

## Contribution to Local Economy through Business Activities



### Medium- to Long-Term Vision for Material Issues and FY2021 Results

	Risks	Opportunities	Direction of Responses
Long Term	<ul style="list-style-type: none"> <li>Companies from around the world are investing in the ASEAN region, leading to concerns about labor shortages and rising personnel costs.</li> <li>Economic development could lead to increasing income disparities within the region.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen management base by developing human resources.</li> <li>Ongoing capital expenditure could improve the working environment and raise productivity and efficiency.</li> </ul>	<ul style="list-style-type: none"> <li>We will develop our business in pace with the region. We aim to grow along with the region through development and by resolving issues.</li> </ul>

	External Environment	Stakeholders' Needs and Expectations	Medium-Term Targets
Medium Term	<ul style="list-style-type: none"> <li>In the ASEAN region               <ul style="list-style-type: none"> <li>Promoting initiatives toward a carbon-neutral society</li> <li>Multiple free trade agreement networks are being expanded, facilitating exports and imports.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Regional development through employment, human resource development, investment, technology transfer, export, the environment and social contribution</li> </ul>	<ul style="list-style-type: none"> <li>Conducting business with an emphasis on contributing to all stakeholders and society</li> <li>Concentration of management resources with a business focus on the ASEAN region</li> </ul>

Items	FY2021 Targets and Results	Self-Evaluation
Employment	Continuous creation of local employment: Created local employment for 12,000 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: <Representative examples of training> Sales and service training for dealer staff, business-level-enhancement seminars for local employees, "manufacturing training" to enhance technical skills	○
Investment	Continuous implementation of capital investment that supports the growth of the local economy: <Principal investment plans> Established a new paint plant in Thailand, considered a new plant in Vietnam	○
Technology transfer	By continuing with local production, support advances in the local manufacturing industry: <Major projects> Established at a new paint plant in Thailand; in Thailand, Indonesia, the Philippines and Vietnam, provided scholarships to vocational training schools and technical universities, provided training vehicles, and conducted online courses	○
Export	Supporting growth of the local economy through the acquisition of foreign currency by means of export: <Number of vehicles exported> Exported 319,000 vehicles from Thailand and 42,000 from Indonesia	—
Environment and social contribution	Leverage our technologies and services to help resolve local social issues: <ul style="list-style-type: none"> <li>Started joint study of Kei-car segment commercial BEV in Thailand and Indonesia with logistics companies and state-owned postal service</li> <li>Began environmental contribution project to install rooftop solar power systems at hospitals in Thailand</li> <li>Installed DENDO DRIVE HOUSE, a vehicle-to-home (V2H) system that stores electricity generated by solar panels in electrified vehicles, at the headquarters of a sales distributor in Indonesia</li> <li>In Indonesia, donated three "Outlander PHEV" vehicles to support COVID-19 vaccine transportation</li> </ul>	—

○: As planned △: Delayed —: Results confirmed only



Target  
● 4.4



Targets  
● 9.2  
● 9.4



Target  
● 10.2



Target  
● 11.5



Target  
● 13.1



Target  
● 17.7

## 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. In these ways, we believe we can simultaneously achieve regional development and our own development. Our current medium-term business plan, "Small but Beautiful," calls for the concentration of management resources on the ASEAN region—a core area of business—and providing the products of choice for customers that they need in order to achieve further growth. 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 15 for details on identifying material issues

\*2 See pages 74–75 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 12,000 people in the four countries where we have production bases: Thailand, Indonesia, the Philippines and Vietnam. In FY2022, we will use local human resources 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 FY2021, 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 online sales and service training for around 40,000 employees and dealer staff.
- In Indonesia, we conducted online training for local employees according to their business level.
- In the Philippines, approximately 150 employees received manufacturing training in the aim of enhancing the production division's capabilities, boosting their level of specialization.

In FY2022, 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 opened a new paint plant in FY2021. We are installing a rooftop solar power system as our efforts to reconfigure our manufacturing structure to reduce environmental impact.



## Technology Transfer

By continuing with local production, one of the roles played by our production sites in the ASEAN region is technology transfer, through which we support the advancement of the local manufacturing sector. MITSUBISHI MOTORS is also working to make its plants more competitive by transforming the value chain, such as by raising quality and lowering costs.

In FY2021, we consolidated two superannuated paint plants in Thailand into one new paint plant, completed paint renovation.

In addition to the conventional practice of automating application of the middle and top coats, the new plant is the first in the ASEAN region to introduce automated technology for applying sealants to the entire vehicle and for painting interior panels, significantly improving production efficiency and competitiveness compared to the previous plant.

On the environmental front, the use of a reverse osmosis treatment system allows up to 75% of wastewater to be recycled. Also, the use of water-based paints and cartridge-type coating machines reduces emissions of volatile organic compounds (VOCs) by 50%. The effect of consolidating the plants was to reduce CO<sub>2</sub> emissions by 30% and lowering environmental impact, as well. (All data are in comparison with FY2017 levels.)

We are also promoting the adoption of renewable energy. The installation of a rooftop solar power system on our new paint shop will help to reduce CO<sub>2</sub> emissions by 1,700t or more a year.

We have offered scholarships to technical universities and vocational training schools in Thailand, Indonesia and the Philippines. We also provided train-

ing vehicles, conducted online training and provided instructors for online seminars, supporting vocational training with an eye to technology transfer.

In FY2022, we will continue to support vocational training and efforts to make our factories more competitive. Through these efforts, we aim to enhance the local manufacturing industry.

## 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. As in FY2020, the market remained difficult in FY2021 due to COVID-19. However, we exported around 320,000 vehicles from Thailand and approximately 40,000 units of "XPANDER," a compact MPV, from Indonesia. In FY2022, 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.



New "XPANDER"

## Environmental and Social Contribution

In the ASEAN region, meeting to environmental regulation is becoming a more important issue than ever. In response to calls for the realization of a carbon-neutral society, we are leveraging our strengths in electrification technologies and expertise to help resolve local social issues.

In FY2021, we commenced joint studies with national postal services and a logistics company in Thailand and Indonesia using our Kei-car segment commercial BEV, the "MINICAB-MiEV." In addition, in Thailand we collaborated with the government on a project called Solar for Lives. In the aim of lowering CO<sub>2</sub> emissions, we started to install rooftop solar power systems at hospitals. In Indonesia, we donated three "Outlander PHEVs," participating in a government-led effort to support the transport of COVID-19 vaccines. In FY2022, we will continue to promote electrified vehicles in the ASEAN region and engage in activities that help reduce environmental impact.



Charging of "MINICAB-MiEVs," which are being used in a joint study



Hospital with a rooftop solar power system installed as part of the "Solar for Lives" environmental project