

Actions on Procedural Irregularities in Certification Processes

Established fundamental measures to prevent recurrence of irregularities and reported to MLIT

Daihatsu Motor Co., Ltd. would like to again convey its sincerest apologies for betraying the trust of its stakeholders, including customers, and the great inconvenience it has caused by the procedural irregularities in certification processes.

We have established our fundamental measures to prevent the recurrence of irregularities in light of the results of an investigation by the Independent Third-Party Committee received on December 20 last year and the Rectification Order as of January 16 this year based on the subsequent on-site investigation by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT). **We have also submitted a recurrence prevention report today to the MLIT.**

In the report, we reported the establishment of **the Three Pledges to ensure that procedural irregularities will never occur again** as well as our determination to take measures to prevent recurrence in the development and legal certification processes and to steadily advance drastic measures to address the problems concerning management and organizational culture of Daihatsu that underlie the irregularities.

For the steady execution and continuation of individual recurrence prevention measures, the **Three Pledges Reform Promotion Division (tentative name) including external experts, such as lawyers, will strongly support the planning and execution of measures to prevent recurrence, and will audit the progress.** **We will report the implementation status of those measures to the MLIT on a quarterly basis** and publicly disclose the details of it.

Having committed a range of procedural irregularities in the type certification process to market mini vehicles, which are social infrastructure tailored to road conditions in Japan, despite being in a position deeply involved in such social infrastructure, is a circumstance that shakes the very foundations of our company as an automobile manufacturer, and we recognize the extreme gravity of this situation. We have no excuse for having been unable to fulfill our responsibilities to society and causing a great deal of inconvenience to many people as a result, and we sincerely apologize for that.

Taking seriously and reflecting deeply on this issue, we will return to our vision of “staying close to our customers and enriching their lives” again, and with support and cooperation from Toyota Motor Corporation, we will press forward with reforms to ensure that no irregularities will ever occur again.

[Excerpt from the Rectification Order as of January 16, 2024 (Measures to Be Taken by Daihatsu Motor Co., Ltd.)]

- (1) Reconstruction of the company-wide business operation system
 - ① Ensuring a thorough understanding of regulation- and certification-related tasks among executives, and clarifying responsibilities for the operation of related tasks
 - ② Eradicating the organizational culture that suppresses the voicing of opinions to superiors
 - ③ Restoring the functionality of vertical reporting lines and establishment of mechanisms to eliminate departmental sectionalism
- (2) Improvement of operation management methods throughout vehicle development
 - ① Reviewing the development schedule fundamentally, taking into account resources such as personnel and test vehicles
 - ② Ensuring rigorous operation management to avoid undue strain on certification work
 - ③ Preparing and creating internal regulations related to development- and certification-related tasks, and clarifying responsibilities
- (3) Establishment of an implementation system for regulation- and certification-related tasks that prevents procedural irregularities
 - ① Ensuring sufficient personnel and other resources for regulation- and certification-related tasks
 - ② Implementing educational systems for regulations and certification, compliance, and engineer ethics
 - ③ Establishing a system of checks within the approval application process and introducing in-depth audits on regulations and certification

[Annex] References 1 to 4

Report Submitted for MLIT “Report on Fundamental Measures to Prevent Recurrence”