. When fitted with a coasting stop function, AS&G stops the engine while decelerating.

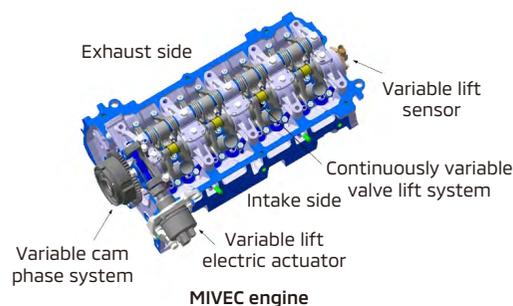


Hybrid System

Vehicles in the eK series (except for the "ek Wagon") adopts a hybrid system, using the energy produced during deceleration to efficiently charge lithium-ion batteries. The electric motor assists the engine during acceleration, providing a torque yet fuel-efficient drive.

Variable Valve Timing Mechanism

Mitsubishi Innovative Valve timing Electronic Control System (MIVEC)



The MIVEC is a variable valve timing mechanism for minimizing fuel consumption. The intake valve lift is continuously varied according to the operating condition to reduce intake resistance. This minimizes air intake energy loss, resulting in improved fuel efficiency.

Gasoline Direct-Injection Turbo Engine

The "Eclipse Cross" adopts with a 1.5L downsized direct-injection turbo engine. By precisely controlling in-cylinder injection and intake port injection based on driving circumstances, this engine delivers superior fuel economy and a clean exhaust gas. By combining an exhaust manifold integrated with the cylinder head, intake and exhaust MIVEC, and a compact turbocharger with an electric wastegate actuator, the engine optimizes supercharging pressure control to respond as the driver demands, avoiding unnecessary accelerator operation and helping to increase fuel economy.



Deceleration Energy Recovery (Power Generation Control)

This technology controls power generation under various driving conditions such as idling, accelerating, and cruising by conducting intensive charging of the battery using electric power generated while decelerating. This is improving fuel consumption by reducing the load on the engine during charging and power generation.

System to Promote the Reduction of CO₂ Emissions from Business Activities

In October 2021, MITSUBISHI MOTORS established the Subcommittee to Promote the Reduction of CO₂, chaired by the director in charge of manufacturing, to achieve the CO₂ emission reduction targets in its business activities set forth in the Environmental Targets 2030.

The subcommittee shares information on the progress of activity plans and actual CO₂ emissions, and discusses issues such as the planning of reduction measures, consideration of future technologies, and the future energy mix.

In April 2022, the company also established the Office for the Promotion of Carbon-Neutral Business Activities to promote activities throughout the Company.

Organization of the Subcommittee to Promote the Reduction of CO₂

Chair	Director in charge of manufacturing
Person in charge of the initiative	Division General Manager, Production Engineering Division
	In charge of promoting overall activities (Office for the Promotion of Carbon-Neutral Business Activities)
Promotion structure	
	Person in charge of promotion
Production Engineering	Division General Manager, Production Engineering Division
Domestic plants	Plant managers
Overseas plants	People in charge of production companies overseas
Development (business sites)	Division General Manager, Development Management Division
Sales companies	Presidents of sales companies
Electricity procurement	Division General Manager, Procurement Communication Division
Gathering/sharing of information	General Manager, Sustainability Promotion Department

Introduction of Renewable Energy

To reduce the amount of CO₂ emitted from our business activities, we are setting up rooftop solar power system at plants in Japan and overseas. We are also studying and considering the feasibility of introducing other renewable energy sources.

In FY2021, we set up a 2.0 MW rooftop solar power system at the new paint plant of the Laem Chabang Plant of Mitsubishi Motors (Thailand) Co., Ltd. (MMTh). Preparations are also underway for the introduction of solar power generation equipment at production plants in other ASEAN countries, including Indonesia and the Philippines.

TOPICS

Start of Operations of a New Paint Plant and Solar Power System (MMTh)

In January 2022, operations commenced at the new paint plant of Mitsubishi Motors (Thailand) Co., Ltd. (MMTh), substantially reducing its environmental impact.

The new paint plant is expected to save 30% of the energy required by the previous plant and reduce CO₂ emissions by approximately 10,000 tons per year, thanks to the elimination of some drying furnaces, owing to improvements in paint and equipment, the adoption of energy-saving equipment, and the effect of plant consolidation.

We have also introduced new technologies to reduce environmental impact. These include a wastewater recycling system using reverse osmosis treatment, and a move to water-based paints and cartridge-type coating machines to reduce VOC emissions.

In addition, a 2.0 MW solar power system has been installed on the roof of the new paint plant, which is expected to reduce CO₂ emissions by 1,700 tons per year.



Solar power system at MMTh's new paint plant

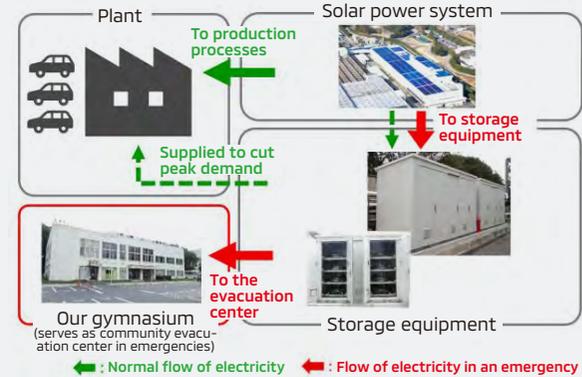
TOPICS

Power Storage System Employing a Solar Power System and Used Batteries (Okazaki Plant)

At the Okazaki Plant, we have installed a 3.3 MW solar. We have also introduced a 0.6 MWh solar power system* employing reused batteries from "Outlander PHEVs" produced at the plant.

The power storage system is used to cut peak loads during normal operations. In the event of a power outage due to a disaster, the power generated by the solar power system can be supplied via this power storage system to our gymnasium, which serves as an evacuation center for the neighboring community, thereby enabling the community to respond to the disaster. In FY2021, we conducted an operational test to confirm how the system would operate in the event of a disaster.

We are also studying how the power storage system might be used in multiple ways, such as commercial use in the electricity supply and demand adjustment market.



Power Storage System Employing Used Batteries

* This system makes some use of an energy solution service provided by Mitsubishi Corporation and Mitsubishi Corporation Energy Solution.



Targets
● 7.2
● 7.3



Target
● 9.4



Targets
● 13.1
● 13.2
● 13.3

Initiatives at Manufacturing Plants

To reduce CO₂ emissions from production activities, we have established a medium- to long-term roadmap for reducing CO₂ in each area of production technology—pressing, welding, painting, assembly and power-train—and we are developing future technologies and improving production processes to this end. We are also moving forward with the systematic replacement of general-purpose facilities including air conditioning and lighting, with energy-saving equipment.

As part of our initiatives in FY2021, on the equipment front we switched to steamless air conditioning

equipment, updated compressors and suspended the use of chip-cleaning equipment. On the activity system front, personnel involved with production sites, production engineering, power source management, and other related parties joined in energy-saving activities. These efforts included improving the start-up timing and operating conditions of production equipment in energy-intensive processes such as painting and casting and forging, improving the operation of power supply equipment such as boilers and compressors, and optimizing the operation of various motors and pumps. We are starting with measures expected to have the highest impact on reducing CO₂ emissions.

Office Initiatives

MITSUBISHI MOTORS is also promoting the use of renewable energy and introducing various types of energy-saving equipment in areas other than manufacturing, such as at research and head office locations.

Part of the electric power used at the Research and Development Building (Okazaki, Aichi Prefecture) and our head office (Minato-ku, Tokyo) is supplied by renewable energy, thanks to the erection of rooftop solar power system and making use of the Tradable Green Certificates System*. Also, CO₂ emissions are being reduced by using energy-saving electrical equipment and air conditioners.

In July 2020, we began tracking electricity use and power generation per capita at our Research and Development Building, comparing these figures with other offices, and using digital signage to show year-on-year comparisons by month. In these ways, we are working to increase employee awareness about saving energy.



Digital signage at our Research and Development Building (Okazaki)

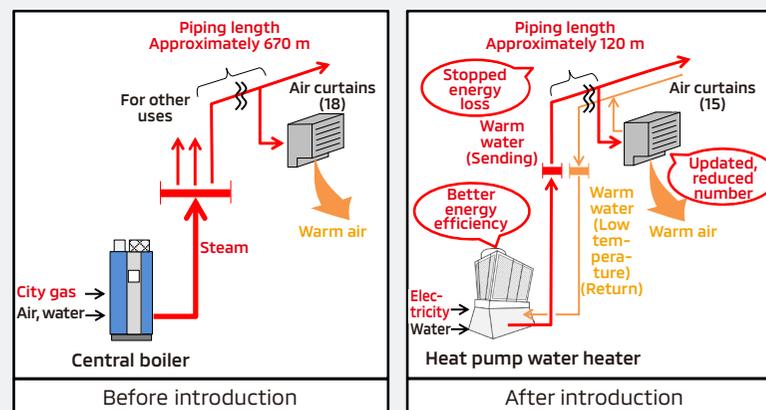
* This system is used to trade environmental added value of renewable energy generated from natural energy sources using renewable energy certificates issued by a certificate issuer and confirmed by a third-party organization.

TOPICS

Introducing Heat-Pump-Heated Air Curtains (Okazaki Plant)

To save energy by reducing steam consumption, we installed 15 heat-pump-powered hot-water air curtains at the Okazaki Plant.

At the Okazaki Plant, we installed air curtains that use steam produced by a centralized boiler as their heat source at the plant openings to prevent cold air from blowing in during the winter. To improve energy efficiency for heating and prevent energy losses from the piping, we installed a heat pump to provide the hot water and switched the piping to dedicated air curtains. Installed in November 2021, the new system will reduce annual CO₂ emissions by around 574 tons.



Impact of Introducing Heat-Pump-Heated Air Curtains



Targets
● 7.2
● 7.3



Target
● 9.4



Targets
● 13.1
● 13.2
● 13.3

Dealer Initiatives

MITSUBISHI MOTORS encourages our dealers in Japan to acquire Eco-Action 21 certification and carry out activities such as reducing the amount of energy and water they use, lowering the amount of waste they produce, and promoting the widespread use of electrified vehicles.

Eco-Action 21 is an environmental management certification and registration system based on guidelines recommended by Japan's Ministry of the Environment. Eco-Action 21 has the following three features.

- The environmental management framework is easy for small and medium-sized businesses to configure and operate.
- The system enables organizations to track and manage their CO₂ emissions, working toward zero CO₂.
- The system facilitates thorough management of compliance with environmental laws and regulations.

For details on Eco-Action 21, see the website of the system's central secretariat (Japanese only).

WEB <https://www.ea21.jp/>

Dealers That Have Acquired "Eco-Action 21" Certification (As of April 1, 2022)

Company		
Hokkaido Mitsubishi Motor Sales Co., Ltd.	Nishiowari Mitsubishi Motor Sales Co., Ltd.	Kyushu Mitsubishi Motor Sales Co., Ltd.
Aomori Mitsubishi Motor Sales Co., Ltd.	Toyama Mitsubishi Motor Sales Co., Ltd.	Oita Mitsubishi Motor Sales Co., Ltd.
Yamagata Mitsubishi Motor Sales Co., Ltd.	Toyama Diamond Motors Co., Ltd.	Kumamoto Mitsubishi Motor Sales Co., Ltd.
Higashi Nihon Mitsubishi Motor Sales Co., Ltd.	Fukui Mitsubishi Motor Sales Co., Ltd.	Nagasaki Mitsubishi Motor Sales Co., Ltd.
Ibaraki Mitsubishi Motor Sales Co., Ltd.	Kanazawa Mitsubishi Motor Sales Co., Ltd.	Kagoshima Mitsubishi Motor Sales Co., Ltd.
Sawara Mitsubishi Motor Sales Co., Ltd.	Kyoto Mitsubishi Motor Sales Co., Ltd.	Ishikawa Chuo Mitsubishi Motor Sales Co., Ltd.
Sobu Mitsubishi Motor Sales Co., Ltd.	Nishi Nihon Mitsubishi Motor Sales Co., Ltd.	Mie Mitsubishi Motor Sales Co., Ltd.
Tokai Mitsubishi Motor Sales Co., Ltd.	Shiga Mitsubishi Motor Sales Co., Ltd.	Gunma Mitsubishi Motor Sales Co., Ltd.
Sunen Mitsubishi Motor Sales Co., Ltd.	Fukuyama Mitsubishi Motor Sales Co., Ltd.	

TOPICS

Rolling out the DENDO DRIVE STATION across Japan's Prefectures

MITSUBISHI MOTORS seeks to put DENDO DRIVE STATIONS into operation in prefectures across Japan. DENDO DRIVE STATIONS are next-generation dealerships where visitors can experience the appeal of electrified vehicles, including their use as power sources in times of disaster and their contribution to the environment.

In FY2021, we opened up three locations—Suwa (Nagano Prefecture), Urasoe (Okinawa Prefecture) and Okazaki Johoku (Aichi Prefecture)—bringing the number of locations in Japan to 92.

By deploying DENDO DRIVE STATION branches across Japan, we will increase the significance of electrified vehicles by diversifying their energy sources and communicating their value as sources of electric power in times of disaster.

See our website for details on our next-generation dealerships, called DENDO DRIVE STATIONS. (Japanese only)
<https://www.mitsubishi-motors.co.jp/carlife/phev/dendo/index.html>



Suwa Branch
Higashi Nihon Mitsubishi Motor Sales Co., Ltd.



Urasoe Branch
Ryukyu Mitsubishi Motor Sales Co., Ltd.



Okazaki Johoku Branch
Nishi Nihon Mitsubishi Motor Sales Co., Ltd.

Physical Distribution

MITSUBISHI MOTORS sets reduction targets for reduction of CO₂ intensity (kg-CO₂/1,000t km) in physical distribution emitted through the transport of production parts, spare parts and vehicles to promote initiatives for achieving these targets.

We continue working to shorten transport distances by changing the transit ports when trans-

porting vehicles. We are also improving truck filling ratio by adjusting the way we transport and combine cargo, using larger trucks to reduce the number of trips, and promoting joint transport and modal shifts in long haul. In addition, we are strengthening cooperation with our transportation partners and promoting activities to introduce eco-friendly vehicles and promote eco-driving.

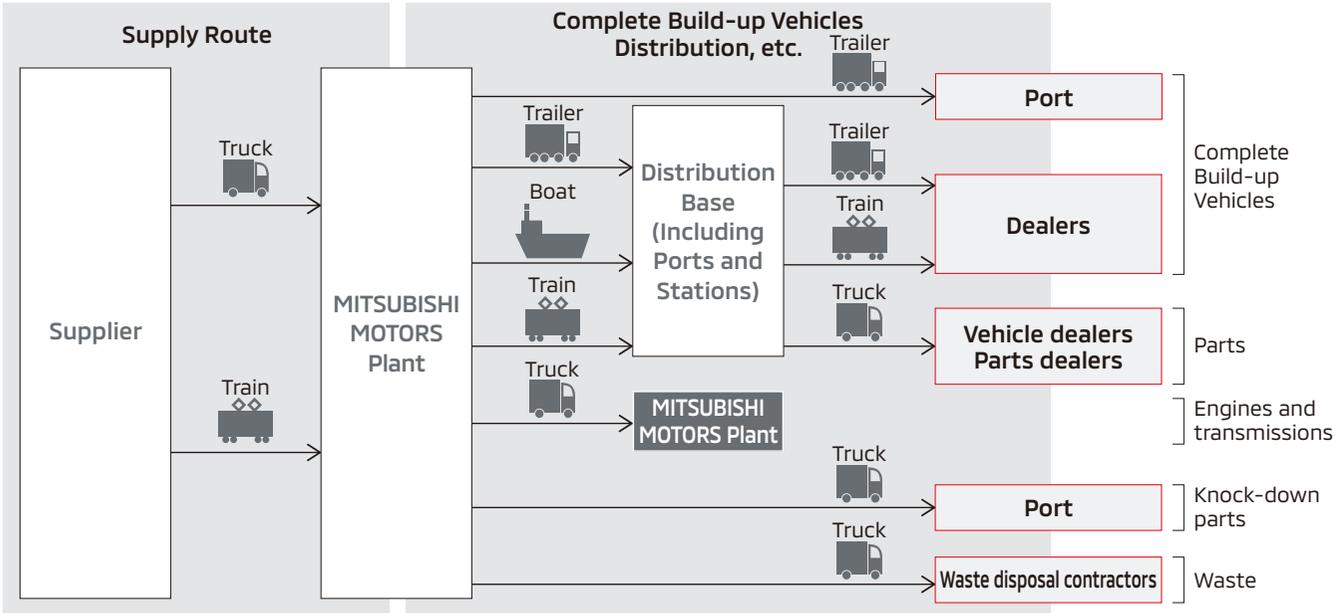
Collecting CO₂ Emissions Data in Distribution among Overseas Affiliates

We understand the importance of collecting and disclosing CO₂ emissions volumes throughout the supply chain, including overseas, and we are promoting initiatives in this regard.

In 2018, we began collecting and monitoring data at overseas plants at Mitsubishi Motors (Thailand) Co., Ltd. (MMTh) and Mitsubishi Motors Krama Yudha Indonesia (MMKI). We are working to reduce CO₂ emissions through such efforts as improving the filling rate of shipping containers and conducting joint transportation with Nissan Motor Thailand, our alliance partner.

In FY2022, we expanded the scope of monitoring to include Mitsubishi Motors Philippines Corp. (MMPC), Asian Transmission Corporation (ATC) and Mitsubishi Motors Vietnam Co., Ltd. (MMV). We will start collecting data on CO₂ emissions and compiling results during local land transportation and marine and air transportation, as well as steadily promoting efforts to reduce CO₂.

Focused Distribution Routes for Reducing CO₂ Emissions



Vehicle transport in Thailand