

Achieving a Sustainable Supply Chain



Progress in FY2022

Conducted supplier CSR evaluations by third-party organization (Purchase amount basis) [FY2021: 70%]

Cumulative **83%**

Conducted supplier process audits [FY2021: 47 cases]

80 cases/year

- Exchanged opinions and enhanced communications with suppliers at Suppliers Meetings
- Supported business partners to undergo third-party evaluations to reinforce supply chain CSR

<Related pages>

P15 MITSUBISHI MOTORS' Materiality

P21 Materiality

Basic Approach

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 alliance members are exchanging information on CSR in the supply chain, as well, and moving forward with these activities.

We and our overseas production plant bases conduct business directly with around 800 companies, including suppliers of raw materials and parts and business partners providing services, advertising and logistics. We recognize that the Company's business activities have a significant impact on these companies, as well as on an even greater number of Tier 2 and other suppliers.

Based on this understanding, 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.

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.

In response to one aspect of our CSR that become of particular importance in recent years, the environment, 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.

Please see page 91 for details on respect for human rights.

Target
3.9Targets
8.7
8.8Targets
12.4
12.5

Management Structure

Formulating Guidelines and Confirming Them through Agreements and Declarations of Conformity

To ensure compliance with its “Supplier CSR Guidelines” and “Green Procurement Guidelines,” MITSUBISHI MOTORS has 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 make our policy for the next fiscal year well-known. In FY2022, this meeting was held in March 2023 and attended by approximately 300 companies. We also participate in the “MITSUBISHI MOTORS Cooperation Council,” a voluntary organization of around 180 supplier companies that facilitates small-scale meetings between the management teams of suppliers and our own Company. (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.

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.

Ensuring Knowledge of the Guidelines within the Company

As part of managing the Supplier CSR Guidelines and the Green Procurement Guidelines, we work to ensure that the guidelines are known within us. 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.

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

Policies on Conflict Minerals

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.

Improving CSR in the Supply Chain through Third-Party Evaluations

To level up suppliers’ CSR, MITSUBISHI MOTORS uses the same third-party evaluations as its alliance partners, Renault and Nissan. Also in FY2022, many business partners had undergo third-party evaluations. We plan to continue expanding the number of business partners who undergo evaluations in FY2023,

Target
3.9Targets
8.7
8.8Targets
12.4
12.5

and MITSUBISHI MOTORS will focus on augmenting the evaluation scores of business partners who have already undergone evaluations.

Efforts to Become Carbon Neutral 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.

In FY2022, we held a Supplier Meeting in October to communicate our efforts in the procurement area. In

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

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 FY2023 and beyond, we will continue to collaborate with our business partners to promote activities aimed at reducing CO₂ emissions throughout the supply chain.

* 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, as well as to 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, and 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 companies 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.

Target
3.9Targets
8.7
8.8Targets
12.4
12.5

Working with Suppliers to Improve Quality

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

In FY2022, we conducted process audits for 62 suppliers at 80 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.

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

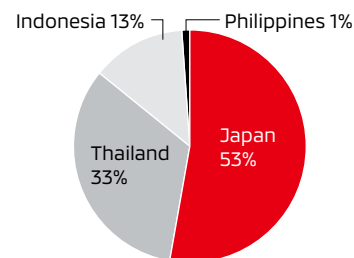
Promotion of Localization

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 (FY2022)



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, both the Company and its suppliers exchange information on the status of damage caused by disasters, the impact of specific parts and materials shortages, and our response to production plans so that we can take countermeasures.

Participating in Outside Initiatives

Curbing and combating climate change require 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.