

Basic Policy Regarding Corporate Governance

Based on its corporate philosophy (vision and mission), MMC considers compliance to be of topmost importance and accordingly aims to meet the expectations of shareholders, customers and all other stakeholders, while achieving sustainable growth and increases in corporate value over the medium to long term, by making the ongoing reinforcement and improvement of governance a management priority.

In addition, the Company has put together its basic framework for and views on corporate governance in the form of "Corporate Government Guidelines" and publishes these guidelines on the Company's website.

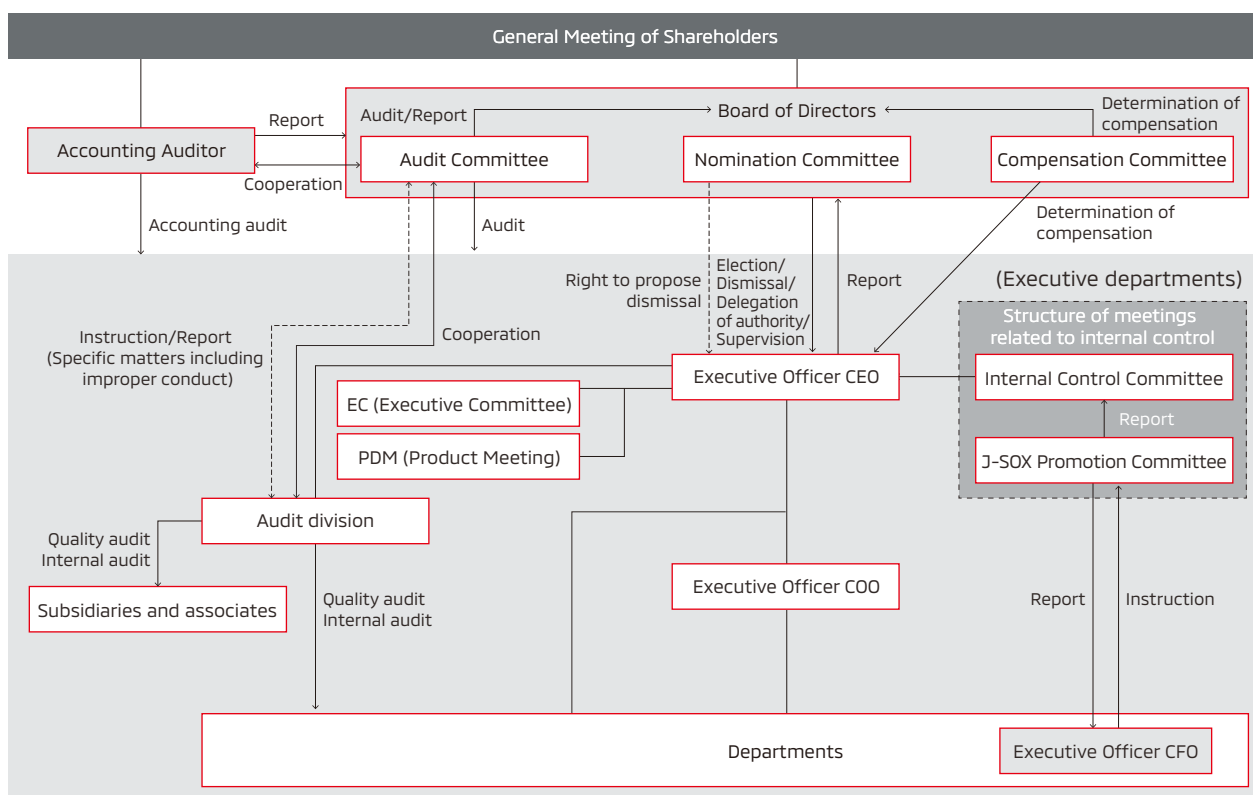
Overview of corporate governance system

As of June 21, 2019, MMC has transitioned to a company with three committees, as part of its efforts to enhance its corporate governance in order to achieve swift execution of business in quick response to environmental changes by clearly separating supervisory and execution function and ensuring the soundness and transparency of management through further strengthening of supervision and implementation of more thorough risk management.

The Board of Directors is responsible for making decisions concerning important management issues and overseeing business execution. As of June 25,

2020, it is comprised of 15 Members of the Board, including 12 Outside Directors with considerable experience, deep insight and so forth, and MMC has submitted notifications, specifying six of Outside Directors as Independent Directors to Tokyo Stock Exchange, Inc. MMC has established the following three legally required committees, the majority of which are Outside Directors, in the Board of Directors to develop the system that ensures the supervision of the Directors and Executive Officer by the Board of Directors and effective functioning of corporate governance. The Nomination Committee makes decisions on proposals for electing and dismissing Members of the Board, and engages in deliberations regarding matters such as standards for appointing and removing the Members of the Board, Executive Officers and Corporate Officers, appointing and removing the Executive Officer, CEO, and the succession planning for the Executive Officer, CEO. The Compensation Committee deliberates and makes decisions regarding policy with respect to determining compensation, etc. of Members of the Board and Executive Officers, and regarding details of compensation, etc. per individual. The Audit Committee audits execution of duties performed by the Members of the Board and Executive Officers and prepares audit report thereof, and implements internal investigation into matters for which the Board of the Direc-

Corporate Governance Framework (As of June 25, 2020)



tors determined that it unreasonable for business executives to implement investigation.

Executive Officers make decisions on and conduct business execution and serve as Executive Committee members, who deliberate on important management matters. The Executive Officer, CEO, who is delegated to execute the overall business operation by the resolution at the Board of Director's meeting, shall be the responsible person for the business execution departments. MMC has 13 Executive Officers (including the Executive Officer, CEO) as of June 25, 2020.

Corporate Officers supervise functions or business of MMC and conduct business execution in a certain range, based on delegation of authority by the Board of Directors or the Executive Officer, CEO. MMC has 11 Corporate Officers as of June 25, 2020.

For the outline of decision-making process for business execution and various committees, MMC has specified the Executive Officer, CEO as the major party delegated with authority of business execution by the Board of Directors, and has positioned the Executive Officer, COO as the responsible person of MMC's comprehensive business operation in addition to the Executive Officer, CEO, the responsible person for the business execution departments. MMC has delegated the decision authority of Executive Officer, CEO to other Executive Officers and Corporate Officers based on the "Delegation of Authority rules." These initiatives can contribute to enhance the speed of business execution and the highly transparent decision-making process.

Internal Control Systems

Development of Internal Control Systems

MMC has set up a vision and missions as basic concepts so that the employees of the MMC Group look toward the future, share the same ideas and act as a unit. In addition, MMC has established MMC WAY, which represents the frame of mind and behavior that each one of employees must practice for missions to realize the vision, and moreover the Global Code of Conduct serving as the foundation for these provisions and the norms to be followed by all officers and employees.

Additionally, to develop a system to ensure appropriate business activities, MMC has resolved to adopt the Basic Policy on the Establishment of Internal Control Systems at the Board of Directors.

Risk Management

Development of Risk Management Framework

MMC has put in place and works to improve its risk management system for the entire Group through three types of risk management activities: priority risk management, departmental risk management and subsidiaries and associates risk management.

For priority risk management, MMC selects risks that the entire MMC Group faces directly, that have significant potential impact and a high degree of urgency. For each risk, MMC assigns "risk owners" and works as quickly as possible to reduce these risks.

In departmental risk management, MMC has appointed employees in charge of risk management to each division or plant. These employees work to reduce risks through repeated application of the PDCA cycle, which involves identifying and evaluating each risk, devising and implementing countermeasures, and monitoring.

Subsidiaries and associates risk management includes initiatives for addressing various types of risks encountered by MMC's subsidiaries and associates. MMC periodically confirms the status of activities such as improvement of business continuity plans (BCPs), and proposes and directs improvements, as necessary.

These risk management initiatives are regularly reported to the Board of Directors as key internal control measures and their effectiveness is confirmed.

In addition, in order to prepare for unforeseen contingencies MMC operates emergency contact systems that enable the rapid communication of information to the senior management, as well as a swift and accurate response. In particular, in order to create a crisis management system to guide MMC's response when serious incidents occur, MMC has formulated an emergency response manual. This manual outlines the establishment of an emergency response organization and clarifies the chain of command, enabling MMC to put appropriate response systems into place. MMC's basic policy in times of disaster, such as earthquake or other large-scale natural disaster or an outbreak of infectious disease, is to ensure the safety of customers and employees and their families, and to assist local communities. MMC prepares disaster countermeasures and business continuity plans (BCPs) to this end. MMC conducts drills in communicating among individual plants and Group companies on the basis of a presumed emergency. As preparations against the possibility that employees will be unable to return to their homes and will stay at the headquarters for a three-day period, MMC works with local municipal authorities in order to ensure means through which they can communicate with their families and keep emergency supplies. MMC has formulated plans of operation that assume a large-scale earthquake or major outbreak of infectious disease. MMC works to improve these BCPs through drills in liaison with individual regions. Owing to the recent COVID-19 outbreak, in the fiscal year ending March 31, 2021 we have established the BCM Committee, which promotes BCM activities on a routine basis.

Compliance

Basic Approach and Policy

In their corporate activities, companies come into contact with a host of laws and public systems involving the environment, labor and consumer protection that they must comply with.

Mitsubishi Motors recognizes that failure to comply appropriately with these laws and systems could hinder its business sustainability and have a major impact on society and the global environment.

To fulfill its corporate social responsibility, the Company must respect laws and regulations, international rules and Company rules and pay utmost respect to changing social norms. For these reasons, we have formulated the new Global Code of Conduct, which outlines the rules that all corporate officers and employees must respect. We are also focusing on enhancing the compliance system including key affiliated companies in Japan and overseas, and employee education.

Management System

Taking a global perspective on internal control, we have in place systems to prevent compliance infractions, including information security incidents. Compliance officers under the supervision of the Global Risk Control Officer are appointed at each division, and the general manager of each department serves as the

code leader. We also have a framework in place by which compliance officers are appointed at principal affiliated companies in Japan and overseas. In addition, in the year ended March 31, 2019 we set up and began operating a global contact point for reporting internal problems as part of our efforts to prevent compliance infractions.

We also have a procedure by which any serious compliance concerns are ultimately reported to the Board of Directors through the code leaders and compliance officers. Compliance officers instruct responsible departments, as appropriate, on handling issues, taking corrective action and undertaking measures to prevent recurrence.

In addition, we are checking our compliance system and account closing procedures in response to internal controls related to financial reporting. If control deficiencies are discovered at companies targeted for assessment, those companies are called on to report on the details of improvement measures. In the year ended March 31, 2020, we confirmed the status of 22 MMC Group companies (MMC, nine subsidiaries and affiliates in Japan and 12 subsidiaries and affiliates overseas).

■ Establishment of Internal and External Consultation Offices (Helplines)

Mitsubishi Motors has established a contact point for reporting internal problems that employees of MMC and Group companies in Japan can use for notification and consultation to prevent and promptly detect fraud or other improper conduct as well for use in self-correction. In addition, we have set up the Mitsubishi Motors Global Whistleblowing Office, which is available for use by employees in Japan and overseas and works with outside attorneys. In the year ended March 31, 2020, the office fielded 198 notifications and consultations.

■ Education and Training

Every fiscal year we formulate compliance-related education and training programs and provide them for each job rank. Each division also draws up and conducts its own measures under the direction of the compliance officer.

■ Anti-Corruption

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.

■ Information Security

Mitsubishi Motors is putting in place and reviewing internal regulations, managing information assets,

strengthening measures to combat 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, we are strengthening our rules on personal information protection. As part of our endeavor to protect personal information, we ensure that our bases comply with personal information protection laws in countries around the world.

■ Security Export Controls

From the perspective of maintaining international peace and security, the Company manages exports stringently to ensure non-proliferation of weapons of mass destruction and prevent the excessive accumulation of conventional weapons. We have formulated Security Export Control Regulations and set up the Security Export Control Committee under the CEO having ultimate authority and responsibility for overall security export control. With this control framework we work to ensure the legality of our export transactions.

Messages from the Independent Outside Directors



Main Kohda
Member of the Board
(Outside Director)
Member of the Nomination
Committee (Chairperson)
Member of the
Compensation Committee

The environment surrounding the global automotive industry grows more stringent each year. Regulations to protect the natural environment continue to grow stricter, and the industry needs to respond to ever-older drivers. Due to factors such as these, the role demanded of automobiles has changed significantly. Younger consumers are said to be growing less interested in automobiles. At the same time, in the period during and after the COVID-19 pandemic people are reassessing the need to own a vehicle.

Since being appointed outside director in 2018, I have continued to voice my opinions positively for all stakeholders, including institutional and individual

investors, as well as for broader society. My comments are based on my long experience in the international financial sector, as a council member of the Ministry of Finance and the Ministry of Land, Infrastructure, Transport and Tourism, as well as my ongoing status as a writer following social issues.

In past years, the Company has caused significant inconvenience and concern to its shareholders and society. Following deep reflection, the Company has engaged in vigorous reality-based deliberations and promoted resolute remedial measures in such areas as reinforcing governance, ensuring transparency of the nomination process and maintaining accountability in the Nomination Committee.

While inspecting overseas bases, during market tours and by exchanging opinions with people on the front lines, it became clear to me how robust and well-received Mitsubishi Motors is in ASEAN countries.

I will continue working to help Mitsubishi Motors enhance its corporate value on several fronts: continuing to leverage the Company's strengths (based on its technological expertise and experience as the first company in the world to mass-produce electric vehicles), allocating management resources efficiently and cultivating the next generation of managers.



Yaeko Takeoka
Member of the Board
(Outside Director)
Member of the Audit
Committee (Chairperson)

The Audit Committee works with the Internal Audit Division and the accounting auditors to monitor governance and the management base that supports it. In this way, we fulfill our duty of helping to ensure sound management and enhance management quality.

The automotive industry is nearing a turning point. As we near this crux, the industry is being called on to enact strategies and behave swiftly in response to the changing environment. Under these circumstances, audits from a risk control perspective are taking on a growing importance.

The Audit Committee conducts audits via the Internal Audit Division. Members also participate in site visits, attend important meetings, and conduct

audits via interviews with the CEO and the heads of divisions (executive officers). Interviews with executive officers focus in particular on identifying their understanding of the issues and risks their respective divisions face and how they are fostering a "bad-news-first" approach. We work to ensure the Company is an organization that can identify issues in response to rapidly changing conditions, independently determine and address risks, and ascertain issues in a timely manner through reports. In these ways, we are constantly demanding through audits that the Company enhance management quality. This is of particular importance for Mitsubishi Motors, which has experienced improper conduct in the past.

Another important responsibility I have as an independent outside director and member of the Audit Committee is to monitor the process of formulating important management policies. As CEO, Mr. Kato took the lead in formulating the new mid-term business plan, which calls for radical reforms through selection and concentration. This process included dialogue with the managers of the development division and extensive high-level deliberation to ensure a strong level of commitment companywide. Going forward, I also plan to closely monitor the execution process.