

Environmental Management



Setting the policy for environmental preservation is one of the important management responsibilities of the company. Effective environmental management helps the company implement environmental activities properly. MFTBC publishes its “Mitsubishi Fuso Environmental Guidelines,” the fundamental policy for the environment. MFTBC defines several important matters in its environmental conference and promotes environmental activities as company-wide action. Moreover, MFTBC follows up the results on a regular basis for continuous improvement and publicly discloses the results.

1.Environmental Guidelines

In its statements of company principles and vision newly formulated in 2004, MFTBC recognizes social responsibility as its first obligation and pledges to fulfill its responsibility by making an active contribution to society. In its "Environmental Guidelines," the company recognizes environmental protection as a key priority and declares its determination to make continuous, concerted efforts through the corporate organization, group companies and suppliers, etc. toward protecting the environment. In order to reflect the vision and environmental guidelines in all products and services, MFTBC formulates "Environmental Sustainability Plan" (refer to p.19-20) and promotes concrete activities to protect the environment.

MFTBC's Environmental Guidelines

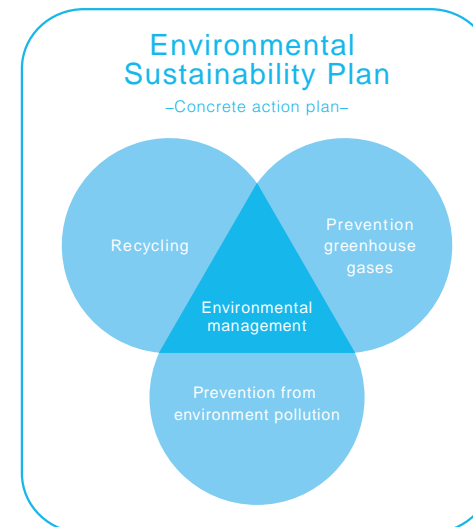
Basic policy

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

- (1) From global viewpoint, we are committed to continual reduction of negative environmental impact of our corporate activities with all our strength. These include development, procurement, production, sales and after-sale servicing activities related to vehicles.
- (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-effect 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 environmental management practices as part of ongoing efforts to uphold the environment.
- (3) We will comply with environmental 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.



2.Environmental Sustainability Plan

In June 2002, before MFTBC was spun off from Mitsubishi Motors Corporation, MMC's truck and bus unit initiated a five-year, medium-term "environmental sustainability plan." After the spin-off in January 2003, MFTBC revised the plan, making it its own. The plan sets concrete targets in four areas: environmental management, recycling, combating global warming and preventing environmental pollution. Annual targets are based on the medium-term plan, according to which activities are carried out and their results evaluated. Please refer to related pages on each item for details of activities.

In the product area, we have generally progressed satisfactorily by having responses for the new long-term emission regulation and various research and development for fuel use reduction.

Concerning CO₂-refrigerant air conditioner, a development plan was discontinued, however, another development target will be formulated in near future.

We are also actively following the Automobile Recycling Law, implemented officially in January, 2005, by having activities of our internal system and of each department function in order. We have achieved a target for total CO₂ emission in the production process and will continue putting effort for more reduction. We have nearly achieved a target for the reduction of by-products, although it is a little less than the original target. As for water usage, unfortunately, its result has exceeded a target quantity due to the change of processes and increase of production, but we will continue working on the reduction with a new target.

Environmental Sustainability Plan

1) Environmental management

Category	Item	Mid-term Target
Collaboration with domestic & overseas production affiliates	Promotion of acquisition of ISO14001 certification	●Expanding the acquisition of ISO14001 certifications by affiliates
	Cooperation with domestic production affiliates	●Holding the Mitsubishi Fuso Group Environmental Liaison Meetings and publishing "Plant Environmental Topics"
Collaboration with dealers	Support for environmental management	●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	Promotion of acquisition of ISO14001 (Green Procurement)	●Supporting acquisition of ISO14001 or EA21 certifications by all major suppliers (end of FY2004)

2) Recycling

Category	Item	Mid-term Target
Promotion of vehicle recycling	Compliance with legislation on vehicle recycling	●Activities toward achieving a 95% recycling rate and cooperating in the promotion of mounted body recycling
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 (end of FY2005)

3) Prevention of global warming

Category	Item	Mid-term Target
Improvement of 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	●Developing of CO ₂ -refrigerant air conditioners
Improvement of traffic flow	Transport management systems	●Developing the systems using vehicle data communications
Production and logistics	Reduction of CO ₂ emissions of plants	●Reduction of CO ₂ emissions by at least 20% compared with FY1990 (end of FY2010)
	Reduction of CO ₂ in logistics	●Reducing of CO ₂ emissions per unit shipped by 10% compared with FY2000 (end of FY2005)
	Reduction of packaging and packing materials	●Reducing the use of wooden cases per sales amount by 15% compared with FY2000 (end of FY2005)

4) Prevention of environmental pollution

Category	Item	Mid-term Target
Development and propagation of low emission vehicles, etc.	Market launch of clean energy vehicles	●Launching hybrid EV
	Compliance with exhaust emission regulations	●Timely releasing of vehicles meets standards
Reduction of noise	Compliance with noise regulations	●Timely releasing of vehicles meets standards
Reduction of use hazardous substances at production stage	Reduction of VOC emissions	●Reduction of VOC from the cab painting process with a target of 20g/m ² (end of FY2007)
	Use of lead-free paint for electro-deposition painting	●Lead-free painting at the truck-cab electro-deposition painting line (end of FY2004)

Targets and performance in CY2005 (or FY2005)

○:Achieved ×:Not achieved

1) Environmental management

Targets or CY2005 (or FY2005)	Performance or CY2005 (or FY2005)	Assessment	Related page
● Completed	–	–	23
● Holding meetings of the MFTBC Group Environmental Liaison Council and publishing "Plant Environmental Topics" once a year	The council met in January, 2006 and the "Topics" was published in September, 2005	○	26
● Supporting operation of environmental management system	Continued support for operation of environmental management systems	○	42
● Publishing an environmental report for FY2005 ● Disclosing environmental information whenever available	Published the report in November, 2005. Updating Environmental information continually on website	○	25
● Acquisition of ISO14001 or EA21 certifications by major suppliers	85% of major suppliers had acquired certification	○	36

2) Recycling

Targets or CY2005 (or FY2005)	Performance or CY2005 (or FY2005)	Assessment	Related page
● Certain responses and efforts for settlement of domestic Automobile Recycling law	Disclosed recycling performances and achieved (60.4%) legal standard of ASR recycling rate (30%)	○	43
● Operation and maintenance of landfill waste rate under 0.1% for total generated.	Landfill waste rate 0.005% for total waste generation	○	38
● Maintaining a waste resource recycling rate of at least 98%	Recycling rate: 99.5%	○	38
● Reducing the volume (metal scrap) per sale from the level of FY2002	Volume per sale: 0.0585t / million yen (0.2% above FY2002)	×	38
● Reducing water use by 5% compared with FY2000	Water use: 1,093,000m ³ / year (46% above FY2000)	×	39

3) Prevention of global warming

Targets or CY2005 (or FY2005)	Performance or CY2005 (or FY2005)	Assessment	Related page
● Developing low-fuel-consumption components	Conducted tests to demonstrate fuel savings and durability	○	29
● Developing air conditioning systems using less refrigerant	Completed development of air conditioning systems for heavy-duty trucks	○	30
● Developing of CO ₂ -refrigerant air conditioner (jointly with manufacturers of air-conditioner)	Plan for truck use is cancelled. Revised plan will be settled for next FY.	×	–
● Promoting the development of transport management systems	Gathered driving data in the market. Promoted coalition with DaimlerChrysler	○	–
● Reduction of CO ₂ emission: over 20% from FY1990	Reduced CO ₂ emission by 37.2% from FY1990	○	37
● Reduction of CO ₂ emission per shipped unit: reducing over 10% from FY2000:	CO ₂ emission per unit: 42.9kg (reducing 11% from FY2000)	○	41
● Reduction by at least 15% compared with FY2000 of the use of wooden cases per unit sold	Total reduction of 50.8% from FY2000	○	41

4) Prevention of environmental pollution

Targets or CY2005 (or FY2005)	Performance or CY2005 (or FY2005)	Assessment	Related page
● Hybrid electric vehicle development	Completed development of new light duty truck "Canter Eco Hybrid"	○	33
● Development of new long-term emission regulation spec. vehicles	Completed development of new long-term emission regulation responsive vehicles	○	31
● Timely releasing of vehicles meeting standards	Released heavy-duty sightseeing bus with low-noise sub-engine	○	33
● Considering and actualizing how to reduce VOC emissions	Implemented the VOC reduction plan adopted into the paint shop renewal plan	○	39
● Competed	–	–	40

3.Organization Control

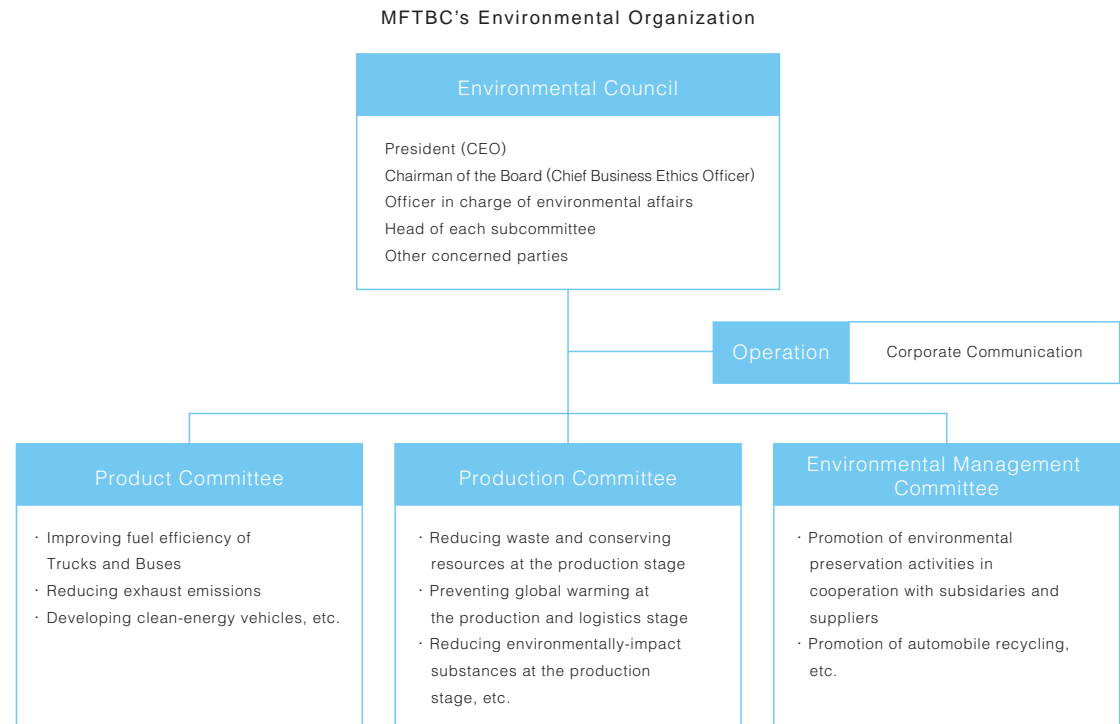
In order to enhance environmental measures throughout all functional areas, MFTBC operates its Environmental Council:

MFTBC Environmental Council

MFTBC showed its commitment to environmental protection in every facet of its activities by establishing, in 2003, its Environmental Council chaired by the CEO. The MFTBC Environmental Council determines basic corporate policies on measures to protect the environment, and considers and resolves questions brought by its three committees—Product Committee, Production Committee and Environmental Management / Recycling Committee (structure as shown to the right.) The function to promote and to orchestrate operations for the Environmental Council has been coordinated by the Technical Administration Department since establishment of the company in 2003, but Corporate Communication is taking over its role from October, 2005.

Environmental Sustainability Plan

The most important role of the Environmental Council is to establish and to revise the “Environmental Sustainability Plan.” The “Environmental Sustainability Plan” (refer to details on the previous page) is MFTBC’s medium-term plan for the environment, setting targets for 22 items. Each committee makes a specific action plan each fiscal year based on basic corporate policies determined by the MFTBC Environmental Council. According to those plans, related business offices carry out their activities. The Secretaries of each committee regularly follow up on the progress of these activities. MFTBC will strictly follow-up its progress toward achieving those targets hereafter, and release the results annually in this report.



4.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 checked by the auditors are re-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 widely applied as appropriate in all other units.

External auditing of each plant in FY2005 revealed one minor nonconformity, while six situations were placed “under observation.” Overall, environmental management systems were found to have been operated and maintained properly. Moreover in August 2005, it has been audited by DaimlerChrysler (DC) as a group member. About thirty situations were placed “under observation.” All of those items above that were identified will be immediately addressed, and efforts will continue to ensure that systems are operated at a higher level.

5.Emergency Measures, etc.

Emergency Measures

MFTBC strives constantly in its plant 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 FY2005, there were no environmental incidents.

Complaints

There were 13 complaints by residents in FY2005 — 2 about noise, 2 about odors and 9 about greenery around the plants. In each case, we strive to identify the cause and to take appropriate countermeasures. In some causes, however, causal relationships must be carefully investigated, and monitoring is continued through, regular patrols of the plant environment and other measures.

Legal Actions

There were no environmental lawsuits.

Environment-Related Recalls

The following recalls were reported to the Ministry of Land, Infrastructure and Transport:

A recall related to risk of noise level exceeding in regulation value due to defects in exhaust pipe for large buses (report no.1437), improvement measure to risk of emission gas exceeding in guideline value of emission gas for CNG automobiles due to defects in catalytic converter for compressed natural gas (CNG) automobiles (report no.295), and a recall related to risk of exceeding exhaust emission regulation value due to defects in fuel hose for large trucks (report no.1553). For detailed information, please refer to MFTBC's website (<http://www.mitsubishi-fuso.com/jp/news/recall.html>).

6.ISO14001 Certification

In order to ensure the transparency and reliability of its environmental activities, MFTBC's domestic plant acquired ISO14001 certification, which is the international standard for environmental management systems as shown in the below chart. In December 2002, at the time of an ISO14001 renewal audit of the Kawasaki Plant, MFTBC also acquired ISO14001 certification for environmental management systems in the R&D process. MFTBC's affiliates in Japan and overseas are similarly pushing ahead with their acquisition of certification. The major affiliates have completed certification by the end of 2003.

ISO14001 Acquisition

MFTBC	Kawasaki Plant	Dec. 1999
	R&D Office	Dec. 2002
Domestic subsidiaries	PABCO Co.,Ltd.	Jun. 2000
	Techno-Metal Co.,Ltd.*1	Mar. 2003
	Mitsubishi Fuso Bus Manufacturing Co.,Ltd.	Dec. 2003
	Fuso Technical Service Co.,Ltd.	Jun. 2006
Overseas subsidiaries	MFTT (Thailand)	Jun. 2001
	MFTE (Portugal)	Feb. 2002

*1 66% Share of stock were sold on February 28, 2006 to ASahi TEC and possession of MFTBC is 34% at present. Company name has been changed to "Techno-Metal Co.,Ltd." from "Mitsubishi Fuso Techno-Metal Co.,Ltd."

7.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.

Environment-Related Qualifications (In and Out of Company)

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	8
	Dioxin	2
	Water quality	13
	Noise/Vibration	17
Energy manager	Heat	10
	Electricity	4

Environmental Month Activities

June is designated "Environment Month" by the Japan 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 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 (e.g., cleaning area around a plant)

8. Environmental Accounting

MFTBC's environmental accounting refers to the FY2005 version of the Environmental Accounting Guidelines of Ministry of the Environment. Since we have settled the accounting period as April to December, 2005, we tallied up environmental cost^{*1} according to this period but annual data (January to December, 2005) is listed for reference. Total environmental cost in the accounting period (April to December) amounted 13.2 billion yen, 3.5% of total sales. Total environmental cost amounted 17.8 billion yen annually (January to December), an increase of about 3.4 billion yen from FY2004. Major cause for cost increase was the increase of about 3 billion yen for research and development cost, such as for a reduction of exhaust emission, corresponding new long-term regulations.

Operation and depreciation cost increased as full operation of automobile recycle law (up-and-down-stream cost).

In Environmental Protection Effects^{*2} which were calculated from FY2004, a slight effect was reported in reduction of energy and CO₂ but others (water resources, transportation, etc.) were increased from the previous year.

In Economic Benefits Accompanying Environmental Protection Measures^{*3}, there were only profits from waste recycling. An increase in energy-related costs was due to steep rise in initial cost.

Environmental Preservation Costs (million yen)

Category	FY2004 (Apr. 2004~Mar. 2005)	Accounting Period (Apr.~Dec. 2005)	CY2005 (Jan.~Dec.) (reference)	CY2005 Increase and Decrease against FY2004
(1) Inner costs	1,746	1,487	1,955	+208
Breakdown				
① Anti-pollution	501	422	554	(+52)
② Environmental preservation	906	723	965	(+60)
③ Recycling resources	340	342	436	(+96)
(2) Water and sewerage costs	308	220	441	+133
(3) Management activity costs	164	110	148	-17
(4) R&D costs	12,059	11,313	15,147	+3,088
(5) Social activity costs	89	77	95	+7
(6) Environmental damage costs	1	1	1	0
Total costs:	14,368	13,208	17,787	+3,419

Environmental Preservation Results

Item(Unit)	FY2004	CY2005 (Jan.~Dec.)	Reduction value
(1) Resource preservation at business stage			
Gross energy value (10 ¹² J)	2,505	2,470	35
PRTR substances value(t)	1,168 ^{*4}	1,212	-44
Water resource value(1,000m ³)	914	1,060	-146
(2) Environmental impacts and waste at business stage			
CO ₂ emission at production stage (1,000t)	119.1	116.4	2.7
CO ₂ emission from transporting BU vehicles (t)	2,550	2,770	-220
Emission and transfers of PRTR substances ^{*5} (t)	336	328	8
Waste (t)	38,000	39,156	-1,156
Final disposed of waste (t)	1.7	2.0	-0.3

Economic Value on Environmental Preservation (million yen)

Profit/Costs	Subject	Amount
Profit	Recycling wastes	382
Cost Reduction ^{*6}	Energy costs	-136
	Industrial waste disposal	-9
	Industrial water costs	-18
Total		219

^{*1} Environmental protection costs: (1) Costs associated with environmental measures at each plant, including energy conservation, saving resources and waste disposal; (2) Costs of collection of used parts, etc.; (3) Costs of ISO14001 certification and employee education concerning the environment, etc.; (4) Costs of R&D related to improving fuel efficiency, reducing exhaust emissions, etc.; (5) Costs of donations paid to external environmental organizations, etc.; (6) Taxes paid to the national government, etc.
^{*2} Environmental protection effects: Converting the effects of prevention, control and avoidance of environmental impact into quantitative values.
^{*3} Economic benefits accompanying environmental protection measures: Converting the beneficial effects of carrying out environmental protection measures into monetary values.
^{*4} Data on this item in the FY2005 report was inaccurate, for which we apologize.
^{*5} Waste is not included in "transfers"
^{*6} Differences between CY2005 and FY2004 were computed as "effects."

9. Communications

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

Publication of “Environmental and Social Report”

MFTBC’s environmental and social reports have been published annually in two languages —Japanese and English—both as booklets and online via the Internet and MFTBC’s own internal Intranet. This booklet (2006 issue) is the third issue, independently issued after the separation from MMC. With an insertion of questionnaire, we try to put effort in enhancement of the content, based on answers and opinions. (refer to “Questionnaire”)

Report titles	Issue	Remarks
MMC Environmental Report	1999~2002	Before Spin off from MMC
MMC / MFTBC Environmental Report	2003	Issued with MMC
MFTBC Environmental Report	2004	MFTBC issue
MFTBC Environmental and Social Report	2005	Addition of “Social” in contents
Same as above	2006	This issue

Information via 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 past environmental reports, truck and bus regulations, reports on the development of clean energy vehicles, and environmental information of its major vehicles by type—are available there. Up-to-the minute information not covered in the environmental report is posted as well, and announced, as appropriate, in press releases. (<http://www.mitsubishi-fuso.com/ECO/index.html>)

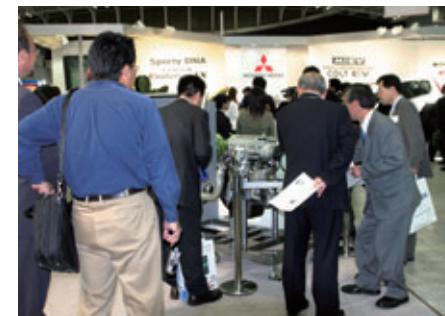


Top page of MFTBC’s environmental-activities website

Cooperation in External Events

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 FY2005, MFTBC took part in the following events:

Events	Organizers	Date	Venues
2005 JSAE AUTOMOTIVE ENGINEERING EXPOSITION	Society of Automotive Engineers of Japan, Inc	May 18-20, 2005	Pacifico Yokohama (Yokohama Pref.)
Eco Car World 2005	Ministry of the Environment, Restoration and Conservation Agency, Yokohama City, others	Jun.11-12, 2005	Yokohama Minato Mirai 21 (Kanagawa Pref.)
CNG Vehicle Promotion Seminar	Organization for the Promotion of Low Emission Vehicles (LEVO), others	Jun.23, 2005	Saitama Pref.
		July 7, 2005	Aichi Pref.
		Nov.11, 2005	Kanagawa Pref.
Low Emission Vehicle Promotion Explanatory Meeting	Organization for the Promotion of Low Emission Vehicles (LEVO), others	July 4, 2005	Park Tower (Shinjuku, Tokyo)
Low Emission Vehicle Seminar Hiroshima	Organization for the Promotion of Low Emission Vehicles (LEVO), others	Sep.22, 2005	Hiroshima City



2005 JSAE Automotive Engineering Exposition



Hybrid bus exhibited at Eco Car World 2005

10. Activities of Affiliates

Collaboration with Domestic Affiliates

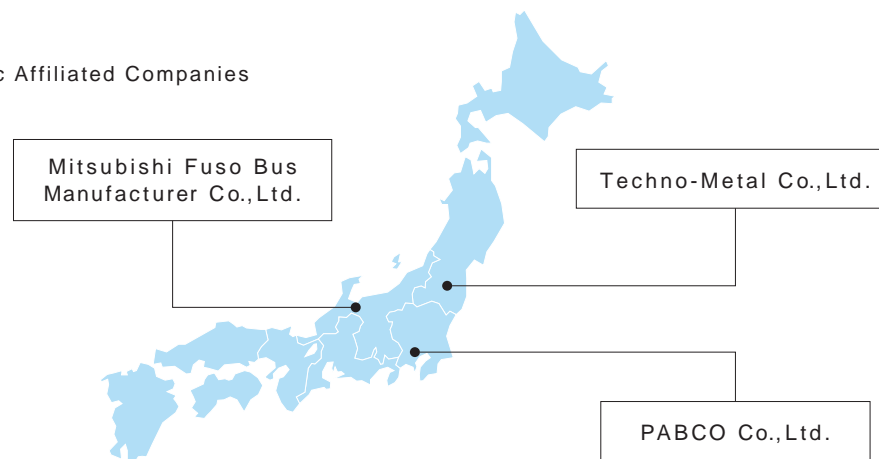
MFTBC convenes the Mitsubishi Fuso Group Plant Environment Liaison Council once a year, bringing together MFTBC's three main production affiliates to promote environmental measures on a par with those taken by MFTBC and to actively share information.

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 News", is published once a year for distribution to about 40 suppliers, keeping them abreast of legislative developments and information on environmental issues.



Primary Domestic Affiliated Companies



Overseas Manufacturing Companies or Distributors

