

Deploying Supply Chain Sustainability Initiatives (Social)



FY2019 Materiality Targets and Results

○: As planned △: Delayed

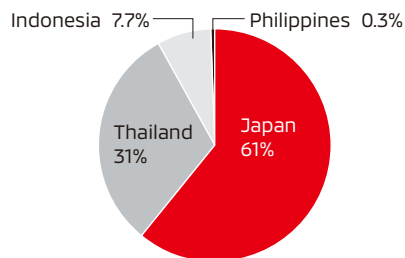
Details of Main Initiatives	Ideal Image	FY2019 Targets	Indicators	FY2019 Results	Self-Evaluation
Reinforcement of CSR in the supply chain	We promote healthy supply chain management by ensuring full consideration is given to the environment, labor and human rights in the supply chain	<ul style="list-style-type: none"> Expansion of Supplier CSR Guidelines to MITSUBISHI MOTORS overseas production bases Support for supplier CSR evaluations by third-party organization 	<ul style="list-style-type: none"> Promoting the purpose of Supplier CSR Guidelines Recommendation of supplier on CSR evaluations by third party organization 	<ul style="list-style-type: none"> Rolled out Supplier CSR Guidelines via MMTh, MMKI and MMPC to their business partners Explained the purpose of third-party evaluations to business partners and commenced evaluations 	○

Basic Approach

With approximately 800 parts supplier companies, MITSUBISHI MOTORS and its main production bases concentrated in the ASEAN region recognize the magnitude of their influence, including on tier 2 and subsequent suppliers. As such, we are strengthening collaboration with our suppliers to maintain and increase sustainable competitiveness across the entire supply chain. We promote industry-leading quality, cost competitiveness, and localization.

We work as one with our suppliers to contribute to society on a foundation of shared Supplier CSR Guidelines.

Parts Procurement Ratios by Major Production Base (FY2019)



Supplier CSR Guidelines

Aiming for collaborative initiatives with suppliers, MITSUBISHI MOTORS formulated its Supplier CSR Guidelines in 2010. Through these guidelines, we promote collaborative activities with our suppliers from the same point of view. The scope of these activities covers all domestic suppliers and their quality, while also including labor practices, environment management, and compliance. Also, having reestablished these guidelines in February 2019, we have specified the implementation of supplier CSR initiative evaluations by third party agencies and measures to be taken when compliance violations are discovered. We have also received statements of agreement regarding compliance with the guidelines from suppliers.

[PDF](#) Supplier CSR Guidelines

Policies on Conflict Minerals

The "conflict minerals" (tin, tantalum, tungsten and gold) 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.

In order to ensure that it is not complicit in human rights abuses through the procurement of these conflict minerals, our Supplier CSR Guidelines clearly state our policy of not using conflict minerals as raw materials, and we promote responsible procurement.

In fiscal 2019, we began conducting hearings of suppliers to identify the metals used on electric circuit boards and the use of conflict minerals by parts category.



Management Organization

In April 2018, MITSUBISHI MOTORS, Renault and Nissan established the APO (Alliance Purchasing Organization), a joint purchasing organization that integrates the three companies' purchasing functions. This organization carries out its activities with the three shared pillars of trust, respect, and transparency as its basic principles.

The organization selects business partners using uniform process and evaluation standards, provides numerous suppliers with opportunities for participation, and operates fairly.

Establishing a Business Partner Helpline

As part of our 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 or unfair practices in our procurement activities, and promptly rectifies them, striving to achieve even fairer business transactions.

In addition to putting into effect management based on the Supplier CSR Guidelines, MITSUBISHI MOTORS holds a Suppliers Meeting each year to share and spread information about CSR policy in conjunction with procurement and other policies.

We not only adhere to the guidelines for proper trading in the automotive industry formulated by Japan's Ministry of Economy (METI), but also request that our tier 1 suppliers follow these guidelines as well to ensure that transactions are properly handled with tier 2 and subsequent suppliers and that the Company does not engage directly in transactions with those business partners.

Supply Chain Auditing

Sharing of Supplier CSR Guidelines

At MITSUBISHI MOTORS, the Supplier CSR Guidelines were reestablished in February 2019, and we have received statements of agreement regarding compliance with the guidelines from suppliers.

In fiscal 2019, we expanded these guidelines to suppliers from work locations in Thailand, Indonesia and the Philippines, taking into consideration the situation in each region.

Supply Chain Auditing

In order to mutually confirm and promote CSR activities with suppliers, we will request statements of agreement for the Supplier CSR Guidelines, and, as an APO, regarding the evaluation of supplier CSR activities, we will start to use the same third party evaluations as Renault-Nissan.

We disclose evaluation results to business partners and ask them to make improvements and regularly audit the results of those improvements.

Based on their evaluation scores, we draft improvement plans for specific suppliers and ask them to implement those plans.



Working with Suppliers to Improve Quality

mitsubishi motors regularly conducts quality audits and quality self-check guidance with its suppliers to improve quality along the entire supply chain.

In fiscal 2019, we conducted process audits at 53 suppliers and 64 plants. Improvements to issues pointed out during these audits were generally implemented by suppliers in three months or less. Quality self-checks were also conducted at 392 supplier plants. We will continue to improve communication and quality across the supply chain through these activities.

Audits also provide guidance regarding the creation of systems for rapidly tracing the sources of defects found in parts manufactured by suppliers, who use this information to improve their systems.

Ensuring Knowledge of the Guidelines within the Company

As part of managing the Supplier CSR Guidelines, we take efforts to ensure that the guidelines are well-known within the company. As part of MITSUBISHI MOTORS procurement training, we conduct training for new employees (both entry-level employees and new midcareer employees), as well as training when employees are transferred.

Communicating with Suppliers

Providing suppliers with appropriate information and two-way communication is essential for proper supply chain management. At the end of every fiscal year, MITSUBISHI MOTORS holds Suppliers Meeting to make our policy for the next fiscal year well-known. In

Japan, we help the MITSUBISHI MOTORS Cooperation Council, a voluntary organization of around 200 supplier companies, hold lectures and conduct research activities each year. In fiscal 2019, we held a MITSUBISHI MOTORS Cooperation Council lecture on October 18.



Executive officer, CEO giving a speech to the MITSUBISHI MOTORS Cooperation Council

Promotion of Localization

MITSUBISHI MOTORS has a basic policy of procurement from local business partners whenever possible when local procurement is effective and technologically feasible, excluding cases in which local parts manufacturing is difficult, with the aim of maximizing local procurement rates at overseas bases.

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

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 moving into their regions, joint ventures with local business partners, technical partnerships, and the like. We strive to contribute to local regions by creating local jobs and improving local technical capabilities.

Initiatives for Business Continuity Plans in the Supply Chain

To reduce the risk of suspended manufacturing operations due to a shortage of parts during a large-scale natural disaster or a major outbreak of infectious disease, MITSUBISHI MOTORS formulates business continuity plans (BCPs) in the supply chain and takes measures that include finding alternative production for each supplier and part. In addition, we ask that our suppliers be registered in the damage status confirmation system, so that in the event of a natural disaster, the damage status of plants will be reported to us immediately.

We have created a special supplier map that enables us to better understand the status of damage and risk with regard to not only tier 1 but also tier 2 and subsequent suppliers.