

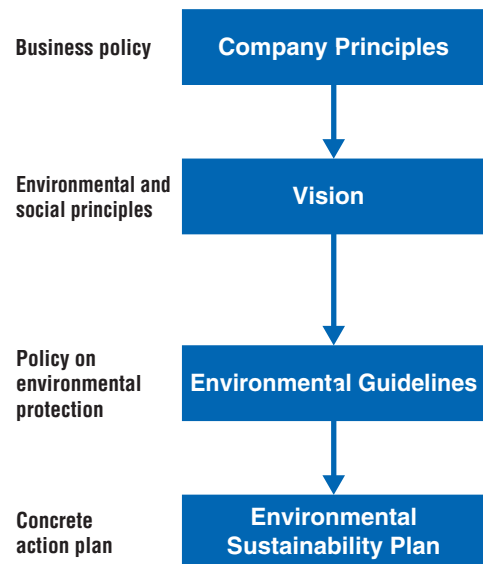
Environmental Activities

Environmental Management

Environmental Guidelines

In its newly formulated statements of company principles and vision (see P.4), MFTBC holds up social responsibility as its first obligation and pledges to make an active contribution to society. In its “Environmental Guidelines” it recognizes environmental protection as a key priority and declares its determination to make continuous, concerted efforts as a group toward protecting the environment.

In order to reflect the vision and environmental guidelines in all products and services, MFTBC formulates “Environmental Sustainability Plans” (see P.7) and promotes concrete activities to protect the environment.



MFTBC's Environmental Guidelines

Basic policy

MFTBC recognize that protection of the global environment is a priority for humankind and as such makes the following pledge:

- (1) From a global viewpoint, we are committed to continual reduction of negative environmental impact of our corporate activities with all our strength, these including development, procurement, production, sales, and after-sale servicing activities related to automobiles.
- (2) As a good corporate citizen, we are committed to action to protect the environment at the level of local communities and society as a whole.

Behavioral Standards

- (1) We will endeavor to protect the environment by forecasting and assessing the environmental impact of our products at all stages in their life cycle.
Priority is given to the following areas:
 - Prevention of global warming by reducing emissions of greenhouse gases
 - Prevention of pollution by restricting emissions of substances harmful to the environment
 - Reduction of waste and maximizing efficient use of resources by promoting conservation of resources and recycling.
- (2) We will endeavor to improve our environment management practices as part of ongoing efforts to ameliorate the environment.
- (3) We will comply with environment regulations and agreements, and will work to protect the environment by establishing voluntary management targets.
- (4) We will encourage our affiliates and suppliers, both in Japan and overseas, to cooperate in working to protect the environment.
- (5) We will actively disclose environment-related information and will seek the understanding of local communities and of society at large.

Organizational Structure

● Dedicated Environmental Organization

In January 2003, when MFTBC was separated from Mitsubishi Motors Corporation (MMC), it assigned its Technical Administration Department the overall responsibility for environmental activities throughout the company. The department gathers information useful in understanding environmental trends in society, develops environmental protection measures for the company, and coordinates their implementation. It serves as the secretariat for the Environmental Council, and takes charge of measures for compliance with domestic and overseas automobile recycling laws.

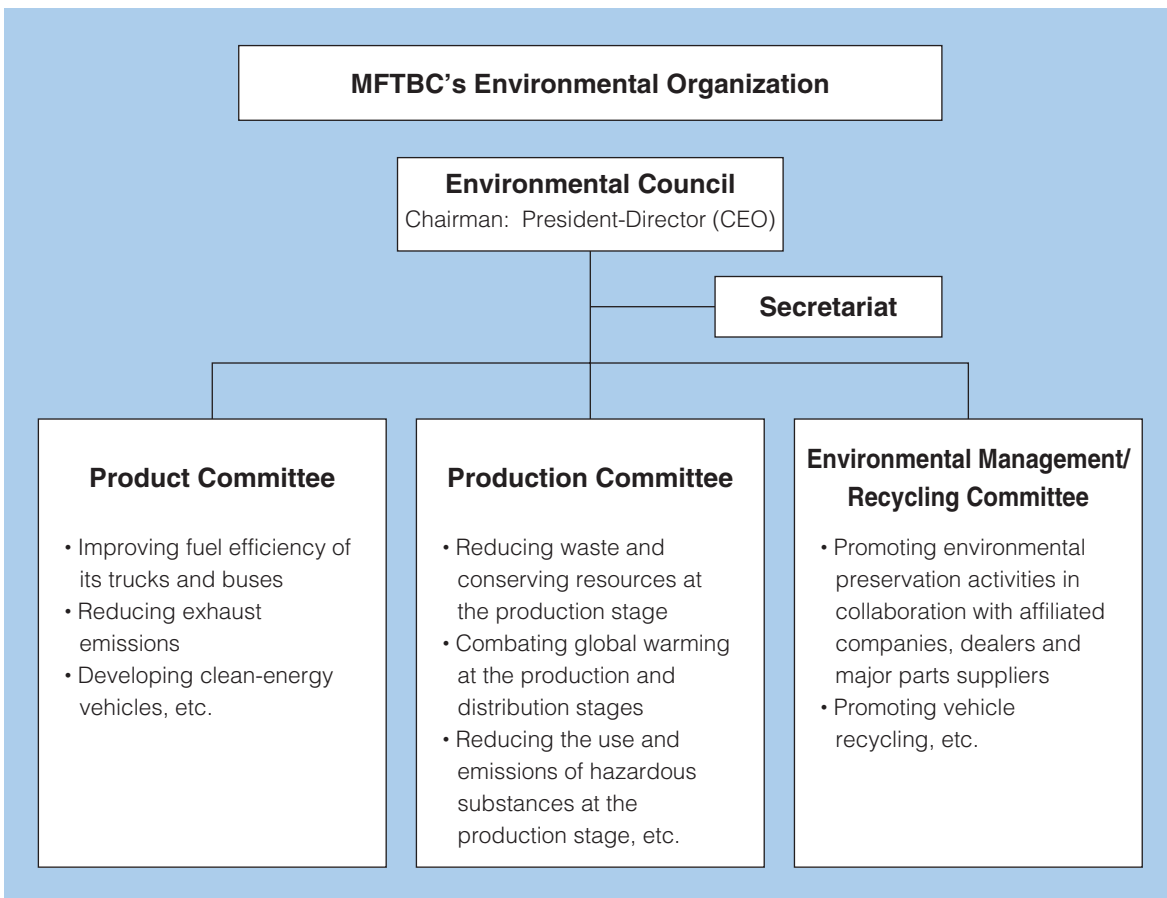
The Technical Administration Department is also involved in the environmental activities of the entire Mitsubishi Group – assisting in environmental protection efforts at affiliated companies, dealers and major suppliers of parts.

● Environmental Council

MFTBC evidenced its commitment to environmental protection in every facet of its activities by establishing, in 2003, its Environmental Council chaired by the CEO.

The Environmental Council meets generally once a year to determine basic corporate policy on measures to protect the environment, and to consider and decide questions brought by its three committees – the Product Committee, Production Committee and Environmental Management/Recycling Committee – as shown below.

In fiscal year 2003, various activities under the Environmental Sustainability Plan drawn up in 2002 were implemented, the progress of which the Technical Administration Department, as the secretariat, monitored, and on which it regularly followed up.



Environmental Activities

Environmental Management

Environmental Sustainability Plan

MFTBC works for environmental protection in accordance with a five-year, medium-term environmental action plan initiated in April 2002, called the Environmental Sustainability Plan. The plan sets concrete targets in four areas – environmental management, recycling, combating global warming and preventing environmental pollution.

Three committees under the Environmental Council were assigned to identify targets and specify as clearly as possible the means and timescales for their attainment.

Those targets are listed on this page and performance in fiscal year 2003 is shown on the next page.

Targets of Environmental Sustainability Plan

1) Environmental management

Category	Item	Target
Collaboration with domestic and overseas production affiliates	Promotion of acquisition of ISO 14001 certification	● Expanding the acquisition of ISO 14001 certifications by affiliates
	Cooperation with domestic production affiliates	● Holding meetings of the Mitsubishi Fuso Group Environmental Liaison Council and publishing "Plant Environmental Topics" twice yearly
Collaboration with dealers	Support for introduction of environmental management systems	● Supporting introduction of environmental management systems by dealers
Disclosure	Disclosure of environmental information	● Publishing environmental reports
		● Disclosing environmental information via the Internet
Collaboration with suppliers (Green Procurement)	Promotion of acquisition of ISO 14001 certification	● Supporting acquisition of ISO 14001 or EA21 certifications by all major suppliers (end of FY2004)

2) Recycling

Category	Item	Target
Promotion of vehicle recycling	Compliance with Japanese and EU legislation on vehicle recycling	● Activities toward achieving a 95% recycling rate: <ul style="list-style-type: none"> · Cooperating in the introduction of domestic recycling systems · Engaging in research on and promoting development of easily recyclable products (prior evaluations, development of recyclable materials, design of easily recyclable constructions, etc.) · Prohibiting and/or reducing the use of environmental substances (lead, mercury, hexavalent chromium and cadmium)
Reduction of waste emissions and improved resource conservation at production stage	Zero emissions of landfill waste	● Holding landfill waste emissions at 0.1% or less of total generated waste
	Promotion of recycling	● Maintaining a waste resource recycling rate of at least 98%
	Reduction of emissions of byproducts at the production stage	● Reducing the volume (metal scrap) per sales from FY2002 (end of FY2010)
	Effective use of water resources	● Reducing water use by 5% compared with FY2000 (for example, through greater recycling of water) (end of FY2005)

3) Prevention of global warming

Category	Item	Target
Improvement of vehicle fuel efficiency	Improvement of fuel efficiency of trucks and buses	● Further reducing fuel consumption
Reduction of use of air conditioner refrigerant	Reduction of the use of HFC134a	● Expanding the use of air conditioning systems using less refrigerant
	Promotion of development HFC134a-free air conditioners	● Promoting the development of CO ₂ refrigerant (jointly with air-conditioning equipment manufacturers)
Improvement of traffic flow	Development of transport management systems using vehicle data communications	● Promoting the development of transport management systems
Production and logistics	Reduction of CO ₂ emissions (energy conservation at plants)	● Reducing total CO ₂ emissions by at least 20% compared with FY1990
	Reduction of CO ₂ in logistics	● Reducing CO ₂ emissions per unit shipped by at least 10% compared with FY2000 (end of FY2005)
	Reduction of packaging and packing materials	● Reducing the use of wooden cases per sales amount by at least 15% compared with FY2000 (end of FY2005)

4) Prevention of environmental pollution

Category	Item	Target
Development and propagation of low emission vehicles, etc.	Market launch of clean energy vehicles	● Launching hybrid EV city buses
	Compliance with Japanese and overseas exhaust emission regulations	● Timely releasing of vehicles meeting standards
Reduction of noise	Compliance with Japanese and overseas noise regulations	● Timely releasing of vehicles meeting standards
Reduction of use of environment-impacting substances at production stage	Reduction of VOC emissions	● Lowering the target for VOC emissions from the cab painting process: 20g/m ² or less (end of FY2007)
	Use of lead-free paint for electro-deposition painting	● Promoting the use of lead-free paint at the truck-cab electro-deposition painting line (end of FY2004)

Targets and performance in FY2003

1) Environmental management

Performance in FY2003	Assessment	Related page
● Mitsubishi Fuso Bus Manufacturing Co.,Ltd. has acquired ISO 14001 certification in December 2003	◎	9
● The Mitsubishi Fuso Group Plant Environmental Liaison Council met twice, in April and December, and "Plant Environmental Topics" was published twice, in June 2003 and January 2004.	◎	10
● Declarations of environmental activities were completed at all 36 companies, and revised booklets on environmental activities by dealers were prepared.	◎	25
● The "Environmental Sustainability Report 2003" was published on July 10, 2003, and simultaneously posted on the Internet.	◎	11
● Environmental information in "environment data by vehicle model," guidebook for clean energy vehicles, etc.	◎	19
● 70% of major suppliers had acquired certification as of the end of FY2003. Further efforts to encourage individual suppliers to acquire ISO 14001 (and EA21) certifications.	○	19

2) Recycling

Performance in FY2003	Assessment	Related page
● Providing staff to assist recycling-related organizations	○	26
● Actively participating in creating domestic recycling systems		
● Holding meetings for mounted body manufacturers to explain mounted body recycling		
● Landfill waste emissions as a part of total generated waste: 0.02%	◎	21
● Recycling rate: 99.4%	◎	21
● Volume (metal scrap) per sales: 0.0549t/¥million	○	21
● Water use: 895,000 m ³ /year	△	22

3) Prevention of global warming

Performance in FY2003	Assessment	Related page
● Testing to demonstrate fuel savings and durability from reduced friction	○	13
● Developing air conditioners for medium-duty trucks	○	14
● Joint development with air-conditioning equipment manufacturers	○	14
● Developing fuel efficiency prediction logic by analyzing driving data, enabling advice on operations	○	17
● Total CO ₂ emissions: 121,000t-CO ₂ (target in FY2010: 153,000t-CO ₂)	◎	20
● O ₂ emissions per unit shipped: 40.1 kg (reduced by 16.6% from FY2000)	◎	24
● Use of wooden cases per sales amount: wood - reduced by 22.7%; plywood - reduced by 27.1% (compared with FY2000)	◎	24

4) Prevention of environmental pollution

Performance in FY2003	Assessment	Related page
● Released large-size city bus "Aero Nonstep HEV" (February 2004)	◎	16
● Released vehicles certified as Ultra-Low Diesel PM Emitting: Heavy-duty truck (August 2003), light truck (February 2004) and large-size city bus (March 2004)	○	15
● Released gasoline truck complying with new long-term exhaust emission regulations: U-LEV (★★★) light truck complying with new long-term exhaust emission regulations (February 2004)		
● Heavy-duty truck (April 2003)	○	16
● VOC emissions in cab painting: 23.2g/m ²	◎	22
● Promoting the use of lead-free paint in the truck-cab electro-deposition painting line: Completed testing in October 2003 and began the changeover in November 2003	◎	23

Environmental Activities

Environmental Management

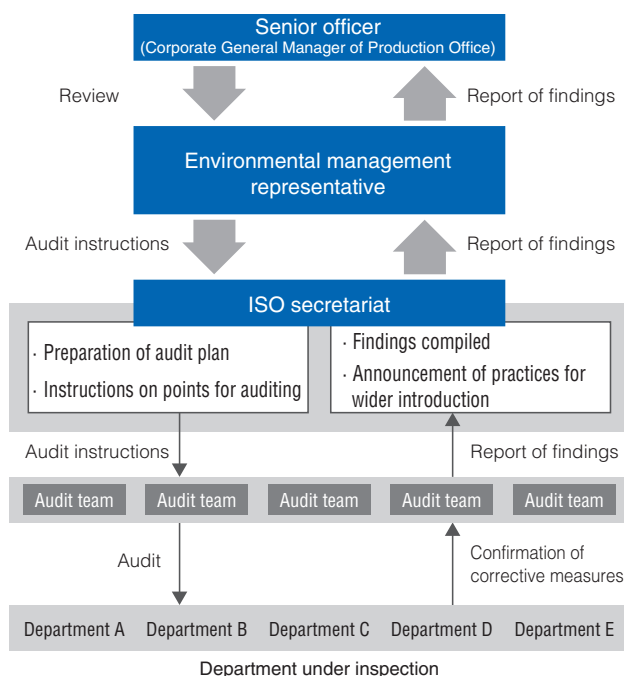
Environmental Auditing

In order to confirm that environmental management systems are functioning effectively and to maintain and improve their operation, each MFTBC unit is internally audited at least once a year and is also examined yearly by a third party.

The internal audit check-sheets consist of 600-700 items that are checked by qualified internal auditors (employees). Items flagged by the auditors are checked and reviewed by a senior officer, and appropriate corrective measures are implemented. When action by a unit or group is found to be particularly effective, it is applied as appropriate in other units.

External auditing of each plant in FY2003 revealed no non-conformities, while five situations were placed under "observation." Overall, environmental management systems were found to be being operated and maintained properly.

Those items that were identified will be immediately addressed, and efforts will continue to ensure that systems are operated at a higher level.



System of internal environmental auditing

Emergency Measures and Environmental Incidents, etc.

● Emergency Measures

While MFTBC strives constantly in its production activities to maintain and manage safety and reduce environmental effects through stable operations in line with its existing operational and work standards, it has established guidelines, as well, for conceivable emergency situations, and carries out regular training exercises.

● Incidents

In FY2003, there were no environmental incidents..

● Complaints

There were five complaints by residents in FY2003. Most were concerned about noise or odors. In such cases, we strive to identify the cause so as to take appropriate countermeasures. In some cases, however, causal relationships must be carefully investigated, and monitoring is continued through, among other things, regular patrols of plant environments.

● Legal Actions

There were no environmental lawsuits.

● Environment-Related Recalls

Of the recalls reported to the Ministry of Land, Infrastructure and Transport in FY2003, none were environmentally related.

ISO 14001 Certification

In order to ensure the transparency and reliability of its environmental activities, first, MFTBC's domestic plants acquired ISO 14001 certification, which is the international standard for environmental management systems, as shown below.

In December 2002, at the time of an ISO 14001 renewal audit of the Kawasaki Plant, MFTBC also acquired ISO 14001 certification for environmental management systems in R&D processes.

MFTBC's affiliates in Japan and overseas are similarly pushing ahead with their acquisitions of certification, and all main affiliates had done so by the end of FY2003.

MFTBC	Kawasaki Plant	December	1999
	R&D Office	December	2002
Domestic affiliates	PABCO Co., Ltd.	June	2000
	Mitsubishi Fuso Techno-Metal Co., Ltd.	March	2003
	Mitsubishi Fuso Bus Manufacturing Co., Ltd.	December	2003
Overseas affiliates	TFTT (Thailand)	June	2001
	MFTE (Portugal)	February	2002

State of Acquisition of ISO 14001 Certification

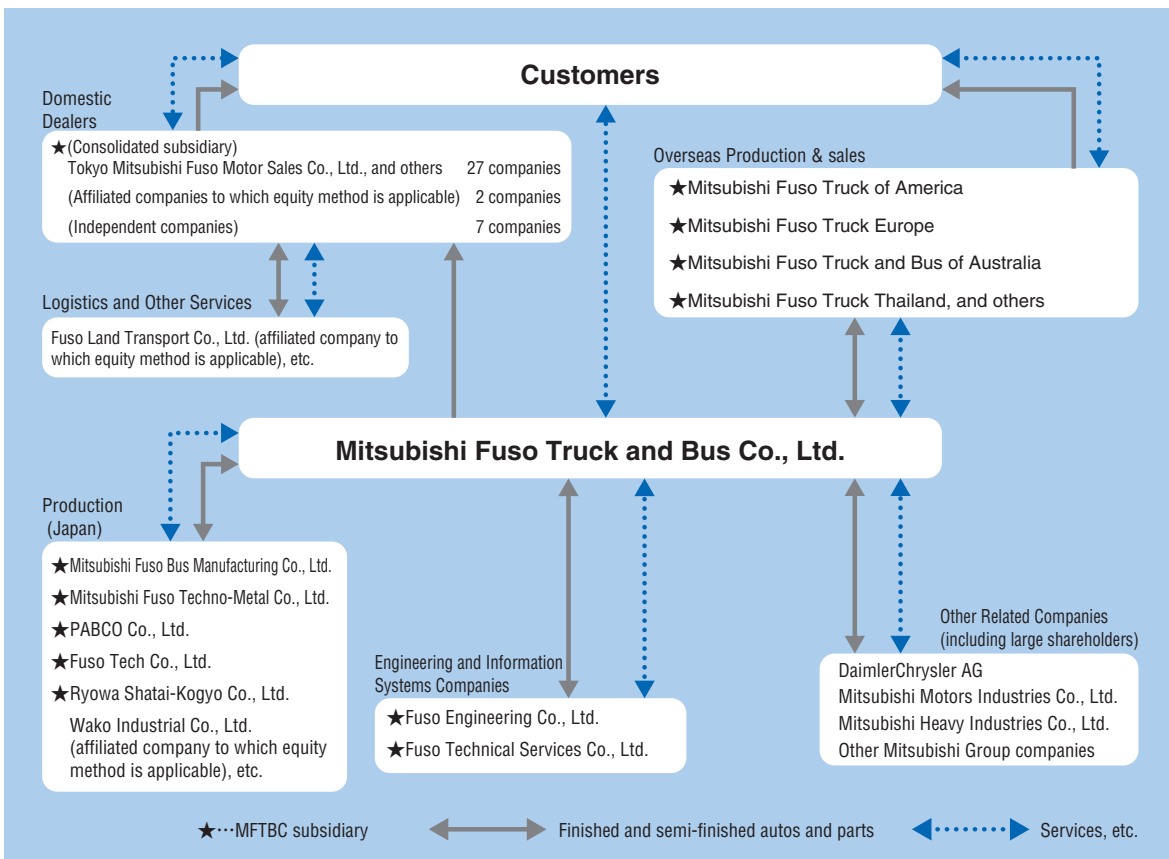
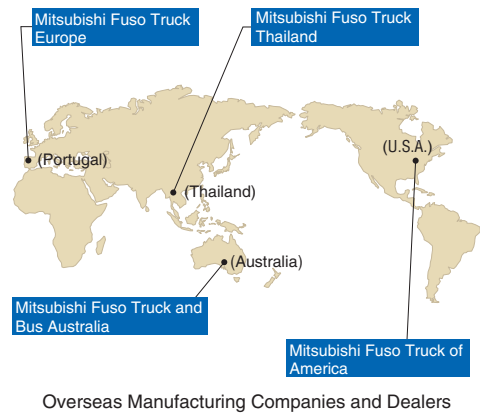
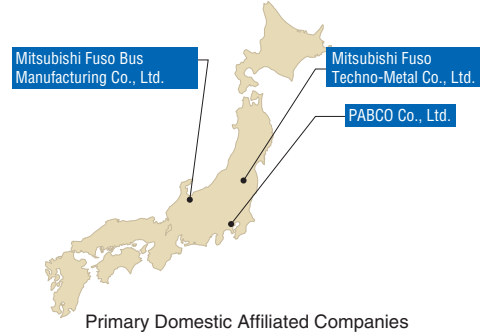
Measures by Affiliates

● Collaboration with Domestic Affiliates

MFTBC convenes the Mitsubishi Fuso Group Plant Environment Liaison Council twice a year, bringing together MFTBC's three main production affiliates to promote environmental measures on a par with those taken by MFTBC and to actively share information. In FY2002, each company drew up a mid-term environmental action plan and has reviewed the state of its progress semi-annually. A newsletter, "Plant Environment Topics," is published twice a year for distribution to about 40 suppliers, keeping them abreast of legislative developments and information on environmental issues.



"Plant Environment Topics"



Relationships between Customers and MFTBC Group

Environmental Activities

Environmental Management

Communication

MFTBC provides environmental information on its activities via the Internet and other media.

● Publication of Environmental Reports

Starting with this first report in 2004, MFTBC's environmental reports will be published annually in two languages – Japanese and English – both as booklets and online via the Internet and MFTBC's own internal intranet. Environmental information for 1999 through 2003 can be found in MMC's environmental reports (for its truck and bus unit).

MMC	1st issue	September 1999
MMC	2nd issue	August 2000
MMC	3rd issue	September 2001
MMC	4th issue	October 2002
MMC/MFTBC	5th issue	July 2003
MFTBC (this issue)	1st issue	December 2004

● Information via the Internet

In order to make information on its environmental activities as widely available as possible, both in and outside the company, MFTBC maintains an environmental website called "MFTBC's Environmental Activities." Information on all activities, including environmental reports prior to the separation from MMC, truck and bus regulations, and reports on the development of clean energy vehicles are available there.

Up-to-the minute information not covered in the latest environmental report is posted as well, and announced, as appropriate, in press releases.



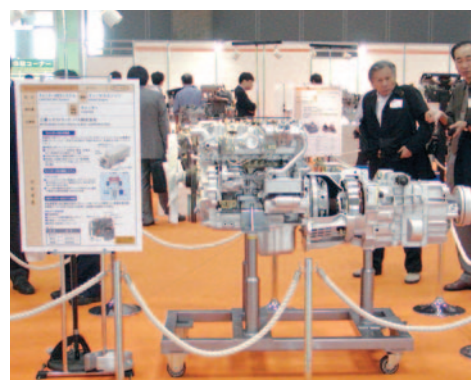
Truck and Bus Regulations and Effects Thereof
(<http://www.mitsubishi-fuso.com/ECO-E/report/index.html>)

● Cooperation in External Events

Energy saving, low emission vehicles

In order to familiarize people with, and thus promote the development and use of, vehicles causing little or no pollution, MFTBC exhibits its low emission vehicles at shows, exhibitions and fairs throughout Japan. In FY2003, MFTBC took part in the following events:

Events	Organizers	Date	Venues
Automotive Engineering Exposition: "People and Automotive Technology"	Society of Automotive Engineers of Japan	5/21-23	Pacifico Yokohama (Kanagawa Prefecture)
Eco Car World 2003	Ministry of the Environment, Tokyo Municipal Government, others	5/31-6/1	Yoyogi Park (Tokyo)
Low Emission Vehicle Fair Niigata	Organization for the Promotion of Low Emission Vehicles (LEVO)	7/15	Niigata Convention Center (Niigata Prefecture)
Yamagata Environmental Festival in Shinjo	NHK Yamagata, Yamagata Newspaper, others	8/24	JR Shinjo Station (Yamagata Prefecture)
Osaka Low Emission Vehicle Fair 2003	Osaka Prefectural Government others	9/19-20	Osaka Business Park (Osaka)
Low Emission Vehicle Seminar Utsunomiya	Organization for the Promotion of Low Emission Vehicles (LEVO)	10/8	Tochigi Industrial Technology Center (Tochigi Prefecture)
Osaka Gas Energy Fair	Osaka Gas Co., Ltd.	11/12-14	Osaka
Neyagawa Eco Festa	Neyagawa City	11/16	Osaka
Clean Energy Vehicles Fair in Osaka	Osaka City, The Pollution-related Health Damage Compensation and Prevention Association	11/21-23	Asia Pacific Trade Center (Osaka)
Low Emission Vehicle Seminar Fukuoka	Organization for the Promotion of Low Emission Vehicles (LEVO)	1/28	Fukuoka Convention Center (Fukuoka Prefecture)



Hybrid engine exhibited at the Automotive Technology Exposition: "People and Automotive Technology"



Hybrid bus exhibited at Eco Car World 2003

Education/Personal Improvement

At MFTBC, various activities are organized to educate and encourage personal improvement on the part of employees, enhance their environmental awareness, and keep them abreast of societal trends on environmental issues and the company's environmental policies.

● Education of Employees at All Levels

On-going educational activities are organized for employees at all levels by environment-related departments, primarily the ISO secretariat. (Seven such activities in FY2003.)

● Environment-Related Qualifications

MFTBC encourages its employees to obtain formal qualifications in environmentally related areas. Employees with major qualifications are as shown below.

Category		Total (persons)
Pollution control manager	Air	9
	Dioxin	2
	Water quality	15
	Noise/vibration	24
Energy manager	Heat	12
	Electricity	3

● Environment Month Activities

June is designated "Environment Month" by the Ministry of the Environment. Each June, MFTBC organizes the following activities to raise environmental awareness within the company.

Type of activity	Details
Personal development	Internal PR on regarding Environment Month activities (Publication in the company newsletter and with posters)
	Environment Month poster competition, etc.
Practical activities	Inspection patrols at environmental facilities
	Voluntary community cleanup activities
	Anti-littering campaign, etc.

● Promotion of Idling Prevention Activities

We instruct employees to prevent idling of vehicles when not in motion, and make the same request to suppliers and customers.

Notes

※1 Environmental protection costs:

(1) Costs on energy conservation, saving resources, and waste disposal, etc. at each plant. (2) Costs on collection of used parts, etc. (3) Costs on ISO 14001 certification and employee education concerning the environment, etc. (4) Costs on R&D related to improving fuel efficiency, reducing exhaust emissions, development of clean energy vehicles, and recycling, etc.(5) Costs on donations and membership fees paid to external environmental organizations, etc.(6) Costs on taxes and other charges paid to national and local government, etc.

※2 MoE Environmental Accounting Guidelines:The terms and table classifications used in this chapter are based on its FY2003 version.

Environmental Accounting

● Environmental Accounting in FY2003

Environmental protection costs^{※1}

With recognition that reducing the adverse environmental effects of use of its products is the ultimate goal, MFTBC engages in research and development to improve fuel efficiency, reduce noxious gases in exhaust emissions, etc. It is also taking steps to protect the environment at the production stage.

Costs for preventing and reducing environmental impact were calculated and mainly comprise those for R&D processes in the development sector, and for energy conservation measures and disposal of waste at MFTBC's plants.

The classification was based on the Ministry of the Environment's (MoE) Environmental Accounting Guidelines.^{※2} The data cover the period from April 2003 to March 2004.

Category		Value (¥million)	Generated by R&D	Generated by plants
Breakdown	(1)Business area costs	1,547	34	1,512
	1) Pollution prevention	(487)	(28)	(458)
	2) Protection of the global environment	(889)	(0)	(889)
	3) Resource recycling	(171)	(6)	(165)
(2)Upstream/downstream costs		0	0	0
(3)Management activity costs		28	8	20
(4)R&D costs		11,799	11,799	0
(5)Social activity costs		73	51	22
(6)Environmental damage costs		1	0	1
Total		14,447	11,892	1,555