

# Compliance



## Basic Approach and Policies

Corporate activities are closely interlinked with various laws and public systems such as those related to the environment, labor, and consumer protection.

Corporate activities must be carried out in compliance with these laws and systems. MITSUBISHI MOTORS recognizes that the failure to appropriately comply with these laws, regulations, and systems would not only impede its business continuity, but would also place significant burdens on society and the environment.

In order to fulfill its social responsibilities as a company by not only complying with laws, international rules, and internal regulations but also by respecting changing social norms to the greatest degree possible, we have issued a "Global Code of Conduct" to serve as a standard of conduct for all executives and employees. We are also redoubling our efforts to enhance our compliance framework and employee training, including those at our major associates in Japan and overseas.

## MITSUBISHI MOTORS Global Code of Conduct

### [Principle]

MITSUBISHI MOTORS Group Companies (collectively herein referred to as "MITSUBISHI MOTORS Group" or "Company") have set this Global Code of Conduct that all MITSUBISHI MOTORS Group executives and employees must follow in order to fulfill our social responsibilities as a company.

This Global Code of Conduct applies to all MITSUBISHI MOTORS Group executives and employees. Each member of the Company is charged with responsibility to comply this Global Code of Conduct.

### 1. Comply with all Laws and Rules

We shall comply with all applicable laws and regulations of the country where the Company conducts business as well as all Company policies and rules.

### 2. Promote Safety

We shall maintain and promote a healthy work environment, and engage in safe work practices. We are also committed to ensuring the safety of our customers and passengers, and continually promoting the safety of products.

### 3. Avoid Conflicts of Interest

We shall act in the best interests of the Company, and shall not behave, act, or use any information contrary to the Company's interests. Furthermore, we shall strive to avoid any conduct that may be considered a conflict of interest.

### 4. Prohibit Association with Anti-Social Forces

We shall never have any association with anti-social forces whatsoever. We shall not participate in acts of terrorism, drug dealings, money laundering, and other individual or organized criminal activities.

### 5. Preserve Company Assets

We shall safeguard the Company's assets, and shall never use the said assets, including funds, confidential business information, physical properties and intellectual properties without permission.

### 6. Be Impartial and Fair

We shall maintain impartial and fair relationship with public servants as well as business partners, including dealers,

suppliers, and other third parties. We shall not participate in or endorse any corrupt practices including bribery, directly or indirectly such as through a third party.

### 7. Be Transparent and Accountable

We shall maintain accounts and records relating to corporate management with integrity, and disclose Company's business activities fairly and transparently to our stakeholders, including shareholders, customers, employees, and local communities with timely and properly manner.

### 8. Respect Human Rights and Diversity, Provide Equal Opportunity

We shall respect the human rights and diversity of suppliers, customers, other executives, colleagues, and local communities. We shall never tolerate discrimination, retaliation or harassment in any form or degree.

### 9. Be Environmentally Responsible

We shall strive to take into consideration environmental conservation when developing products and providing services, and promote recycling, as well as resource and energy savings.

### 10. Be Active and Report Violations

We shall carry out our work in accordance with this Global Code of Conduct. When we have come to know any violation of this Global Code of Conduct, we shall immediately report it to the Company, and the executives and employees who have come forward with such information based on their own beliefs shall be infallibly protected from any form of retaliation.



## Management Structure

In order to prevent compliance infractions, including information security infractions, from a global internal control perspective, each division or function appoints a compliance officer and department heads serve as code leaders, with the Vice President in charge of Global Risk Control providing overall leadership. Major subsidiaries and associates in Japan and overseas also appoint compliance officers. To help prevent compli-

ance infractions, in FY2018 we established and started operating MITSUBISHI MOTORS Global Hotline.

Procedures are in place for reporting of serious compliance concerns ultimately to the Board of Directors via code leaders and compliance officers. As required, compliance officers give their departments appropriate instructions for dealing with problems, taking corrective action and preventing a recurrence.

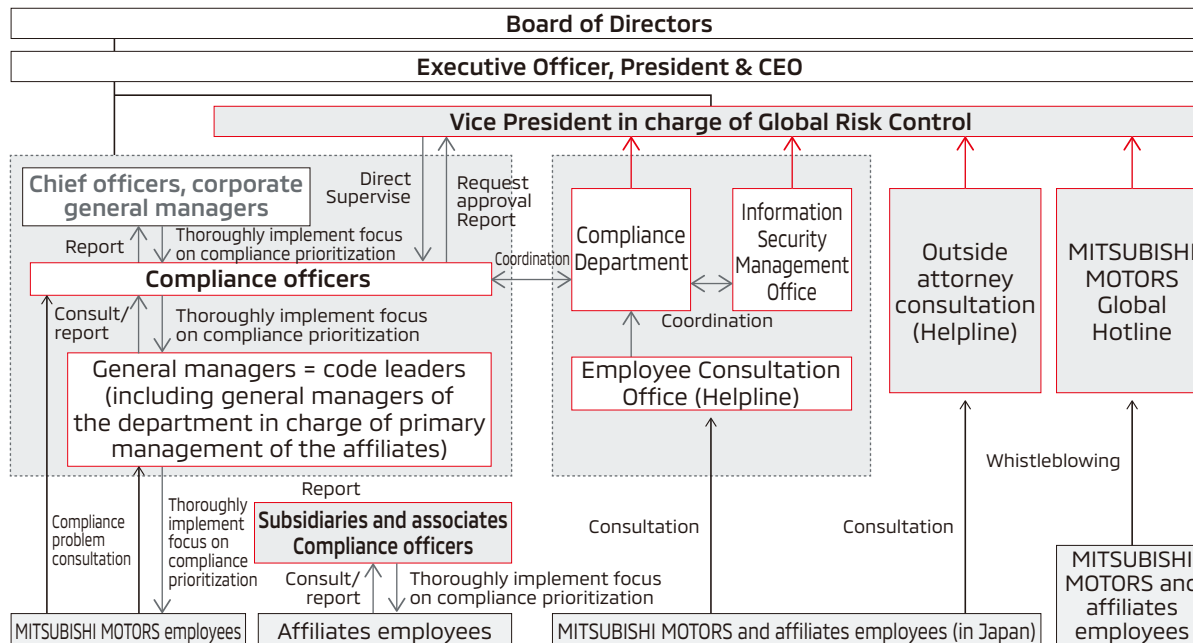
The Board of Directors is provided with regular reports on these compliance structures, efforts relat-

ed to education and the formulation or revision of the Global Code of Conduct, as well as the status of any compliance infractions and their countermeasures. Members of the Board of Directors, including outside directors, deliberate on and supervise these matters.

As for internal controls related to financial reporting, we verify compliance structures and procedures for financial summaries. If inadequate controls are found at a company being evaluated, we request reporting on the nature of the problem and improvements being made. In FY2020, we checked the status of 20 Group companies (MITSUBISHI MOTORS, 7 domestic associates, and 12 overseas associates).

In FY2020, we experienced no serious compliance infractions requiring disclosure.

### Organizational Framework for Promoting Compliance





## Establishment of Internal and External Consultation Offices

To prevent and promptly detect improper conduct, MITSUBISHI MOTORS has established an internal consultation office (Employee Consultation Office) allowing employees of the Company or its subsidiaries and associates in Japan to report or consult about such conduct. Outside the Company, we have set up a consultation office staffed by outside attorneys, as well as the MITSUBISHI MOTORS Global Hotline, accessible to employees both in Japan and overseas. In FY2020, these offices fielded 132 reports or consultations.

Offices endeavor to swiftly resolve issues raised in reports and consultations after first seeking to confirm the facts through an investigation by the Employee Consultation Office or by enlisting the assistance of relevant compliance officers. Information received about compliance issues or issues with potential business risks is immediately reported to the Vice President in charge of Global Risk Control. After receiving instructions on how to respond, offices endeavor to resolve the issues.

In handling such information and in investigating the relevant facts, we established our "Compliance-Oriented Whistleblowing Operation Procedure" and made company personnel aware of the provision in order to ensure that persons who seek consultation are not treated unfairly.

We have also established a Business Partner Helpline designated to be used by our business partners.

The MITSUBISHI MOTORS Global Hotline established in FY2018 was set up within an outside firm providing such services. This makes it possible to file anonymous reports. Systems for identifying and managing risks of the entire group have been put in place, too, with MITSUBISHI MOTORS headquarters even able to check details of reports from subsidiaries and associates.

### Number of Reports/Consultations Fielded by Consultation Offices by Category (FY2020)

Item	Number
Corporate/business proposals	20
Workplace environment	17
Labor relations	12
Human relations/harassment	25
Compliance, violations of operational rules, fraud	26
Others	32

## Education and Training

Every fiscal year we formulate compliance-related education and training programs, and offer them to employees stratified by each job rank. Each division also draws up and conducts its own measures under the direction of the compliance officer.

Specifically, in order to improve the compliance awareness of all employees, when new graduates or mid-career recruits join the company, they receive training regarding the Company's compliance history and the lessons to be learned from it. This training is repeated when employees are given promotions,

helping reinforce employees' sense of compliance. Furthermore, similar training is also offered in some Japanese associates, fostering such sense for the group as a whole.

We also use e-learning and lectures by outside instructors in legal compliance training relating, for example, to environmental laws, the Labor Standards Act, and security trade control laws, to provide employees with the most current information related to their own work. In particular, we are currently putting effort into harassment prevention training. In FY2020, we promoted awareness by holding training, including training for all executives and tailored to each job rank.

On and around Safety Pledge Days,\* each individual division voluntarily holds events to reaffirm the day's significance. Workplace discussions are also held at the same time (two times a year) to talk about business ethics issues faced in the workplace and workplace culture.

In addition, we provide easy-to-understand compliance-related information by posting a Compliance Newsletter on our intranet every month.

\* To prevent past incidents, such as the regrettable recall cover-up, from being forgotten over time, in October 2004 we designated January 10 and October 19 as "Safety Pledge Days." These days were chosen because two fatal accidents involving large trucks manufactured by Mitsubishi Fuso, a former MITSUBISHI MOTORS division, occurred on these days.



## Anti-Corruption

### Policies and Approach

The “Global Code of Conduct” clearly stipulates that MITSUBISHI MOTORS executives and employees shall comply with laws and regulations and shall maintain fair and equitable relationships with public servants and business partners. Moreover, we have built and operate a system that is designed to prevent corruption.

### Management Structure

The Company implements e-learning programs for all employees to familiarize them with the Global Code of Conduct and allows them to review the code at any time by distributing pamphlets and posting it to a smartphone app (for managers and above). We also communicate the code across the group, distributing the pamphlets to subsidiaries and associates in Japan, and in electronic form to subsidiaries and associates overseas.

We have formulated the “MITSUBISHI MOTORS Global Anti-Bribery Policy” as a global guideline for the prevention of bribery and corrupt practices. This policy states clearly that we tolerate absolutely no bribery or corrupt practices. In our efforts to reinforce measures for preventing bribery and corrupt practices throughout the Group, we require affiliated companies in Japan and overseas to comply with the same policies. We also ask our suppliers, contractors, procurement partners, dealers and outside agents to comply with applicable laws and regulations related to bribery and with individual companies’ anti-bribery policies.

In particular, the Company has formulated control

regulations and operational standards on the provision and receipt of gifts or business entertainment for public servants, prohibiting the improper provision of such gifts or business entertainment to public servants or their receipt from public servants. When providing gifts or business entertainment to public servants, a preemptive application must be made to the general manager of the Legal Department, and must be provided only if approval is received.

The Company has management and operational standards for providing and receiving gifts or business entertainment, in addition to those to public servants. It expressly prohibits (1) providing gifts or business entertainment that is illegal or goes beyond generally accepted bounds, and (2) receiving illicit payoffs. In addition to this, we provide guidelines for the scope of exceptions to the above and make filing of an application compulsory to ensure transparency. If these standards are violated, the compliance officer of the relevant division formulates internal reports and implements preventative measures for the future.

Since many employees in sales sites directly handle money with customers, there is a heightened risk of improper conduct such as embezzlement. At our domestic sales subsidiaries we conduct regular education and training to instill thorough awareness of our compliance policies and prevent improper activity. Each company implements site audits regularly. As part of our internal auditing of affiliated companies in Japan, our Internal Audit Division also conducts operational audits of domestic sales subsidiaries. Audit results are reported to the Company’s President & CEO, and the results are also shared with our Domes-

tic Sales Division. We follow up the progress of action plans for improvement.

We work to thoroughly prevent corruption at overseas associates by assigning oversight to their executives and employees. Prior to their appointment, we provide training on legal risks, including the prohibition and prevention of corruption.

When conducting audits of overseas subsidiaries, our Internal Audit Division also verifies the progress of efforts to prevent bribery and other corrupt practices.

In FY2020, no fine or any other punishment was imposed on the Company by regulatory authorities for corrupt practices.

No employees have been disciplined for corrupt practices.

## Political Involvement (Political Contributions)

We respect the requirements set forth in the Global Code of Conduct to “comply with all laws and rules,” “be impartial and fair” and “be transparent and accountable,” and maintain appropriate relationship with politics.

Recognizing that reasonable expenditures are required to appropriately maintain a democratic government, the Company considers making political contributions to be one aspect of its social responsibility. When making such contributions, we do so in accordance with the Public Offices Election Act, the Political Funds Control Act, and other laws and regulations related to politics. We also ensure to follow our own internal rules for approval. In FY2020, we donated ¥15 million to the People’s Political Association.



## Information Security

mitsubishi motors recognizes its social responsibility to adequately protect its important information assets (information and the IT systems, equipment, media, facilities, and products that handle this information) in the course of its business activities in order to gain the trust of all its stakeholders. Our measures to ensure information security include putting in place and reviewing internal regulations, managing information assets, strengthening measures against computer viruses and cyberattacks, providing education to employees via e-learning and other measures, and monitoring information security activities by the Information Security Committee.

## Protection of Personal Information

Based on our Privacy Policy, we have built a management framework by establishing internal rules and taking other measures. We also conduct ongoing education, such as through the use of e-learning for employees. In addition, rules on personal information protection are being strengthened around the world. We coordinate with our bases in individual countries, putting in place systems to respond appropriately with their laws and regulations on the protection of personal information.

## Security Export Control

The Company sincerely believes in the importance of strict security trade controls to prevent the proliferation of weapons of mass destruction and the excessive accumulation of conventional weapons in order to maintain international peace and security.

To conduct strict export controls, we have established Security Export Control Regulations. We ensure the legality of our export transactions through our management system, with its The Security Export Control Committee, led by the Executive Officer, President & CEO, who serves as chief security trade control officer.

## Approach to Taxation

The Company recognizes that proper tax payment in all operating countries is one of key elements of corporate social responsibility for multinational companies.

MITSUBISHI MOTORS Group has established the following Global Tax Policy to promote tax compliance in business activities. In line with this policy, we have created a governance system and strive to maintain proper tax payments in compliance with international rules and national regulations.

## Global Tax Policy for MITSUBISHI MOTORS Group

### 1. Tax compliance

The MITSUBISHI MOTORS Group (hereinafter simply referred to as "MITSUBISHI MOTORS") pledges to pursue proper tax payments all over the world based on the "MITSUBISHI MOTORS Global Code of Conduct." This means MITSUBISHI MOTORS maintains appropriate and timely tax payments by understanding the intent and purpose of the BEPS\* Action Plan, which was developed and publicized by the OECD and G20 countries, as well as by complying with tax regulations in all countries and regions in which it conducts businesses, tax treaties, and other international tax regulations related to its business. In addition, MITSUBISHI MOTORS pledges not to use any tax havens or loopholes that are against the intentions and purposes of laws.

\*Base Erosion and Profit Shifting Action Plan

### 2. Corporate governance on tax matters

(1) MITSUBISHI MOTORS recognizes corporate governance on tax matters as an infrastructure to promote tax compliance and tax planning and, under the initiative of top management, pursues the optimization of governance systems to secure the accuracy and transparency of accounting and tax-related information.

(2) MITSUBISHI MOTORS makes disclosures to all relevant taxation authorities and stakeholders in a proper and timely manner, ensuring the submission of the country-by-country report (CBCR) required by the taxation authority under the transfer pricing regulation for multinational enterprises after receiving verification from external experts.