

Achieving a Sustainable Supply Chain



Progress in FY2023

Conducted supplier
CSR evaluations
by third-party organization
(Purchase amount basis)
[FY2022: 83%]

Cumulative **85%**

Conducted supplier process
audits
[FY2022: 80 cases]

101 cases/year

- Each year, we exchange opinions with suppliers and reinforce communications through fiscal year-end briefings during which we explain procurement policies.
- Supported business partners to undergo third-party evaluations to reinforce supply chain CSR

<Related pages>

P12 MITSUBISHI MOTORS' Materiality
P16, P18 Materiality

Basic Approach

MITSUBISHI MOTORS understands that our corporate activities affect many others, given that we and its major overseas production facilities have direct business relationships with approximately 800 companies, including suppliers of materials and parts, as well as companies that provide services, advertising, and logistics, and even more Tier 2 and other suppliers.

We also recognize that through collaboration throughout the supply chain, we can achieve carbon neutrality, improve quality, and contribute to local community development through local procurement.

Based on these understandings, all processes, from the procurement of raw materials to the manufacture of parts and products to the end delivery, require responsible behavior that takes such factors as the environment and human rights into account.

Specifically, we recognize of conducting various activities throughout the supply chain: efforts to mitigate global warming by reducing CO₂ emissions, quality-oriented improvement activities, eschewing the use of conflict minerals and other raw materials that cause social problems, quality and environmental management, compliance with the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade and the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors, management of confidential information, and so on.

To achieve sustainable growth throughout the supply chain, we have formulated "Supplier CSR Guidelines" and work together with all our business partners on CSR initiatives.

As environmental countermeasure, which has become especially important in recent years, we have formulated "Green Procurement Guidelines" and are promoting initiatives throughout the supply chain. As compliance with both guidelines is a priority in our procurement activities, our executives take advantage of opportunities such as supplier briefings to request that the entire supply chain thoroughly comply with the guidelines.

In addition, we are promoting CSR activities in the supply chain while exchanging information with our alliance partner, Nissan Motor Co., Ltd.

Please see page 57 for details on Respect for Human Rights.

Management Structure

Establishment of guidelines and Getting Suppliers' Commitments on Them

To ensure compliance with our "Supplier CSR Guidelines" and "Green Procurement Guidelines," we have business partners submit "Supplier Commitment" to the "Supplier CSR Guidelines" and "Declarations of Conformity to Regulations on Substances of Concern" to the "Green Procurement Guidelines."

We ensure the effectiveness of our business partnerships by having new business partners submit these documents before commencing transactions, and by continuously confirming the status of the agreement afterwards.

Communicating with Suppliers

Providing suppliers with appropriate information and two-way communication is essential for supply chain management. At the end of every fiscal year, we hold a Suppliers Meeting to explain our procurement policies for next fiscal year. In FY2023, this meeting was held in March 2024 and attended by approximately 300 companies. Participated in the "MITSUBISHI MOTORS Council," a voluntary organization of around 180 supplier companies that facilitates small-scale meetings between the management teams of suppliers and our management team. (These small-scale meetings were held a total of nine times, involving approximately 20 companies each time.) The meetings help foster closer communication at the management level.



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Establishing a Business Partner Helpline

As part of MITSUBISHI MOTORS' efforts to adhere to the METI guidelines, we have established a Business Partner Helpline for the suppliers of our procurement division.

The helpline receives opinions and comments from business partners, quickly identifies compliance issues or concerns, such as legal or regulatory infractions, unfair practices or human rights violations in our procurement activities, and promptly rectifies them, striving to achieve even fairer business transactions.

Ensuring Knowledge of the Guidelines within the Company

As part of managing our "Supplier CSR Guidelines" and "Green Procurement Guidelines," we work to ensure that the guidelines incorporate into our own company. We conduct training for all new employees involved in procurement (both entry-level employees and new mid-career employees), as well as training when employees are transferred from other divisions to the procurement division.

In addition, in FY2023, we provided education on initiatives aimed at reducing CO₂ emissions.

Supplier CSR Guidelines

Expansion of Guidelines

Through the "Supplier CSR Guidelines," we promote collaborative activities with our suppliers from the same point of view. The scope of these activities covers all suppliers and includes labor practices, environment management, and compliance.

Having reestablished these guidelines in February 2019, we have clarified CSR evaluations of business partners and the actions to be taken in the event of noncompliance. We have expanded these efforts to include our major overseas bases—Mitsubishi Motors (Thailand) Co., Ltd. (MMTh), PT Mitsubishi Motors Krama Yudha Indonesia (MMKI), Mitsubishi Motors Philippines Corp. (MMPC)—and received Supplier Commitment agreements from suppliers at our major overseas production bases.

[PDF](#) Supplier CSR Guidelines

Responsible Resource Procurement

The "conflict minerals" (tin, tantalum, tungsten and gold) and cobalt produced in the Democratic Republic

of the Congo and neighboring countries have become a source of funding for armed groups, resulting in serious violations of human rights.

To ensure that we are not complicit in human rights abuses through the procurement of these conflict minerals, we promote responsible procurement by clearly specifying in our Supplier CSR Guidelines the prohibition of child labor, forced labor, and the nonuse of conflict minerals as raw materials.

Enhancing CSR in the Supply Chain through Third-Party Evaluations

We, like our alliance partner Nissan Motor Co., Ltd., conduct third-party CSR evaluations in the four areas of the environment, labor and human rights, ethics,

Third-party evaluation items

21 Sustainability Criteria			
ENVIRONMENT	LABOR & HUMAN RIGHTS	ETHICS	SUSTAINABLE PROCUREMENT
Operations <ul style="list-style-type: none"> Energy Consumption & GHGs Water Biodiversity Local & Accidental Pollution Materials, Chemicals & Waste Products <ul style="list-style-type: none"> Product Use Product End-of-Life Customer Health & Safety Environmental Services & Advocacy 	Human Resources <ul style="list-style-type: none"> Employee Health & Safety Working Conditions Social Dialogue Career Management & Training Human Rights <ul style="list-style-type: none"> Child Labor, Forced Labor & Human Trafficking Diversity, Discrimination & Harassment External Stakeholder Human Rights 	<ul style="list-style-type: none"> Corruption Anticompetitive Practices Responsible Information Management 	<ul style="list-style-type: none"> Supplier Environmental Practices Supplier Social Practices

Source: EcoVadis

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and sustainable procurement, with the aim of raising the level of CSR activities at our suppliers. In FY2023, many business partners underwent third-party evaluations. MITSUBISHI MOTORS plans to continue expanding the number of business partners who undergo evaluations in FY2024, and we will focus on improving the scores of those partners who have already been evaluated (approximately 90% of all orders based on order value).

Efforts to Achieve Carbon Neutrality throughout the Supply Chain

We aim to become carbon neutral across the supply chain by 2050. To do so, it is essential that our suppliers reduce CO₂ emissions.

For FY2023, we held a briefing session in November for our business partners about initiatives in our business areas. In addition to engaging in communication with suppliers of products with high CO₂ emissions and asking them to reduce CO₂ emissions, we have also been enhancing our activities to assess the efforts, risks, and opportunities of our suppliers through the Carbon Disclosure Project (CDP)*¹ Supply Chain Program.

In FY2024 and beyond, we will continue to collaborate with our business partners to promote activities aimed at reducing CO₂ emissions throughout the supply chain.

*¹ An international environmental NGO that collects requests from institutional investors and others interested in environmental issues, and encourages major companies and organizations around the world to disclose environmental information, and evaluate

Green Procurement Guidelines

Expansion of Guidelines

In its Green Procurement Guidelines, we ask business partners to

- acquire and renew external certifications of environment management systems
- manage hazardous substances
- promote the 3Rs (reduce, reuse and recycle)
- submit LCA*² data to allow us to understand the lifecycle environmental impact
- reduce environmental impact in business activities
- reduce their environmental impact related to logistics

In addition to Japan, we have introduced the Green Procurement Guidelines at overseas production bases, adjusting the guidelines to account for actual conditions in each country and operational details at each location. These production bases are also applying the guidelines to their business partners.

PDF Green Procurement Guidelines

*² LCA stands for Life Cycle Assessment, which is a technique for calculating and evaluating the environmental impact of a product from manufacturing to disposal.

Collection of Materials and Hazardous Substance Data through IMDS

To encourage the management and reduction of hazardous substances, we promote management under the International Material Data System (IMDS). For this reason, we ask business partners to disclose data on environmentally hazardous substances for materials and parts by inputting them into IMDS in accordance with the "Green Procurement Guidelines." We also ask

them to establish a management system for environmentally hazardous substances.

Through these processes, we confirm compliance with regulations regarding hazardous substances used in parts and materials for new vehicles and mass production models.

Working with Suppliers to Improve Quality

We regularly conduct quality audits and quality self-check guidance with its suppliers as collaborative efforts to improve quality along the entire supply chain.

In FY2023, we conducted process audits for 80 suppliers at 101 plants, and indicated items were generally improved within three months. Process audits are conducted every one to three years, with the audit cycle set according to the results of the previous audit. Quality self-checks are performed by 329 business partners. Each company is working to improve the weak points found in the self-check. In addition, we are actively working to improve communication with suppliers and enhance quality by, for example, promoting improvements by disseminating the results of our self-check trend analysis to all suppliers.

We issue monthly Supplier Score Cards, which numerically represent suppliers' quality results. This approach has clarified issues for each company, making it easier to implement improvement measures quickly and accurately. In cases of particularly serious defects, we analyze the causes and examine the appropriateness of countermeasures in collaboration with business partners to prevent recurrence.



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MITSUBISHI MOTORS cooperates on defect prevention activities to keep defective parts from being delivered and ensure we are able to provide customers new models with confidence.

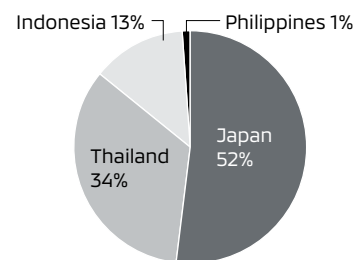
Promotion of Localization

To optimize costs at our overseas production bases, our basic policy is to source from local suppliers where possible, as long as such procurement is effective and the necessary technologies are in place.

For parts which are already locally procured, we also promote the local procurement of the components used within these parts, etc., to optimize costs further.

We conduct advance audits of the systems and structures of new business partners, evaluating items such as their development capabilities, production capabilities, and quality management capabilities and issuing improvement instructions if necessary. We also provide support to local business partners by serving as a go-between with Japanese business partners, joint ventures with local business partners, technical partnerships, and the like. We work to contribute to local regions by creating local jobs and improving local technical capabilities.

Country-Specific Parts Procurement Ratios by Production Base (FY2023)



Initiatives for Business Continuity Plans in the Supply Chain

A large-scale natural disaster, major outbreak of infectious disease, or shortage of specific parts or materials (such as semiconductors), could interrupt the flow of parts from our suppliers. We might then run the risk of business being suspended. To avoid or mitigate such risks, as part of our business continuity plans (BCPs) in the supply chain, we are taking measures to identify risks and impacts early on and to find alternative production options for each business partner and component.

Specifically, suppliers are asked to register Tier 2 to Tier N suppliers including overseas suppliers, in addition to their factories, in the Supply Chain Risk Management System so that target suppliers can be narrowed down as soon as possible.

In addition, we have a system in place that allows us and our business partners to share information about the status of damage caused by disasters, the impact of specific parts and material shortages, and our response to production plans so that we can take countermeasures.

Participating in Outside Initiatives

Mitigating and combating climate change requires efforts that go beyond the scope of individual companies. Entire industries and their supply chains must work together to reduce CO₂ emissions.

As a member of the Japan Automobile Manufacturers Association, we participate via subcommittees in discussions on industrywide policies and measures in the area of procurement.