

Achieving a Sustainable Supply Chain

Progress in FY2024

Cumulative 88%

Conducted supplier CSR evaluations by third-party organization (Purchase amount basis)
[FY2023: 85%]

104 cases/year

Conducted supplier process audits
[FY2023: 101 cases]

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

Governance Basic Approach

We understand that our Group's activities affect many others, given that we and our 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 and local procurement, we can achieve carbon neutrality, improve quality, and contribute to local community development.

Based on this understanding, we believe that for all processes, from the procurement of raw materials to the manufacture and delivery of parts and products, it is important not only to comply with laws and regulations but also to act responsibly, taking into account such factors as the

environment and human rights.

We have formulated “Supplier CSR Guidelines” and “Green Procurement Guidelines” and work together with all our business partners to achieve sustainable growth throughout the supply chain. As compliance with both guidelines is a priority in our Group's procurement activities, our procurement division executives take advantage of opportunities such as supplier briefings to request that the entire supply chain thoroughly comply with the guidelines.

Reference P42 Respect for Human Rights

Supplier CSR Guidelines

The “Supplier CSR Guidelines,” which are based on our Human Rights Policy, include provisions on respect for human rights, including the elimination of discrimination and the prohibition of child labor and forced labor. They require that suppliers take human rights into consideration, that they undergo CSR assessments by third-party organizations, and that they clearly indicate measures taken in response to compliance violations. We promote collaborative activities with all of our suppliers from the same point of view. The scope of these activities includes labor practices, environment management, and compliance.

In addition, to comply with domestic and international laws and requirements related to environmental and human rights risks throughout our value chain, we are considering revisions to our guidelines with input from outside experts.

Reference Supplier CSR Guidelines
https://www.mitsubishi-motors.com/en/sustainability/strategy/policy_guideline/index.html

P43 Human Rights Risk Management in the Supply Chain

Green Procurement Guidelines

Our suppliers cooperate with us in various initiatives, such as

those indicated below, including meeting the requirements of our “Green Procurement Guidelines.” In addition to Japan, we have introduced the guidelines in 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.

Main Requirements of the “Green Procurement Guidelines”

- Acquire and renew external certifications of environment management systems
- Manage hazardous substances
- Promote the 3Rs (reduce, reuse, and recycle)
- Submit LCA* data to allow us to understand the lifecycle environmental impact
- Reduce environmental impact in business activities
- Reduce their environmental impact related to logistics

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

Reference Green Procurement Guidelines
https://www.mitsubishi-motors.com/en/sustainability/strategy/policy_guideline/index.html

Management Structure

For all material issues, including achieving a sustainable supply chain, the Group confirms the risks and opportunities identified from a long-term perspective by those responsible for each materiality initiative. Our Sustainability Committee deliberates and decides on initiative targets based on the external environment and stakeholder needs and expectations from a medium-term perspective, and uses the PDCA cycle by checking progress.

We have a structure in which important matters such as

reviewing material issues and the overall status of sustainability activities are deliberated and reported at Board of Directors meetings.

Reference
P85 Risk Management
P09 Framework for Promoting Sustainability

Strategy
Risks, Opportunities and Impacts

| | |
|---------------|---|
| Risks | <ul style="list-style-type: none">• Loss of trust from society/negative impact on stable procurement of supplies as a result of problems such as human rights violations or environmental damage within the supply chain |
| Opportunities | <ul style="list-style-type: none">• Improving evaluations by investors and stakeholders through our contributions to manufacturing by engaging in sustainable and steady procurement and making ESG improvements to our supply chain |
| Impacts | <ul style="list-style-type: none">• Enhance business continuity by strengthening the BCP* system in cooperation with industry associations and government.• Reduce impact on human rights and the environment by promoting CSR throughout the supply chain through addressing conflict minerals and other issues related to human rights with suppliers. |

* Business continuity plan

Responsible Resource Procurement
“Conflict minerals” (tin, tantalum, tungsten, and gold) and cobalt 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, the Group

promotes 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. To achieve sustainable mineral sourcing, we are considering the formulation of new policies, including environmental and human rights due diligence, with input from outside experts. We ensure the transparency of our raw material procurement along with our suppliers and live up to our social responsibilities.

Risk Management
Business Continuity Plans in the Supply Chain
A large-scale natural disaster, major outbreak of infectious disease, or production 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 suppliers and substitute components.
Specifically, we have established a Supply Chain Risk Management System and ask suppliers to register Tier 2 to Tier N suppliers, including their factories and overseas suppliers, so that target suppliers can be rapidly narrowed down. 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 production shortages for specific parts and materials, and our response to production plans so that we can take countermeasures.

Confirmation Based on Suppliers' Commitments to Guidelines
The Company conducts transactions in an appropriate manner, which includes not violating human rights. We determine

transaction prices and delivery dates following thorough consultation with individual suppliers.
To ensure that suppliers thoroughly comply with our “Supplier CSR Guidelines” and “Green Procurement Guidelines,” we have them submit “Supplier Commitments” and “Declarations of Conformity to Regulations on Substances of Concern.” 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.
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.

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.

Reference
P44 Grievance Mechanism
P85 Risk Management

Metrics and Targets

| | |
|--------------------------|---|
| Long-Term Targets (2030) | <ul style="list-style-type: none"> Promoting CO₂ emission reduction activities through collaborations with suppliers/transporters in the fields of procurement and logistics |
| Medium-Term Targets | <ul style="list-style-type: none"> Improving awareness of CSR, which is demanded by society, among suppliers and promote improvement initiatives Promoting CSR evaluations by third parties and improving scores by explaining the importance of CSR activities Evaluating CSR when selecting new component suppliers and when performing annual supplier evaluations, using these evaluations as one of the judgment criteria when selecting supplier Establishing regular measures with suppliers for reducing CO₂ emissions in the procurement field Engaging in CO₂ emissions reduction activities in the procurement field by coordinating with suppliers and industry groups (JAMA, etc.), establishing methods for determining amount of CO₂ emission reductions Performing cost conversions for CO₂ emissions, using these figures as evaluation factors when selecting new component suppliers |

FY2024 Initiatives
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 the next fiscal year, attended by approximately 300 companies. Small-scale meetings between the management teams of suppliers and our management team are held every year to help foster closer

communication at the management level. These meetings, each of which involves approximately 20 companies, are conducted by the MITSUBISHI MOTORS Council, a voluntary organization of around 180 supplier companies. A total of nine small-scale meetings were held in FY2024.

Enhancing CSR in the Supply Chain through Third-Party Evaluations

The Company conducts third-party CSR evaluations in the four areas of the environment, labor and human rights, ethics, and sustainable procurement, with the aim of raising the level of CSR activities at our suppliers.

In FY2024, many business partners underwent third-party evaluations. MITSUBISHI MOTORS plans to continue expanding the number of business partners who undergo evaluations in FY2025, 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).

Reference EcoVadis methodology
<https://support.ecovadis.com/hc/en-us/articles/115002531507-What-is-the-EcoVadis-methodology>

Support for Quality Improvements by Suppliers

The Group regularly conducts quality audits and assists with quality self-checks by suppliers to improve quality along the entire supply chain.

In FY2024, we conducted process audits for 92 suppliers at 104 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 310 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.

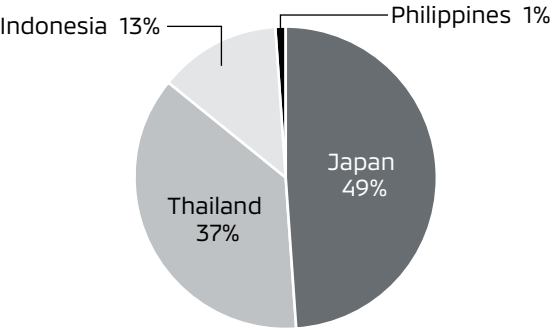
We issue monthly Supplier Score Cards, which numerically represent suppliers' quality results. This approach has clarified issues for each company, assisting in the fast and accurate implementation of improvement measures. In cases of particularly serious defects, we analyze the causes and examine the appropriateness of countermeasures in collaboration with business partners to prevent recurrence. 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 advanced 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 (FY2024)



Employee Education and Training (Non-consolidated)

| Scope | Overview |
|---|--|
| All employees | <ul style="list-style-type: none">Training on Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors (e-learning) |
| Procurement divisions (Entry-level employees, mid-career hires, personnel transferred from other divisions) | <ul style="list-style-type: none">Follow-up training regarding “Supplier CSR Guidelines” and “Green Procurement Guidelines”Sharing of examples of CO₂ emissions reduction activities |

Reference

P43 Environmental and Human Rights Due Diligence

P37 Management of Material Data by IMDS

P34 Supply Chain-wide Initiatives

Participating in Outside Initiatives

- Japan Automobile Manufacturers Association, Inc.
 - Partnership-building Declaration
- Reference Our Partnership-building Declaration (only in Japanese)
- <https://www.biz-partnership.jp/declaration/74966-05-23-tokyo.pdf>