

## Corporate Governance

### Basic Views Regarding Corporate Governance

Based on its corporate philosophy (vision and mission), MITSUBISHI MOTORS 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

We are a company with a Nomination Committee, etc. 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.

### Board of Directors and Members of the Board

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

MMC has established the following basic policy regarding the policy for nominating candidates for Directors and the composition and size of the overall Board of Directors.

As it is important that the appropriate number of Directors, internal or outside, with diversity in terms of knowledge, experience, expertise and background, engage in vigorous discussions from a variety of perspectives in order for the Board to objectively and multi-dimensionally deliberate on management policies and execution of specific matters, and to appropriately supervise the execution status of operation by Executive Officers, candidates for Directors shall be nominated to realize this.

In accordance with the above policy, the independence and diversity of the Board shall be ensured.

In order to strengthen the supervisory function of the Board, the majority of Board members shall be Outside Directors. Furthermore, in order to fulfill their duties from an independent and objective standpoint, at least one-third of the Directors shall be Independent Directors, and consideration shall be given to their total term of office. In addition, the majority of the Nomination, Compensation, and Audit Committees, respectively, shall be Outside Directors, and in principle, the chairperson of each committee shall be an Outside Director.

Outside Directors shall be nominated based on their diverse knowledge, experience, and expertise, which cannot be obtained from Internal Directors alone, for example, specialists in law, accounting, finance, etc., persons with management experience at global companies above a certain size, and persons with a wealth of knowledge of world affairs or social and economic trends, etc. Importance shall be placed on their eagerness to devote the necessary time and efforts to understand the business of the Company as a group, and discuss the direction the Company as a group should take, and to express their opinions to the manage-

ment without hesitation. In addition, the diversity of backgrounds such as gender, age, and internationality shall be also taken into account, as it shall be recognized that multiple perspectives contribute to business promotion and appropriate supervision and auditing.

As for Internal Directors, Executive Officer, President & CEO, and a person who can appropriately serve as a member of the Audit Committee based on his or her execution experience of operation at the Company shall be nominated.

It shall be ensured that the Board is composed of the number of people who can openly and constructively discuss and exchange opinions.

As of June 23, 2023, the Board comprised 13 Members (2 female Members), and eleven of the thirteen Directors are Outside Directors with extensive experience and high levels of insight, and five of the Outside Directors are Independent Outside Directors.

### Committees

The Board of Directors has the following three statutory committees, which supervise Directors and Executive Officers together with the Board of Directors. Each committee is composed of a majority of Outside Directors, and the Chairpersons of each committee are Outside Directors. Through this, a system is in place in which corporate governance functions in a fair and transparent manner.

The Nomination Committee makes decisions on proposals for the appointment and dismissal of Members of the Board to be proposed to the General Meeting of Shareholders, approves proposals for the appointment and dismissal of Executive Officers proposed by Representative Executive Officer, President & CEO to the Board of Directors, and discusses succession planning for MMC's President.

The Compensation Committee deliberates and makes decisions regarding policy with respect to de-

termining compensation, etc. of Members of the Board and Executive Officers, and regarding details of compensation, etc. per individual.

The Audit Committee audits the execution of duties of the Members of the Board and Executive Officers, supervises the status of implementation and operation of internal control systems, and prepares audit reports; furthermore, it implements internal investigations into matters for which the Board of Directors determined that it is unreasonable for the person who executes the business to conduct an investigation.

### Executive Officers

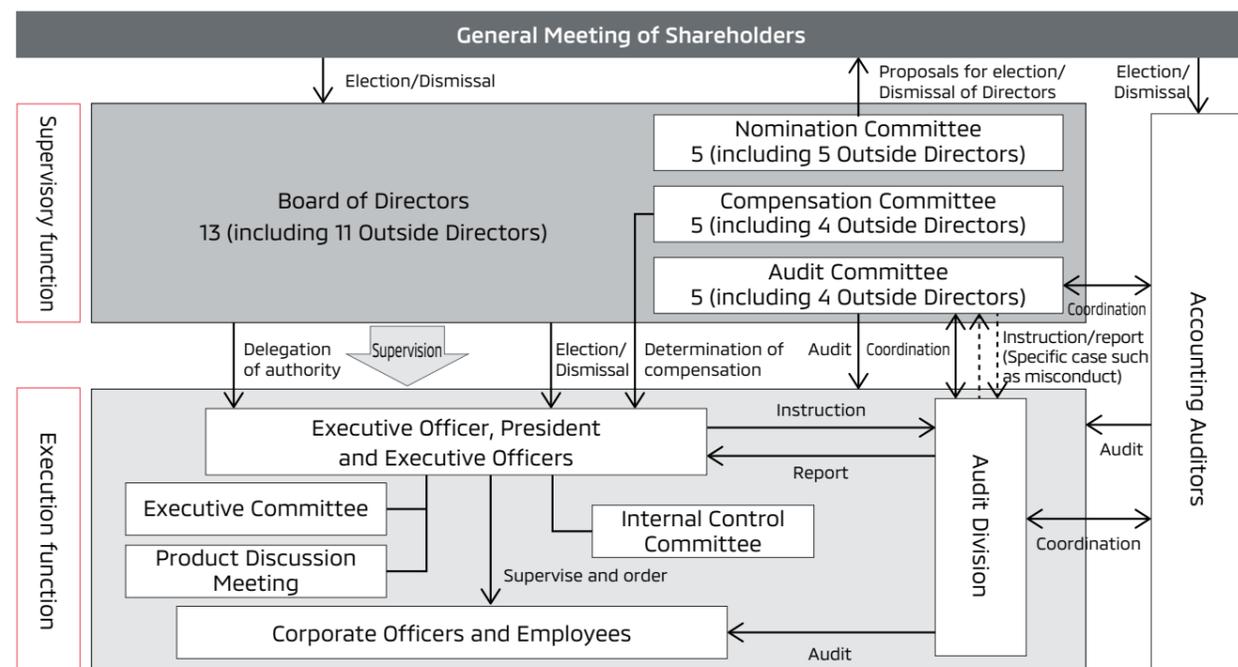
Executive Officers make decisions on business execution delegated to them by the Board of Directors and are responsible for carrying out their execution. The President is selected as head of the executive department by resolution of the Board of Directors. MMC has 11 Executive Officers (including the President) as of June 23, 2023.

### Decision-Making Process in the Execution of the Business of the Company and Related Committees

When executing business, the Executive Officer, Executive Vice President is positioned as the responsible person with authority and responsibility for business execution within the scope of duties, in addition to the President who is the head of the executive department. In addition, delegation of decision-making authority is systematized based on the Delegation of Authority (DOA) Rules, in which items subject to delegation and their scope are defined, and decision-making procedures for major matters are formulated to speed up business execution and improve the transparency of the decision-making process.

Important management matters are decided after deliberation at the "Executive Committee (EC)," which

Corporate Governance Structures (June 23, 2023)



### Knowledge, Experience and Specialization of the Board of Directors as a Whole (Skill Matrix)

Name	Classification	Person with Management experience at a listed company	Person with expertise in the automotive field	Person with specialization in law, accounting or finance	Expert in world affairs, social and economic trends, etc.
Tomofumi Hiraku	Outside/independent				●
Takao Kato			●		
Hitoshi Inada				●	
Shunichi Miyanaga	Outside	●			
Main Kohda	Outside/independent				●
Kenichiro Sasae	Outside/independent				●
Hideyuki Sakamoto	Outside		●		
Yoshihiko Nakamura	Outside/independent			●	
Joji Tagawa	Outside		●		
Takahiko Ikushima	Outside			●	
Takehiko Kakiuchi	Outside	●			
Kanetsugu Mike	Outside	●			
Junko Ogushi	Outside/independent			●	

Note: The table above does not represent all the knowledge and experience possessed by each director.

is composed of all Executive Officers and chaired by the President.

Furthermore, important matters related to product projects are decided after deliberation at the "Product Meeting (PDM)."

Moreover, matters related to internal control are decided after deliberation at the "Internal Control Committee." For each of these, the President serves as Chairperson and relevant Executive Officers are members.

### Conflicts of Interest

Transactions between the Company and Directors or Executive Officers that particularly compete with the Company's business operations or conflict with the Company's interests require prior resolution from, and after-the-fact reporting to, the Board in accordance with the rules of the Board (hereinafter referred to as the "Rules of the Board"). In addition, the Rules of the Board stipulate that Directors with a special interest in a resolution of the Board shall not participate in such resolution.

Furthermore, the Company conducts transactions with related parties, such as its Officers or major shareholders, based on the validation of multiple related departments and approval of the person in charge, pursuant to the delegation of authority rules (hereinafter referred to as the "DOA"), after the Company has sufficiently considered the economic rationality to confirm there is no harm to the Company's interests, which is the same process the Company goes through with non-related parties.

### Analysis and Evaluation of the Effectiveness of the Board

To improve the effectiveness of corporate governance, the Company annually evaluates the effectiveness of its Board through a questionnaire survey of all Directors.

Interviews were also conducted in fiscal 2022, in addition to the questionnaire. In doing so, we obtained the

support of an external organization to ensure objectivity and transparency in the evaluation process, as well as in-depth consideration of the latest trends in governance.

As a result, it was confirmed that the Board has improved on the structure, framework, and operations compared to the previous fiscal year and is sufficiently effective in total in its work. We recognized that while the foundation of governance, focusing on the composition, structure, and operation of the Board of Directors, has been largely established, the remains an issue with efforts and initiatives towards having more and even richer "discussion about broader and longer-term strategies of the Company." Toward the further effectiveness of the above, the following points were identified as key aspects.

- Development of a common understanding about environmental changes and management issues that the Company faces
- Formulation of a more robust outlook of the future of the relevant industry's structure surrounding automotive and mobility matters and the further deepening of insights about the Company's core competencies
- The importance of a greater variety of opportunities for interactive and multilateral communications and discussions between the Board and the executive teams for the purpose of helping adaptations to forthcoming changes in the world

The Company will endeavor continuously for more heightened effectiveness of the Board and enhanced corporate governance by incorporating the results of this evaluation into the agendas of Board meetings in FY2023 and other relevant efforts.

### Executive Compensation

Pursuant to the Companies Act, the Compensation Committee establishes the policy for determining the content of individual compensation, etc. for Members of the Board and Executive Officers.

<Basic approach>

1. The compensation system shall contribute to MMC group's sustainable growth and medium- to long-term improvement of corporate value.
2. The compensation system shall be linked with corporate results in order to motivate Executive Officers to accomplish management strategies and management plans as well as to achieve targeted corporate results in an appropriate manner.
3. The compensation levels shall contribute to securing professionals who measure up to ideal standards for management personnel that MMC expects for those responsible for corporate operation to have.
4. The compensation system shall increase a shared awareness of profits with shareholders and awareness of shareholder-focused management.
5. The decision-making process relating to compensation shall be highly transparent and objective.

Based on these policies, the Compensation Committee determines the method calculating remuneration and individual remuneration amounts of the directors and executive officers.

Remuneration for Directors who do not concurrently serve as Executive Officers shall be basic compensation, which is a fixed amount, considering that their role is to supervise the overall execution of business from a standpoint independent from the execution of business. In addition, the chairpersons and members of the Nomination Committee, Compensation Committee, and Audit Committee receive only a fixed amount of remuneration that is added in accordance with their duties.

The compensation of Executive Officers (including Executive Officers who serve concurrently as Members of the Board) consisting of Base Compensation, Short-term Performance-linked Compensation and Additional Individual Compensation, as well as Long-term Performance-linked Compensation and Deferred Retirement Compensation as share-based compensation (BIP Trust; see the page50). The goal of this is to strive for sustained improvement of corporate value, while sharing value with shareholders, and to secure skilled professionals including those from outside the company and overseas.

Based on the recognition that addressing sustainability is a high priority management issue for the Group, from FY2022 we have added the following ESG-related items as indicators for determining medium-to-long-term performance-linked compensation.

- Environmental indicator:  
We have introduced "CO<sub>2</sub> emissions from business activities" as an indicator for measuring progress in addressing climate change and other increasingly environmental issues.
- Social indicator:  
We have introduced "employee engagement" as an indicator to gauge employees' job satisfaction and pride in working for the Company.

Note: For details of executive compensation, please see the section of our annual securities report entitled "Executive Compensation."

## Internal Control Systems

### Basic Approach, Policies and Organization

Based on the "Basic Policy on the Establishment of Internal Control Systems" resolved at the Board of Directors, MITSUBISHI MOTORS monitors the status of operations and strives to improve and reinforce internal control systems.

In fiscal 2017 the Company appointed a Global Risk Control Officer to manage compliance and operational hazard risks and report regularly to the Board of Directors on governance improvement measures. (In FY2023, the name of the post was changed to the Executive Officer for Internal Control/Corporate Affairs.) Furthermore, in order to reinforce, and improve the efficiency of, its handling of internal controls based on laws and regulations, it revised its internal control system. In the revised system, the J-SOX Promotion Committee, under the direct control of the Executive Officer, Executive Vice President (CFO), handles internal control related to financial reporting in accordance with the Financial Instruments and Exchange Act. The Internal Control Committee, chaired by the Executive Officer, President & CEO and vice-chaired by the Executive Officer in charge of Global Risk Control, promotes internal control related to the Companies Act. This Internal Control Committee confirms and evaluates the contents reported and /or resolved at subcommittees in each internal control field, such as compliance, information security, business continuity management, and J-SOX, in accordance with the "Basic Policy on the Establishment of Internal Control Systems."

From FY2022, we expanded the scope of risks covered to address the new risks that have emerged in recent years and are intricately intertwined with multiple risk factors (strategy, finance, operational and hazard risks) for a single event. In addition, we have established the Internal Control Promotion Office under the supervision of the Executive Officer for Internal Control/Corporate Affairs to identify and prevent potential risks, respond to emergencies when risks materialize, and make the Company's major risks visible.

We have been working to establish a global internal control structure by gradually establishing and operating internal control committees from FY2018 at main affiliates in Japan and overseas. In addition, we have established a system in which a designated department is responsible for the overall management of each affiliated company, and related internal departments support the responsible department according to their roles, providing various support, checks and balances, and supervision to strengthen the affiliate and promote its development. Furthermore, internal rules have been established to ensure that important information at subsidiaries is reported to the Company in a timely and appropriate manner, and subsidiaries operate in accordance with these rules. To ensure the

### Total compensation paid to corporate officers, compensation total by type, and number of payees

Classification	Total compensation (Millions of yen)	Total compensation by type (Millions of yen)							Number of payees (persons)
		Monetary compensation			Share-based compensation			Monetary compensation	
		Base Compensation	Short-term Performance-linked Compensation	Additional Individual Compensation	Long-term Performance-linked Compensation	Deferred Retirement Compensation	Stock Options Granted Linked to Performance in Previous Fiscal Years	Others	
Members of the Board (Excluding Outside Directors)	33	33	—	—	—	—	—	—	2
Executive Officers	834	511	185	35	23	23	2	53	12
Outside Directors and Outside Audit & Supervisory Board Members	206	206	—	—	—	—	—	—	13

Notes: The number shown in the above table for Outside Directors and Outside Audit & Supervisory Board Members indicates the number of persons who, of the total of 13 persons served as Outside Directors or Outside Audit & Supervisory Board Members during FY2022, received compensation as Members of the Board. In addition, the number includes two Outside Directors who resigned during FY2022. For Members of the Board who serve concurrently as Executive Officers, MMC pays compensation for their service as Executive Officers and does not pay compensation for their service as Members of the Board.

appropriateness of financial reporting, a specialized organization has been set up under the J-SOX Promotion Committee described above. This organization follows up on and gathers information about systems in place at the Company and its affiliates, the scope of evaluation, the evaluation status of companies subject to evaluation, the improvement status and other matters.

We have also positioned the Internal Audit Division as independent of business execution. The Internal Audit Division coordinates with other committees, including the Internal Control Committee, with the aim of achieving effective and efficient internal control system operation.

Going forward, we will continue with initiatives to further reinforce governance by working to ensure compliance with laws and regulations and to promote proper, effective business execution in line with changes in the domestic and overseas environments.

## 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.

### Management Structure

At MITSUBISHI MOTORS, to prevent compliance infractions and information security incidents, under the direction of the Executive Officer for Internal Control/Corporate Affairs each division appoints a compliance officer, and department heads serve as code leaders.

#### ■ 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, the "MMC Hotline," staffed by outside attorneys, as well as the MITSUBISHI MOTORS Global Hotline, accessible to employees both in Japan and overseas. In FY2022, these offices fielded 94 reports or consultations.

#### ■ 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.

#### ■ 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.

#### ■ Political Involvement (Political Contributions)

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.

#### ■ Information Security

Our measures to ensure information security include putting in place and reviewing internal regulations related to information security, managing information assets and strengthening measures against computer viruses and cyberattacks, providing education and fostering employee awareness via e-learning, the internal intranet 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 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 Controls

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.

Compliance officers work closely with the code leaders to prevent compliance violations within their departments. When a compliance violation occurs, corrective actions are taken, prevention of recurrence and effectiveness are confirmed, and horizontal deployment is implemented and reported to the Executive Officer for Internal Control.

Major subsidiaries and associates in Japan and overseas also appoint compliance officers. To help prevent compliance infractions, in FY2018 we established and started operating MITSUBISHI MOTORS Global Hotline.

The Board of Directors is provided with regular reports on these compliance structures, efforts related 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.

In the event of a major incident, an emergency response organization is set up in accordance with the emergency response manual, and a system is in place to ensure that an appropriate response is taken.

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 FY2022, we checked the status of 19 Group companies (MITSUBISHI MOTORS, 6 domestic associates, and 12 overseas associates).

In FY2022, we experienced no serious compliance infractions that might damage our credibility with customers, investors, or other parties.

## Risk Management

### Basic Approach and Policies

MITSUBISHI MOTORS has defined a policy for the management of business risks in the form of the "Basic Policy on the Establishment of Internal Control Systems," and promotes risk management activities throughout the entire MITSUBISHI MOTORS Group. We consider it one of our most critical management issues to appropriately assess risks to the MITSUBISHI MOTORS Group's business, prevent risks from occurring, and engage in appropriate management to minimize the impact of risks if they do occur.

### Development of Risk Management Framework

We have 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, divisional risk management and affiliated company risk management.

For priority risk management, we select risks that the entire MITSUBISHI MOTORS Group faces directly, that have a high potential impact and a high degree of urgency. For each risk, we assign "risk owners," and work as quickly as possible to reduce these risks.

In divisional risk management, we have appointed risk management officers to each division or plant. These officers work to reduce risks through repeated

application of the PDCA cycle involving identifying and evaluating each risk, devising and implementing countermeasures, and monitoring.

Affiliated company risk management involves regular confirmation by MITSUBISHI MOTORS of the status of initiatives addressing various risks faced by subsidiaries and associates and activities such as business continuity planning improvements. Improvement suggestions and guidance are provided as required.

As a new strengthening measure, the Internal Control Promotion Office was established in FY2022. As geopolitical risks, risks related to economic security, risks related to business and human rights, etc. that are intricately intertwined with strategy, finance, operational and hazard risks, have surfaced in recent years, the Company has established a system to manage risks with expanded scope.

These risk management initiatives are regularly reported to the Board as major internal control activities and their effectiveness is confirmed.

In addition, to prepare for unforeseen contingencies we have developed urgent information communication system that enable the rapid communication of information to directors and other key personnel, as well as a swift and accurate response. In particular, to create a crisis management system to respond when serious incidents occur, we have formulated an emergency response manual, which we revise as appropriate. This manual outlines the establishment of an emergency response organization and clarifies the chain of command, enabling us to put appropriate response systems into place.

The MITSUBISHI MOTORS basic policy in times of disaster such as earthquake or other natural disaster or an outbreak of infectious disease to ensure the safety of customers, as well as employees and their families, and assist local communities. We are preparing disaster countermeasures and business continuity management to this end. In FY2020, we established the BCM Committee as a permanent meeting body. In 2022, we consolidated our existing internal initiatives to strengthen BCM activities during normal times and take measures across the company.

We conduct company-wide BCP drills, in which a company-wide BCP headquarters is set up, employees' safety and damage situations are reported from each plant, and instructions are given by the company-wide BCP headquarters, under the assumption that an emergency has occurred.

As preparations against the possibility that employees will be unable to return to their homes for a three-day period (in accordance with the Metropolitan Tokyo Ordinance on Measures for Stranded Individuals), we have ensured means through which they can communicate with their families, cached emergency supplies and are conducting initiatives by communicating with local municipal authorities.

We have formulated plans of operation that assume a large-scale earthquake or major outbreak of infectious disease. We work to improve these BCPs through regular drills and communication among individual regions.

**Business-related risks**

Important risks that may significantly affect the business results, financial position, cash flow position, etc. of the MMC group include those listed below. The following matters, however, are not an exhaustive list of all risks, and the MMC group is also potentially exposed to risk other than those listed below. Any

of the risks listed below might impact the business results, etc. of the MMC group. Moreover, please note that the following matters concerning the future may differ from actual results in the future since the matters concerning the future were assessed by the MMC group as of the filing date of the securities report and contains uncertainties.

<b>Risks related to the market and business (operational risks)</b>	
<b>Impacts of parts and raw material procurement</b>	Risk that, if supplies from suppliers are stopped, or if it is not possible to procure in a timely way and at competitive prices due to such unexpected reasons as rapid changes in the supply and demand of raw materials, parts, etc., changes in the political situation of the country of procurement, tightening of import/export regulations related to economic security, and occurrence of natural disasters, production of our products will be delayed or stopped, and costs may increase Risk that, if human rights violations at a supplier occur and/or are discovered, they will damage the Group reputation
<b>Impact of product quality and safety</b>	Risk that if recalls, improvement measures, etc. due to product defects or failures become large scale, or if there is a large-scale liability claim from customers due to product defects or failures, the Group may be affected by the incurring of substantial costs, evaluation of the Company's products, damage to its brand image, decline in sales, etc.
<b>Impact of laws and regulations, etc.</b>	Given the various laws and regulations apply in the countries where the business operates, risk that violations of laws and regulations, or inadequate response in terms of content, effectiveness, and speed, may result in being subject to administrative investigations by regulatory authorities, penalties, or becoming involved in related lawsuits, thereby adversely affecting the compliance and reputation of the Mitsubishi Motors Group
<b>Impacts of lawsuits and other legal procedures</b>	As we may become involved as parties in various lawsuits and other legal proceedings with users, business partners, third parties and others in the course of our business activities, risk that unfavorable judgments could be made against us in these ongoing legal proceedings or any future legal proceedings. Although we have insurance coverage for product liability claims that is believed to be able to cover damages in the event of a loss in the product liability lawsuit, risk of unexpected verdicts with unforeseen outcomes
<b>Impact of infringement of intellectual property rights</b>	Risk of incurring legal costs due to unlawful infringement of the Mitsubishi Motors Group's intellectual property rights Risk of the Mitsubishi Motors Group suspending the manufacture and sale of its products, unforeseen license fee payments, compensation payments, evaluation and reduced demand for its products, arising from unexpected allegations of intellectual property infringement by third parties
<b>Impact of IT and information security</b>	Risk that, due to hacking and cyberattacks on our infrastructure, products, and services, inadequate management or human error within the Group or at contractors, or occurrence of natural disasters there may be leakage of confidential, personal, and other information including information concerning our technologies, suspension of our important operations and services, improper paperwork or destruction/falsification of important data resulting in an impairment of the Group's brand image and social credibility causing sales to decline, legal claims, lawsuits or liability for damages, obligation to pay penalties or fines, or operational problems such as production suspension

<b>Risks related to business strategy and the maintenance of competitiveness (strategic risks)</b>	
<b>Impact on the sales strategy and response to competitor trends</b>	By promoting the medium-term business plan "Challenge 2025," which poses "regional strategy to establish a stable revenue base," "promotion of efforts to achieve carbon neutrality" and "digital transformation and initiatives towards new business" as its main challenges, and providing customers with products and services bearing the distinct hallmarks of Mitsubishi Motors, the Group aims to maintain and expand sales volume and market share and improve profitability. Despite these efforts, we face the risk that such a strategy does not progress as planned and we are unable to implement measures that surpass our competitors.
<b>Impact of product and technology development</b>	Risk that we cannot sufficiently capture the values and needs of customers even with our research and development based on detailed study and/or cannot provide customers with new technologies and products in a timely manner because of internal and external factors, causing sales market share, sales and profitability to decline
<b>Impacts of alliances with other companies</b>	Risks associated with business operations through alliances and joint ventures with other companies, including changes in the partner's business strategy, disagreements in alliance policy between parties, modifications or dissolution of the alliance or joint venture relationship due to changes in the investment ratio, deterioration in the financial condition of the alliance or joint venture partner, and the risk of not achieving expected results
<b>Impact of the personnel and labor strategy</b>	Risk that the Group's competitiveness may decline if recruitment and retention do not proceed as planned due to hiring difficulties and increased liquidity in the labor market Risk of a loss of trust and confidence among our customers due to any Group company and related party acting in a way that creates a human rights problem, or of damage to our brand image due to a deterioration of our social trust that impacts our business foundations
<b>Influence of climate change</b>	Risk that cost of sales rises to address the further strengthening of fuel economy/CO <sub>2</sub> emissions regulations and other regulations due to climate change countermeasures proceeding more than expected Risk that costs of production and procurement rise due to expanding the introduction of carbon pricing, etc. Risk that the procurement of components, manufacture, sale and distribution of products, etc. are delayed or suspended due to more frequent or severe natural disasters, such as flooding, than predicted in countries or regions where manufacturing bases of the Group and its business partners are located
<b>Risks related to finance and the economy (financial risks)</b>	
<b>Impact of foreign exchange rate fluctuations</b>	Risk of significant fluctuations in exchange rates in situations where the values of foreign currency denominated assets (accounts receivable-trade, etc.) and liabilities (accounts payable-trade, etc.) change as exchange rates between the Japanese yen and foreign currencies fluctuate
<b>Impacts of changes in the market environment</b>	Risk that business activities may be affected by an economic downturn, financial crisis, etc. in an individual region and country Risk that if transportation costs rise, it could be difficult to secure ships for transportation, or ship arrangements could be delayed, adversely affecting our production and sales activities
<b>Credit risk of business partners</b>	Risk that a loss stemming from such credit risk exceeds the Group's expectations due to a deterioration of the external environment, etc.
<b>Impact of the liquidity of funds</b>	Risk of being unable to raise the required funding at appropriate terms in the financial markets due to an economic or financial crisis, etc. or due to a lowering of the Group's credit ratings
<b>Risks related to business continuity (hazard risks)</b>	
<b>Impacts of war, terrorism, political instability, and deteriorating security</b>	Risk of the procurement of components or the manufacture, sale and distribution of products being delayed or suspended, or the risk of costs increasing, due to terrorism, war, civil war, political instability, security instability, or the like occurring on a larger scale than expected
<b>Impact of natural disasters, accidents and outbreak of infectious diseases</b>	Risk of facilities, such as development, manufacturing and sales bases, being damaged due to a natural disaster, accident or spread of infectious disease on a scale larger than anticipated, or the risk of the procurement of components, manufacture, sale and distribution of products being delayed or suspended