

Contribution to Local Economy through Business Activities



Progress in FY2022

Annual creation of employment
Number of local employees
(including non-full-time employees)
(Thailand, Indonesia, the Philippines, Vietnam)

11 thousand people

Annual vehicle exports

384 thousand units

Vehicle exports (Thailand)

291 thousand units

Vehicle exports (Indonesia)

93 thousand units

- Employment creation in the ASEAN: Continued to create local employment at four consolidated companies in Thailand, Indonesia, the Philippines, and Vietnam
- Major human resource development and technology transfers in the ASEAN: provided scholarships to vocational training schools and technical universities, provided training vehicles, conducted education and training courses (Thailand, Indonesia, the Philippines, Vietnam), established a new paint plant and commenced mass production (Thailand)
- Major exports to the ASEAN: Continued to export vehicles from Thailand and Indonesia (exported vehicles: [Thailand]: TRITON, PAJERO SPORT, MIRAGE, Attrage [Indonesia]: XPANDER)
- Started joint study of Kei-car segment commercial electric vehicle in Thailand and Indonesia with logistics companies and state-owned postal service. Also began projects to install solar power systems at hospitals in Thailand, projects to install rooftop solar power systems at factories in Indonesia and the Philippines, and promoted other activities that help reduce environmental impact.

<Related pages>

P15 MITSUBISHI MOTORS' Materiality

P21 Materiality

Basic Approach

MITSUBISHI MOTORS has been developing business in the ASEAN 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. To promote joint growth, we will 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. "Challenge 2025," the new mid-term business plan we announced in March 2023, calls for the concentration of management resources on the ASEAN—a core area of business. In addition, in the aim of achieving further growth MITSUBISHI MOTORS will conduct higher and stable spending on R&D and capex, which will include increased expenditure on electrification, IT and new business as a proportion of total expenditure. One of our material issues is "contribution to local economy through business activities." In accordance with this aim, by developing our business in the ASEAN, 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, we will engage in initiatives that lever-

age 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 Please see pages 76–78 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, such as "contribution to local economy through business activities." 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 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 1 thousand people in FY2022, in the four countries where we have production bases: Thailand, Indonesia, the Philippines and Vietnam. In FY2023, we will use local human resources in line with our business plans.

Target
● 4.4Targets
● 9.2
● 9.4Target
● 10.2Target
● 11.5Target
● 13.1Target
● 17.7

Human Resource Development

In the ASEAN, which is working to become more industrially advanced, MITSUBISHI MOTORS helps 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 FY2022, each country conducted training and on-the-job training (OJT), combining face-to-face and online training depending on status of COVID-19 infections.

- In Thailand, we conducted online sales and service training for around 40 thousand employees and dealer staff.
- In Indonesia, we conducted training to enhance operational skills for around 250 local employees according to their business level.
- In the Philippines, we conducted education and training aimed at enhancing local employees' operational skills and productivity. Around 6,900 people took part in these efforts to enhance their level of specialization.

In FY2023, 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 FY2022, we decided to produce the Kei-car segment commercial electric vehicle "MINICAB-MiEV" locally in Indonesia and to expand export destinations for other models, and we are continuing to invest in this area. In addition, as we see substantial room for growth in the ASEAN and Oceania, our core business regions, our new mid-term business plan, "Challenge 2025," calls for stable or increased levels of R&D and capital expenditure from 2026 onward to respond to an upcoming era of major transformation.

Technology Transfer

We continue to support the enhancement of manufacturing capabilities and strengthening of competitiveness through local production in various countries, with a focus on the ASEAN, our driver of growth.

In FY2022, we promoted the overseas transfer of manufacturing technologies, including electrified vehicles developed in Japan, through the preparation for production of new models such as the "TRITON" pickup truck, compact SUVs, and the "MINICAB-MiEV," which is our first electric vehicle to be produced overseas.

To enhance manufacturing competitiveness, we have introduced the Buddy system (sharing a com-

mon destiny), and we are forming Buddy partnerships between our overseas and domestic factories. This allows for the implementation of various measures to enhance competitiveness and the transfer of expertise, from the launch of new vehicle models to mass production operations.

In addition, we are actively promoting the adoption of solar power generation in our efforts to create environmentally friendly factories. We have installed solar panels not only in our newly established painting plant in Thailand, but also in our plants in Indonesia and the Philippines. By transferring the technology and know-how of solar power generation that we have cultivated in Japan to our overseas production facilities, we are working towards more environmentally friendly factories.

Furthermore, we implemented vocational training support and technical education activities for local personnel from technical universities and vocational training schools in Thailand, Indonesia, the Philippines, and Vietnam. This included providing scholarships, internship vehicles, conducting educational workshops, organizing online seminars for teachers, and offering education programs for the children of employees involved in the automotive industry. These initiatives aimed to facilitate technology transfer and enhance the vocational training of local talent in the region.

In FY2023, we will continue to support the advancement of the regional 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. FY2022 marked an easing of the restrictions on movement imposed as measures to combat COVID-19, as well as the lifting of border closures. As a result, exports improved year on year. Specifically, we shipped 29 thousand units from Thailand and 93 thousand units from Indonesia, reaching our annual targets for both countries. In FY2023, we will continue to enhance a mutually comprehensive structure for production within the ASEAN, as well as promote exports to other ASEAN countries and the rest of the world.



New "XPANDER CROSS"

Environmental and Social Contribution

In the ASEAN, there is an increasing focus on addressing environmental regulations, prompted by a growing demand to realize a carbon-neutral society. In response, we are leveraging our expertise and knowledge in EV technology to help resolve social challenges in the region.

In FY2022, we verified environmental developments to promote EV adoption through demonstration experiments using our Kei-car electric vehicle, the "MINICAB-MiEV," in collaboration with national postal services and logistics companies in Thailand and Indonesia. Additionally, to reduce CO₂ emissions we initiated the "Solar for Lives" environmental government-collaboration project, installing solar power



Charging of "MINICAB-MiEV," 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

generation facilities at hospitals in Thailand. Furthermore, we are implementing projects in Indonesia and the Philippines to install solar panels on factory rooftops to generate power. In FY2023, we will continue to promote electrified vehicles in the ASEAN and engage in activities that help reduce environmental impact.