

Governance

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Strengthening Governance and Ensuring Compliance



Medium- to Long-Term Vision for Material Issues

Long Term	Risks	Opportunities	Direction of Responses
	<ul style="list-style-type: none"> Corporate malfeasance becoming an increasing social problem Increasing number of cyberattacks and other issues related to information leaks, as well as their increasing severity Business interruptions due to natural disasters or outbreaks of infectious diseases 	<ul style="list-style-type: none"> Ensure soundness and transparency by establishing a robust governance system, and earn society's trust Ensure safety and sustainability of corporate business through enhanced risk management 	<ul style="list-style-type: none"> Further reinforce governance by working to ensure compliance with laws and regulations and to promote proper, effective business execution Assess risks appropriately and prevent them from occurring. Minimize the impacts should they occur
Medium Term	External Environment	Stakeholders' Needs and Expectations	Medium-Term Targets
	<ul style="list-style-type: none"> Revisions to the Companies Act (2019) to reinforce governance, such as making it mandatory for listed companies to have outside directors, and revisions to the Act on the Protection of Personal Information and the Whistleblower Protection Act (2022) Business interruptions due to natural disasters or outbreaks of infectious diseases Frequent information leaks and business interruptions due to cyberattacks and other issues War, terrorism, political instability, deterioration of public safety and other factors in our key markets 	<ul style="list-style-type: none"> Expectations of business continuity and enhanced trust 	<ul style="list-style-type: none"> Maintain a robust governance structure by achieving effective and efficient operation of the internal control system Enact thorough compliance to prevent serious incidents Mount an emergency response when risks emerge, strengthen internal information sharing

Corporate Governance

Basic Approach and Policies

Based on its Vision and Mission, MITSUBISHI MOTORS considers compliance to be of topmost importance and is making the ongoing reinforcement and improvement of governance a management priority, in order to meet the expectations of shareholders, customers and all other stakeholders, and to achieve sustainable growth and increase in corporate value over the medium to long term.

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.

[PDF](#) Corporate Governance Guidelines

System of Corporate Governance

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



Board of Directors and Directors

Policy for the Nomination of Candidates for Directors and Composition of Members of the Board

The Board makes decisions on important management issues and oversees the execution of business by Executive Officers.

MITSUBISHI MOTORS 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.

<Basic Policy>

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, it shall be 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. To this end, candidates for Directors shall be nominated.

In accordance with this 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 management 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.

Also, 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, 2022, the Board comprised 13 Members (2 female Members). 11 of the 13 Directors are Outside Directors with extensive experience and high levels of insight, and 5 of the Outside Directors are Independent Outside Directors.

We publish individual Directors' knowledge, experience and expertise (skill matrix) on our website.

[WEB](https://www.mitsubishi-motors.com/en/sustainability/governance/policy_skill.html) https://www.mitsubishi-motors.com/en/sustainability/governance/policy_skill.html

Independence Standards and Qualification for Outside Directors

The Company has established independence standards for outside directors as follows, and we appoint as independent directors those persons who are not at risk of having a conflict of interest with general shareholders.

<Independence standards and Qualification for Outside Directors>

The Outside Directors of the Company shall not be any of the following and shall be in a neutral position independent from the Company's management.

1. An executive of a major shareholder*¹ of the Company
2. An executive of a major business partner*² of the Company, or of a company for which the Company is a major business partner, or the parent company or subsidiary of such a company
3. An executive of a major lender*³ to the Company or the parent company or subsidiary of such a company
4. A person affiliated with an auditing firm that conducts statutory audits of the Company
5. A consultant, an accounting professional such as a certified public accountant, or a legal professional such as an attorney-at-law who receives a large amount*⁴ of monetary consideration or other property other than compensation of corporate officers from the Company (in the event such property is received by a corporation, association or other group, then any person belonging to such group)
6. An executive of a company with which the Company shares a corporate officer
7. An executive of an organization that is receiving a large*⁴ donation or grant from the Company
8. A person to whom any of 1 through 7 has applied during the past 3 years
9. A person with a close relative (second degree of kinship) to whom any of 1 through 7 applies
10. A person whose total period in office as an Outside Director exceeds 8 years
11. Other persons for whom the possibility of a relationship with the Company appears strong under substantive and comprehensive consideration of the situation

*1 a major shareholder: a shareholder who owns a 10% or greater share of voting rights

*2 a major business partner: a major client of the Company with annual transactions valued at 2% or more of the Company's consolidated net sales in the most recent fiscal year, or a major



supplier to the Company with annual transactions valued at 2% or more of the supplier's consolidated net sales in the most recent fiscal year

*3 a major lender: a financial institution that provides the Company with loans amounting to 2% or more of the Company's consolidated net sales at the end of the most recent fiscal year

*4 large amount: an amount of consideration received from the Company that is 10 million yen or more

Analysis and evaluation of the effectiveness of the Board of Directors

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

In FY2021, the Company evaluated the effectiveness of the Board based mainly on the 4 elements "composition of the Board and each committee," "matters for deliberation by the Board and each committee," "oversight functions of the Board and each committee," and "status of deliberations by the Board and each committee" from the perspective of enhancing the Board's oversight function.

As a result of the evaluation, the Company has judged that there are no serious concerns or other issues regarding the effectiveness of the Board. The main issues revealed in the evaluation were as follows.

- Shifting the focus of deliberations and discussions of the Board to broader matters.
- Deepening understanding of the environment surrounding of management and the status of the execution side, which is a prerequisite for the decisions and supervision by the Board, and enhancing opportunities to obtain information on the background of examination and decision making by the executive side.

MITSUBISHI MOTORS will work to continue to strengthen corporate governance by further improving the effectiveness of the Board, including initiatives for major issues recognized through analysis and evaluation of the Board.

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.

Nomination Committee

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 the President to the Board of Directors, and discusses succession planning for the Company's President. The committee is composed of 5 outside directors, and an Independent Outside Director (Main Kohda) serves as the chairperson.

In FY2021, the Nomination Committee met 10 times. In addition to selecting Board of Directors candidates and executive officers, the committee deliberated on such items as the Policy of the Nomination of Candidates for Directors, etc., the skill matrix, and succession planning for the President.

Compensation Committee

The Compensation Committee deliberates and determines the policy regarding determination of remuneration of Directors and Executive Officers, as well as the details of individual remuneration. The committee is composed of 4 Outside Directors and 1 Internal Director. An Outside Director (Shunichi Miyanaga) serves as the chairperson.

The Compensation Committee met 9 times in FY2021. In addition to determining regular Remuneration for Directors and Executive Officers amounts and

other matters, the committee reviewed the remuneration system for Directors and Executive Officers and deliberated on the inclusion of new targets related to ESG, which are increasingly being recognized as an important management issue. As a result, from FY2022 we have introduced ESG-related topics (CO₂ emissions for business activities and employee engagement) as performance indicators for remuneration linked to medium-to-long term.

Audit Committee

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. The committee is composed of 4 Outside Directors and 1 Internal Director, and an Independent Outside Director (Yaeko Takeoka) serves as the chairperson.

In FY2021, the Audit Committee met 15 times. Please see page 109 for the status of Audit Committee audits.

Executive Officers

The Board of Directors decides on matters requiring resolution by the Board of Directors pursuant to laws and regulations and the Articles of Incorporation, matters delegated by the resolution of the General Meeting of Shareholders, and certain important matters related to the management of the Company's business. The authority to make decisions on business execution for other matters is delegated to the Executive Officers.

Executive Officers are responsible for making decisions on business execution delegated by the Board of Directors. The President is appointed as the head of

the executive departments by resolution of the Board of Directors.

As of June 23, 2022, the Company had 12 Executive Officers (including the President).

Outline of the Decision-Making Process for Business Execution and Various Committees

In the execution of business, in addition to the President, who is the head of the Executive Officers, Executive Vice Presidents who have authority and responsibilities as persons in charge with respect to the execution of business within the scope of their duties are also appointed. In order to speed up business execution and improve the transparency of the decision making process, based on the Delegation of Authority (DOA) Rules, the Company defined the matters delegated and their scope and established decision making procedures for major matter.

Important matters on management are decided after deliberation at the Executive Committee (EC), which is composed of all Executive Officers and chaired by the President.

Important matters relating to product development projects are decided after deliberation at the Product Decision Meeting (PDM).

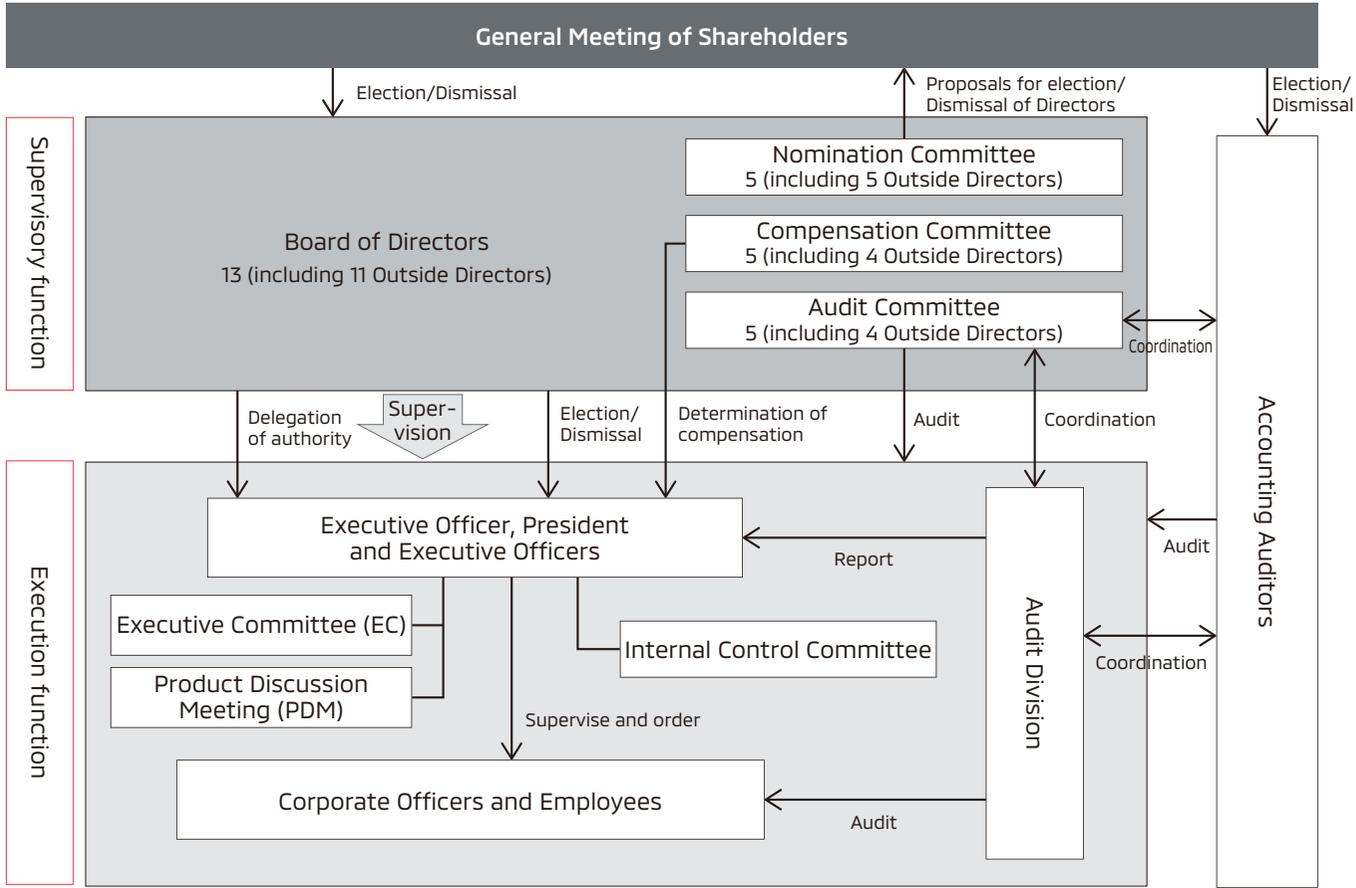
Additionally, matters related to internal control are decided after deliberation at the Internal Control Committee.

Each of these committees are chaired by the President and the relevant Executive Officers serve as members.

Conflicts of Interest

To avoid harming the common interests of the MITSUBISHI MOTORS and its shareholders, the Company conducts transactions with interested parties such as executives and major shareholders in the same manner as other transactions: we engage in such transac-

Corporate Governance and Business Execution Structures (June 23, 2022)



tions after giving due consideration to their economic rationale, checking with multiple related departments and upon the approval of the responsible person to whom authority has been delegated. Particularly with regard to transactions that are in competition with or that represent conflicts of interest between the Company and its directors or executive officers, the

rules of the Board of Directors stipulate prior approval from the Board of Directors and reporting after any such transaction.

In addition, the rules of the Board of Directors stipulate that directors with special conflicts of interest may not participate in voting on such Board of Directors resolutions.



Status of Audit Committee Audits and Internal Audits

Status of Audit Committee audits

MITSUBISHI MOTORS' Audit Committee gathers information and conducts organizational audits in relation to the establishment and operation status for internal control systems (including internal controls pertaining to financial reporting), such as those for main affiliates in Japan and overseas, status of progress with and operation of compliance activities, verification of the appropriateness of risk evaluations, and risk management frameworks and the like, through Audit Committee meetings that are held monthly in principle and other meetings with Internal Audit Divisions, interviews with Executive Officers, and the like, based on audit policy and audit plans. In the fiscal year under review, some audits of overseas offices that are usually undertaken by the Audit Committee were suspended due to the spread of COVID-19, but we strived to implement effective audits utilizing telephone lines, the Internet and other communication methods.

In the Audit Committee during the fiscal year under review, there were resolutions approved, matters discussed, and reports made concerning the audit policies and audit plans; audit methods; the assignment of audit duties; the status of the improvement and maintenance of the internal control systems; audit plans made, audit methods used, and the suitability of the results of audits performed by the Accounting Auditors; communications in relation to Key Audit Matters (KAM); and the monthly reports on the status of duties executed by the Full-time Member of the Audit Committee.

In addition to the meetings above, based on its

audit policies and audit plans, the Audit Committee held 6 meetings (approximately 120 minutes per meeting) with the internal audit divisions during the year, performed audits, and collected information on the operating status of internal controls through the divisions. The Audit Committee also interviewed Executive Officers and others 11 times during the year (approximately 90 minutes per interview) to confirm how the MMC group's major subsidiaries and affiliates in Japan and overseas as well as divisions address issues on the development and operation of the internal control system, compliance, risk management, etc.

In addition to the meetings above, full-time Members of the Audit Committee attended important meetings including meetings of Executive Committee; inspected important approval/decision documents; interviewed Executive Officers and Corporate Officers; visited and audited, or conducted hearings with MMC's major business locations and its major subsidiaries and affiliates in Japan and overseas; provided training for and had liaison meetings with auditors of subsidiaries and affiliates in Japan; and performed the tripartite audit system (i.e., internal audits, auditors' audits, and accounting audits). The status of duties executed by full-time Members of the Audit Committee is reported in the meeting of the Audit Committee which is to be held once a month in principle.

The status of activities carried out by the Audit Committee is reported to the Board of Directors twice a year. The Audit Committee also exchanges opinions with Executive Officer, President & CEO, to communicate its findings.

Status of internal audits

MMC has established the Internal Audit Dept. and the Quality Audit Dept. as internal audit departments

within the Internal Audit Div., an independent organization that reports directly to Executive Officer, President & CEO. These departments conduct planned internal audits based on the annual audit plan.

The Internal Audit Dept. conducts internal audits to determine whether operational management of MMC and subsidiaries and affiliates in Japan and overseas is being conducted with transparency using appropriate processes. The Quality Audit Dept. audits the appropriateness of product quality-related activities by MMC and subsidiaries and affiliates in Japan and overseas.

Audit results by the Internal Audit Div. are reported directly to Executive Officer, President & CEO. To ensure the appropriateness of accounting audits, regular tripartite audit meetings are held with full-time Audit Committee Members and Accounting Auditors.

Cooperation between the Audit Committee and internal audit departments

The Audit Committee Members regularly hold meetings with Internal Audit Division to receive information regarding the auditing system, auditing plans, and internal audit results within the Company and at its affiliated domestic and overseas companies, and to provide feedback to Internal Audit Division on the status of the Audit Committee Members' audits. Additionally, the Audit Committee summarizes audit activities it has conducted, including the details of reports received from the Internal Audit Division, and reports the results to the Board twice a year.

Items Relating to Takeover Defense

Not applicable.

Internal Control



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.

The Company recognizes the gravity of its improper conduct in fuel consumption testing, on top of past quality problems. As one of its priority measures aimed at regaining trust, in FY2017 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 FY2022, 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 estab-

lished 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.

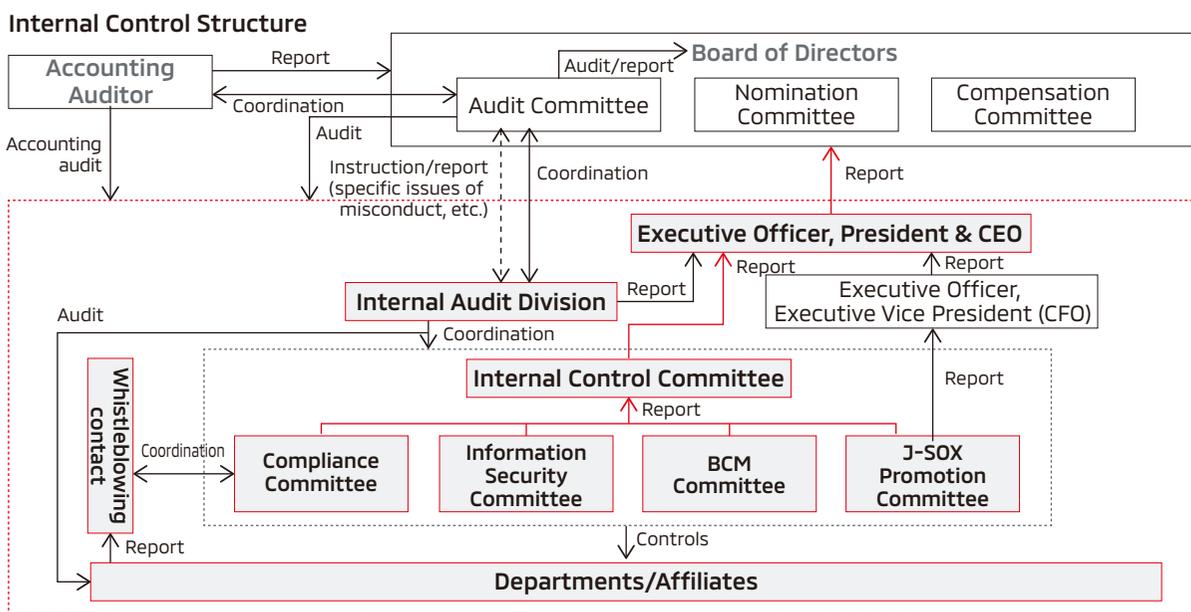
We have been working to establish a global internal control structure by gradually establishing and operating internal control committees from FY2018 at main affiliates in Japan and overseas. In addition, we have established a system in which a designated department is responsible for the overall management 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 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.

* See here for "Basic Policy on the Establishment of Internal Control Systems" [PDF](#)



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," who are of Corporate Officer and Vice President level, 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 risks that are intricately intertwined with strategy, finance, operational and hazard risks (geopolitical risks, risks related to economic security, risks related to business and human rights, etc.) 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.

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 plans (BCPs) to this end.

We conduct drills in communicating among various manufacturing facilities 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 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.

Further, in light of the spread of COVID-19, the Company newly established a "BCM (Business Continuity Management) Committee" from FY2020 and will endeavor to promote BCM activities on a regular basis.

Responses to COVID-19

To prevent the spread of COVID-19 and from the perspective of maintaining a business continuity structure, MITSUBISHI MOTORS has created and released response guidelines to ensure health and safety of employees. The Company is also undertaking measures such as the promotion of working from home and off-peak working.

We will continue to monitor the infection status. By responding appropriately, such as by establishing response headquarters, we will work to enhance risk management and reinforce business continuity.

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 Conflict 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

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.

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/Corporate Affairs.

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

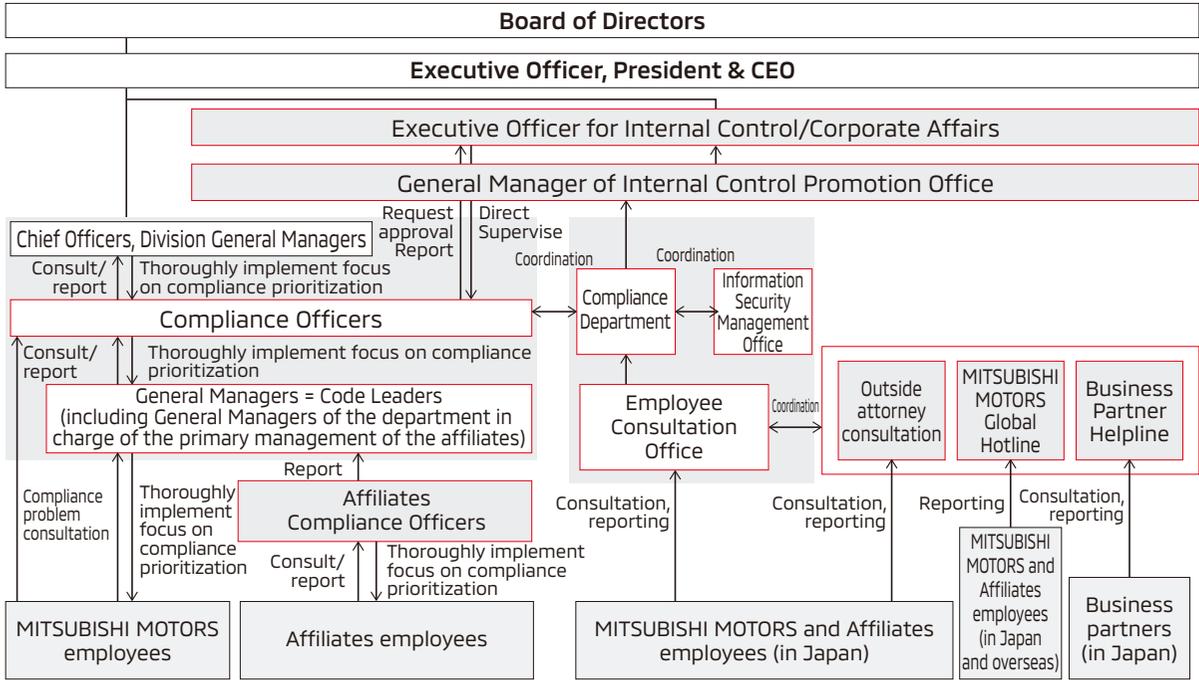
Global Code of Conduct, as well as the status of any compliance infractions and their countermeasures.

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 FY2021, we checked the status of 20 Group companies (MITSUBISHI MOTORS, 7 domestic associates, and 12 overseas associates).

In FY2021, 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. We have also established a Business Partner Helpline designated to be used by our business partners in Japan. In FY2021, these offices fielded 134 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 Executive Officer for Internal Control/Corporate Affairs and Audit Committee Members. 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.

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 (FY2021)

Item	Number
Corporate/business proposals	10
Workplace environment	20
Labor relations	19
Human relations/harassment	34
Compliance, violations of operational rules, fraud	24
Others	27

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 provide all our employees with e-learning opportunities, including courses on the basics of compliance, as well as education on information security and on working overtime and on holidays.

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 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.

As well as the activities outlined above, in FY2021 internal and outside directors taught courses on compliance for executives to raise their awareness of this topic. For managers at the general manager level or higher, an external lecturer provided compliance lectures to help improve workplace operations. Outside instructors also provided communication training to managers at the level of section manager and above to enhance workplace communication and support remote work.

* To prevent past incidents, such as the regrettable recall coverup, 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 containing this code 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 provi-

sion 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 put in place management and operational standards in addition to those for public servants. These standards expressly prohibit the provision of gifts or business entertainment that is illegal or goes beyond generally accepted bounds and the receipt of 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. In case these standards are violated, a system is in place for internal reporting and the formulation and implementation of measures to prevent recurrence.

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 Domestic 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 FY2021, 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 FY2021, we donated ¥13.9 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. The Company is promoting the following information security measures.

- Putting in place and reviewing internal regulations related to information security
- Managing information assets and strengthening measures against computer viruses and cyberattacks
- Providing education to employees via e-learning and other measures
- 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.

The Company 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.

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) The MITSUBISHI MOTORS Group makes disclosures to all relevant taxation authorities and discloses appropriately and in a timely manner the BEPS transfer pricing documentation and other information required for submission by multinational enterprises.

List of Executives (as of June 23, 2022)



Outside Outside director | **Indep.** Independent director | Male Female

Name	Position	Attributes	Committees	Attendance at Board of Directors and Committee Meetings (April 2021 to March 2022)	Tenure as Director (As of June 23, 2022)	Reasons for Appointment
Tomofumi Hiraku	Member of the Board Chairman of the Board	Outside Indep. Male	Nomination Committee	Board of Directors 12 of 12 times Nomination Committee 9 of 9 times*1	1 year	He has served in a series of important roles as Director-General of the Kansai Bureau and Director-General of the Manufacturing Industries Bureau for the Ministry of Economy, Trade and Industry (METI) and was engaged in energy policy at the Agency for Natural Resources and Energy, possessing broad experience and knowledge and a wide network across industrial fields, and we expect he will use these attributes to actively oversee management of the Company and provide advice and opinions as Director and Chairman.
Takao Kato	Member of the Board	Male	Compensation Committee	Board of Directors 15 of 15 times Nomination Committee 1 of 1 times*2 Compensation Committee 9 of 9 times	3 years	He has many years of experience and insight concerning management of MMC's global business, including experience of serving as President of PT Mitsubishi Motors Krama Yudha Indonesia, one of MMC's largest overseas manufacturing bases. In addition, he has been engaged in MMC's management since June 2019 as CEO. We believe he will play an important role in the decisions in significant matters and business execution of the Company.
Hitoshi Inada	Member of the Board	Male	Audit Committee (Full time Member)	—*3	—	He has an extensive track record and insight in legal affairs, compliance and corporate governance earned over many years of developing global business at a general trading company and MMC, that we expect him to utilize in the management of the Company.
Shunichi Miyanaga	Member of the Board	Outside Male	Compensation Committee (Chairperson)	Board of Directors 15 of 15 times Compensation Committee 9 of 9 times	8 years	He possesses considerable experience and knowledge obtained as top management in corporate management in a global manufacturing company, and we expect he will utilize those attributes to actively oversee management of the Company and provide advice and opinions.
Main Kohda	Member of the Board	Outside Indep. Female	Nomination Committee (Chairperson) Compensation Committee	Board of Directors 15 of 15 times Nomination Committee 10 of 10 times Compensation Committee 9 of 9 times	4 years	She possesses deep knowledge about international finance, keen acumen and objective perspective as a writer, and considerable insight and experience gained as a Member of the Council of the Ministry of Finance and the Ministry of Land, Infrastructure, Transport and Tourism, and we expect she will utilize those attributes to actively oversee management of the Company and provide advice and opinions.
Yaeko Takeoka	Member of the Board	Outside Indep. Female	Audit Committee (Chairperson)	Board of Directors 15 of 15 times Audit Committee 15 of 15 times	3 years (Reference: Previously served for four years as an Audit & Supervisory Board member of the Company)	She possesses extensive experience as an Audit & Supervisory Board Member of the Company and has distinguished herself as a legal specialist over a long period, and we expect that she will use her considerable experience and knowledge as a legal professional to actively oversee management of the Company and provide advice and opinions.
Kenichiro Sasae	Member of the Board	Outside Indep. Male	Nomination Committee Compensation Committee	Board of Directors 15 of 15 times Nomination Committee 10 of 10 times Compensation Committee 6 of 6 times*4	3 years	He served in a series of important roles at the Ministry of Foreign Affairs and possesses broad international understanding and experience as a diplomat, and we expect he will utilize those attributes to actively oversee management of the Company and provide advice and opinions.
Hideyuki Sakamoto	Member of the Board	Outside Male	Nomination Committee	Board of Directors 15 of 15 times Nomination Committee 10 of 10 times	3 years	He has a wealth of knowledge and experience in the management of a global automotive manufacturer, and we expect that he will utilize those attributes to actively oversee management of the Company and provide advice and opinions.
Yoshihiko Nakamura	Member of the Board	Outside Indep. Male	Audit Committee	Board of Directors 15 of 15 times Audit Committee 15 of 15 times	2 years	He has worked for many years as a certified public accountant and possesses extensive knowledge as a specialist in accounting audits, and we expect that he will utilize those attributes to actively oversee management of the Company and provide advice and opinions.
Joji Tagawa	Member of the Board	Outside Male	Compensation Committee	Board of Directors 15 of 15 times Compensation Committee 9 of 9 times	2 years	He has a wealth of knowledge and experience in the management of a global automotive manufacturer, and we expect that he will utilize those attributes to actively oversee management of the Company and provide advice and opinions.
Takahiko Ikushima	Member of the Board	Outside Male	Audit Committee	Board of Directors 15 of 15 times Audit Committee 12 of 12 times*4	2 years	He has a wealth of knowledge and experience in the management of a global automotive manufacturer, and we expect that he will utilize those attributes to actively oversee management of the Company and provide advice and opinions.
Takehiko Kakiuchi	Member of the Board	Outside Male	Nomination Committee	—*3	—	He possesses considerable experience, achievements and insight on global business management nurtured through his career as top management at a global general trading company, and we expect he will utilize those attributes to actively oversee management of the Company and provide advice and opinions.
Kanetsugu Mike	Member of the Board	Outside Male	Audit Committee	—*3	—	He has a wealth of experience and extensive knowledge as top management of a global international financial institution, and we expect he will utilize those attributes to actively conduct oversee management of the Company and provide advice and opinions.

*1 Mr. Tomofumi Hiraku was appointed as director on June 23, 2021. Accordingly, he has attended a different number of Board of Directors and committee meetings than other directors.

*2 Mr. Takao Kato was resigned as Nomination Committee member on June 23, 2021.

*3 Messrs. Hitoshi Inada, Takehiko Kakiuchi and Kanetsugu Mike were appointed as director, Audit Committee member and Nomination Committee member, respectively, on June 23, 2022. Accordingly, no Board of Directors or committee meetings had yet been held for them to attend.

*4 Messrs. Kenichiro Sasae and Takahiko Ikushima were appointed as Compensation Committee and Audit Committee members, respectively, on June 23, 2021. Accordingly, they have attended a different number of committee meetings than other directors.

For directors' career summaries, visit:

(WEB) <https://www.mitsubishi-motors.com/en/company/director/>

Executive Remuneration



Basic Views and Policy

MITSUBISHI MOTORS' Compensation Committee, which is chaired by an outside director, has established the following policy regarding remuneration for Directors 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 FY2021 is contained in the FY2021 Annual Securities Report (pages 65–67).

FY2021 Annual Securities Report

(WEB) https://www.mitsubishi-motors.com/content/dam/com/ir_en/pdf/yuka/2022/yuka20220707e.pdf

Based on the recognition that addressing sustainability is a high priority management issue 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 "CO₂ 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 of advancement of employee job satisfaction and increased initiative through securing diversity and work-life balance, and promoting HR development.