

Disclosure Based on the TCFD Recommendations

With the issue of climate change growing increasingly serious, the Financial Stability Board established the Task Force on Climate-related Financial Disclosures (TCFD), which in 2017 announced its recommendations. These recommendations encourage companies to disclose information related to climate change so that investors can appropriately assess climate-related risks and opportunities.

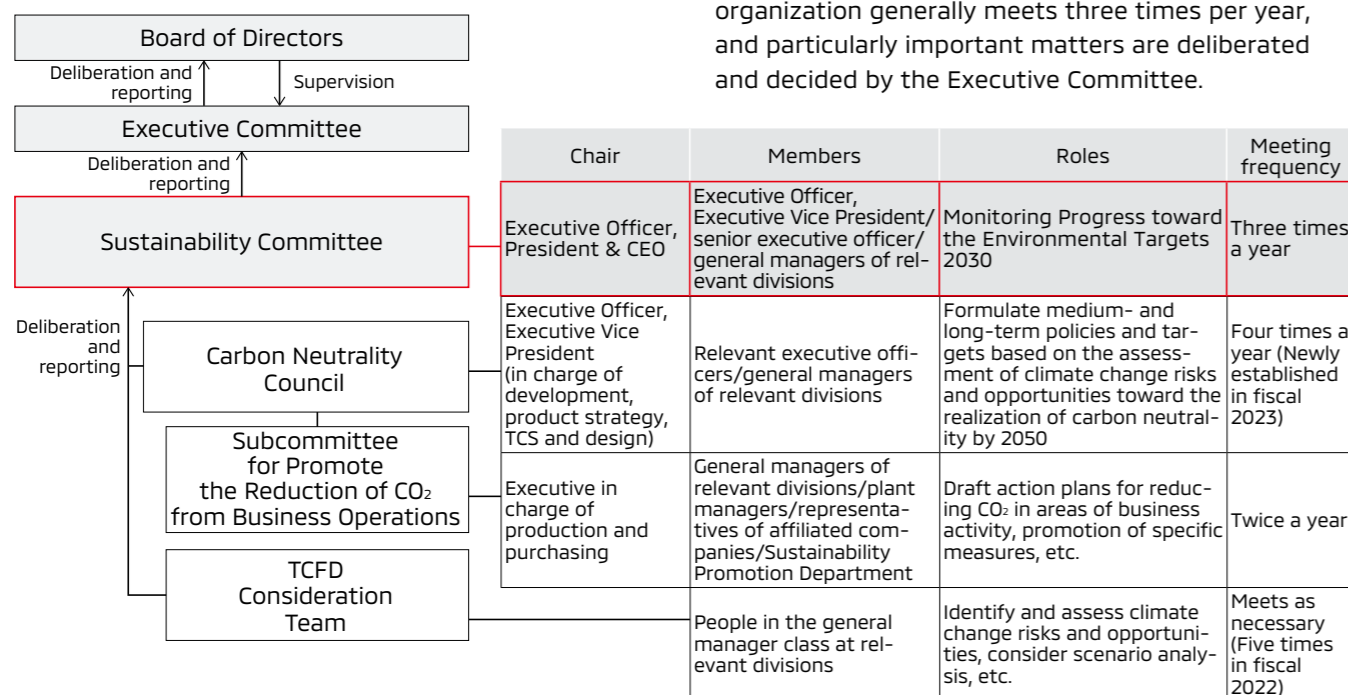
Recognizing the potential of climate change to present medium- to long-term risks and opportunities that affect its business domains, in July 2021 MITSUBISHI MOTORS expressed its support for the TCFD Recommendations. Accordingly, we are analyzing the impact of climate change on our businesses and finances (scenario analysis). We will reflect the results of scenario analysis in our management strategies to enhance the resilience of our strategies and improve information disclosure in accordance with the TCFD Recommendations.

Governance

a. Board of Directors-based supervision system for climate-related risks and opportunities

We recognize "responding to climate change and energy issues" as an important management issue and one of the Company's materiality items. The Board of Directors serves as a forum for the deliberation and oversight of strategies, business plans and approaches. When important matters related to environmental initiatives arise, such as climate change, these matters are supervised through deliberation and reporting at

System for Promoting Carbon Neutrality



Example of climate change-related matters deliberated on and reported by the Board of Directors

- Support for the TCFD Recommendations
- Information disclosure in line with the TCFD Recommendations
- 2050 governmental declarations of carbon neutrality and the revision of the Environmental Vision 2050
- Revision of the Environmental Vision 2030

the Board of Directors. When we revised our Environmental Vision 2050 and Environmental Targets 2030 in fiscal 2022, we also went through the process of deliberation and reporting at Board of Directors meetings.

b. Management's role in assessing and managing climate-related risks and opportunities

To address climate change and energy issues, the Company has established a Sustainability Committee, chaired by the executive officer, president & CEO, who also holds top responsibility for initiatives related to climate change. The committee evaluates climate change risks and opportunities, discusses response measures, and reviews progress and achievements in line with the Environmental Targets 2030. Under the Sustainability Committee, we have established a body consisting of executives responsible for management strategy, products, manufacturing, procurement and logistics. This organization formulates medium- to long-term policies and goals based on the assessment of climate change risks and opportunities. These policies, goals, and their progress are reported by the respective heads of each area at the Sustainability Committee for review and deliberation. The organization generally meets three times per year, and particularly important matters are deliberated and decided by the Executive Committee.

In recognition that addressing sustainability is an important management challenge, in fiscal 2022, the Mitsubishi Motors Group added ESG-related items as an indicator for determining medium- to long-term performance-linked compensation. Specifically, in relation to the environment, we introduced "CO₂ emissions from business activities" as an indicator to measure progress in addressing the escalating climate change issue.

Strategies

a. Short-, medium- and long-term climate-related risks and opportunities identified by the organization

We consider climate change risks and opportunities to be an important perspective in the formulation of

our business strategy. We are identifying and evaluating short-term, medium-term, and long-term risks and opportunities, as well as analyzing the impact on our business based on multiple climate scenarios. We are also considering countermeasures in response to these risks and opportunities. As particularly high-impact migration risks, we identified the "strengthening of requirements for fuel economy/CO₂ and zero-emission vehicles" and the "introduction and expansion of carbon pricing." We identified "increasing frequency and intensity of meteorological disasters" as a physical risk. While these risks may affect our business in various ways, we recognize that responding appropriately to these risks will lead to greater sales of electrified vehicles and new business opportunities.

Recognized climate change risks and opportunities

Category	Item	Assumed Impact on the Company's Business Activities	Timing of the Impact*	Degree of impact	
Migration risks	Policies and regulations	Strengthening of requirements for fuel economy/CO ₂ and zero-emission vehicles	• Increased development/procurement/production costs to comply with stricter regulations • Increase in fines and credit purchase costs due to non-fulfillment of regulations	Medium/long term	Large
		Introduction and expansion of carbon pricing	• An increasing tax burden on the Company's emissions due to the introduction and expansion of carbon taxes and other sorts of carbon pricing, as well as higher prices on carbon, and higher costs due to a price shift toward the procurement, production and logistics stages	Medium/long term	Large
	Markets	Changes in the energy mix	• Higher energy costs due to a rise in electricity prices resulting from the increased introduction of renewable energy and carbon-neutral sources of electricity, such as hydrogen	Medium/long term	Medium
		Tight supply and demand for raw materials (rare metals)	• Rise in the cost of raw materials (such as rare metals) and components due to growing demand for storage batteries	Medium/long term	Medium
		Changes in user awareness and behavior	• Decrease in sales volume due to the development of public transportation infrastructure and the proliferation of sharing in urban areas	Medium/long term	Medium
	Reputation	Increasingly stringent assessment by ESG institutions and stakeholders	• Decline in the Company's social image and share price	Short/medium term	Medium
Physical risks	Acute	Increasing frequency and intensity of meteorological disasters	• Damage to buildings and facilities caused by typhoons and torrential rains, and the suspension of operations at production facilities due to supply chain disruptions (delays in the supply of parts stemming from damage to suppliers and the disruption of transportation routes)	Short/medium/long term	Large
	Chronic	Rise in average temperatures	• Rising (energy) cost of air conditioning to maintain the work environment and employee health	Short/medium/long term	Small
		Rise in ocean levels	• Increased flooding and surge in the instance of storms due to rising sea levels, resulting in operational shutdowns at manufacturing facilities and increased investment in disaster countermeasures	Short/medium/long term	Medium
Opportunities	Products and services	Growing demand for electrified vehicles	• Expand sales of electrified vehicles by improving product capabilities and taking advantage of government and municipal measures to promote electrified vehicles • Increase sales of electrified vehicles and V2X-related equipment/services in line with the growing value of electrified vehicles as energy infrastructure • Boost sales of electrified vehicles that can help supply power in response to growing demand to securing sources of emergency power in times of disaster	Medium/long term	Large
		Energy sources	Advancement in energy technologies	• Reduce energy costs by promoting energy conservation activities and the introduction of renewable energy	Medium/long term

* Timing of the impact

Short term: Up to three years; medium term: three to 10 years; long-term: more than 10 years. Some issues impacts have already occurred as a result of the recent international situation.

b. Impact of climate-related risks and opportunities on the organization's business, strategic, and financial plans

Mitsubishi Motors recognizes that climate-related issues may affect its business, strategies, and financial plans, and reviews its strategies and plans from time to time in light of climate change risks and opportunities.

Impact on strategies and plans

Business area	Recognized impact	Incorporation into strategies and plans
Products and services	To realize a carbon-neutral society, various countries and regions are strengthening requirements for fuel economy/CO ₂ and zero-emission vehicles. These will affect our product development, production and procurement strategies.	Our Environmental Targets 2030 set the goals of "a 40% reduction in CO ₂ emissions from new vehicles (compared to fiscal 2010)" and an "electrified vehicle sales ratio of 50% (100% by fiscal 2035)." In line with these objectives, looking to 2030 we are promoting efforts to develop electrified vehicles and improve the fuel efficiency of internal combustion engine vehicles. In the five years to 2027, we plan to introduce nine electrified vehicle models.
Supply chain, value chain	In the automobile manufacturing and sales business, greenhouse gases such as CO ₂ are emitted not only during the manufacture of products, but throughout the entire value chain. As climate change advances, the worldwide risk of increasingly frequent and severe occurrences, such as typhoons and floods, is mounting. If the Company's supply chain or value chain is affected by such events, our plants' operations could be affected.	The Environmental Targets 2030 call for us to cooperate with major suppliers and transportation companies to promote efforts to reduce CO ₂ throughout the supply chain. In response to the risk of supply chain disruption, we are working with key parts suppliers to formulate BCPs*1 so suppliers can quickly restore operations in the event of a disaster.
Investment in R&D	We are promoting investment in R&D to address increasingly stringent and new requirements for fuel economy/CO ₂ and zero-emission vehicles in the countries and regions where we operate. These moves will affect our R&D costs for electrified vehicles and other products.	The Environmental Targets 2030 set a target of an "electrified vehicle sales ratio of 50% (100% by fiscal 2035)." To meet this objective, looking to 2030 we will promote R&D to develop electrified vehicles and improve the fuel efficiency of internal combustion engine vehicles. We are budgeting ¥70.0 billion in R&D expenses related to electrification in fiscal 2025. We have also earmarked ¥55.0 billion in capital expenditures related to electrification in fiscal 2025.
Adaptation and mitigation measures	Our business could be affected by countries and regions introducing or expanding carbon taxes and emissions trading systems, as well as by rising energy costs.	The Environmental Targets 2030 set the goal of "reducing CO ₂ emissions from our business activities by 50% (compared to fiscal 2018)." To reach this objective by 2030, we will promote energy conservation activities and the introduction and expansion of renewable energy.

*1 Short for business continuity plan

c. Impacts under different scenarios, including the 2°C scenario, on business, strategic and financial planning

Based on climate scenarios and future information from organizations such as the International Energy Agency (IEA) and the Network for Greening the Financial System (NGFS), we considered the "less than 2°C scenario*2," which assumes actions by society to avoid climate change as of 2030 and 2050. We also looked at a "growth scenario*3," which assumes national policies continue to grow more stringent. Under these scenarios, we examined the risks and opportunities, focusing on areas with significant impact on Mitsubishi Motors' business activities.

In fiscal 2022, we conducted an analysis that expanded the scope beyond our own operations and the product usage stage to include the procurement stage. The results of analysis related to the impact on our business of the associated risks and opportunities are as described below.

*2 Set with reference to the IEA's "Announced Pledges Scenario (APS)" and the NGFS's "Net Zero 2050"

*3 Set with reference to the IEA's "Stated Policies Scenario (STEPS)" and the NGFS's "Current Policies"

Mitsubishi Motors' Response Measures Based on Risks and Opportunities

We will incorporate measures to address climate change risks and opportunities into our Environmental Plan Package and business strategies, which set forth the direction and goals of our environmental initiatives. In this way, we are promoting initiatives to reduce future risks, ensure sustainable business growth and enhance our resilience as a company.

In September 2022, we stated our aim of achieving carbon neutrality throughout our supply chain by 2050. In February 2023, we revised the Environmental Targets 2030 to serve as a milestone along the path to achieving carbon neutrality by 2050.

On the product front, we will take our own plug-in hybrid electric vehicles (PHEVs) and commercial electric vehicle in the Kei-car segment as a starting point. To meet various needs in the global market, we will leverage the Alliance's technology and introduce optimal electrified vehicles*4 at the appropriate timing, taking into consideration the energy situation and infrastructure development status in each country and region. Working toward carbon neutrality is one

Impact of Risks and Opportunities on the Company's Business Activities

Scenario	Item	Risks/Opportunities		Impact on the Company's business	Key countermeasures
		Risks	Opportunities		
Less than 2°C	Strengthening of requirements for fuel economy/CO ₂ and zero-emission vehicles	Risks	<ul style="list-style-type: none"> Need for both developed countries and emerging markets to comply with stricter regulations Increasing likelihood of noncompliance 	<ul style="list-style-type: none"> Higher development/procurement/production costs Fines and credit purchase costs increase if regulations are not met 	<ul style="list-style-type: none"> Reduce costs by taking advantage of the alliance, such as by standardizing components Promote electrification, including PHEVs and EVs Promote new mobility businesses such as energy management using electrified vehicles and used batteries
		Opportunities	<ul style="list-style-type: none"> Growing demand for electrified vehicles 	<ul style="list-style-type: none"> Increased sales of electrified vehicles and expansion of the value chain related to electrified vehicles 	
	Introduction and expansion of carbon pricing	Risks	<ul style="list-style-type: none"> Introduction and expansion of carbon taxes, causing carbon prices to rise 	<ul style="list-style-type: none"> Increased direct and indirect tax burdens and higher costs at the procurement, production and logistics stages 	<ul style="list-style-type: none"> Promote energy conservation activities and introduce renewable energy Promote reduction efforts in cooperation with suppliers
		Opportunities	<ul style="list-style-type: none"> Promotion of energy-saving technologies Increasing use of renewable energy 	<ul style="list-style-type: none"> Lower energy costs 	
Result	Increasing frequency and intensity of meteorological disasters (flooding, inundation)	Risks	<ul style="list-style-type: none"> Increased possibility of factory damage and supply chain disruptions due to frequent and severe heavy rain and flooding 	<ul style="list-style-type: none"> Damage to production and development facilities Lower earnings due to operational shutdowns due to damage to our own factories and suppliers 	<ul style="list-style-type: none"> Review BCP, assuming such factors as heavy rain and flooding Promote risk mitigation initiatives in collaboration with suppliers Reduce costs by taking advantage of the alliance, such as by standardizing components Promote electrification of PHEVs/EVs Promote new mobility businesses such as energy management using electrified vehicles and used batteries
		Opportunities	<ul style="list-style-type: none"> Greater demand for electrified vehicles, owing to growing need to secure emergency power sources 	<ul style="list-style-type: none"> Increased use of electrified vehicles that can help supply emergency power 	

of the key challenges stated in Challenge 2025, the new mid-term business plan we announced in March 2023. We will develop electrified vehicles and step up our efforts in the Alliance as we work toward the second phase of our plan to reinforce electrified vehicles (fiscal 2026-2028). Over the next five years, we plan to introduce nine electrified vehicle models.

In our business activities, we will seek to minimize energy use and transition to renewable sources of energy to reduce CO₂ emissions. Across the supply chain, we will collaborate with business partners, related companies and organizations, and governments and municipalities to reduce CO₂ emissions at the production stage (through raw materials and parts) and in logistics (including products). We will also promote renewable energy and charging infrastructure, utilize carbon-neutral fuel and promote V2X*5.

We believe the spread of electrified vehicles represents a chance to do new business in the form of reuse of used batteries, energy management, and data business using vehicle driving and battery data, and in collaboration with our partners and municipalities we will grow a mobility business that contrib-

utes to carbon neutrality, which represents a unique opportunity for us as an automotive maker, into a fourth pillar of revenue after vehicle sales, financing (leasing), and after sales.

*4 Electrified vehicles: Battery-powered electric vehicles, plug-in hybrid electric vehicles (PHEVs), and hybrid electric vehicles (HEVs)

*5 V2X: A general term encompassing vehicle to home (V2H) and vehicle to grid (V2G), among others

Risk Management

a. Process by which the organization identifies and assesses climate-related risks

The Company has established a cross-functional team under the Sustainability Committee to conduct scenario analysis based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We have identified and assessed climate change risks and opportunities that could affect our business, considering their potential occurrence and impact levels. We have incorporated goals and action plans for addressing climate change risks and opportunities that have a particularly significant impact, and are monitoring progress through the Sustainability Committee.

b. Processes by which the organization manages climate-related risks

The climate change risks, opportunities, and corresponding measures identified by the Sustainability Committee have been assigned to responsible executives at the executive officer level. We have set KPIs and are implementing a PDCA cycle. Additionally, reports on critical risks and opportunities requiring prompt action are provided to the Board of Directors, which decides on appropriate responses.

In fiscal 2018, Mitsubishi Motors identified materiality as an important issue that the Company needs to address based on various challenges in the environmental, social, and governance fields. "Responding to climate change and energy issues" is recognized as one of the most critical issues. During the identification process, we considered the stakeholders' level of interest and the impact on our company and conducted hearings with experts. Based on this, we had extensive discussions within the Sustainability Committee and made the final decision in the Executive Committee.

Indices and Targets

a. Indicators used by the organization to assess climate-related risks and opportunities in the context of their strategies and risk management processes

We formulated the Environmental Plan Package in 2020. Through electrified vehicles and the increased use of renewable energy, we aim to become carbon neutral by 2050 and contribute to the realization of a society that is resilient to climate change. We also formulated the Environmental Targets 2030, which clarifies specific initiatives to be achieved by 2030 in accordance with this vision. As major indices to be monitored and evaluated under "Action to Climate Change," which we positioned as a topmost issue, we set a target for Scope 1 and 2*1 in the category of "CO₂ emissions from our business activities." We also set a target of reducing emissions under Scope 3*1, Category 11 (Use of sold products), which accounts for around 70% of total emissions throughout our supply chain, as well as "reduction in CO₂ emissions from new vehicles" and "percentage of EVs in the sales mix."

*1 Scope 1: A company's direct emissions (such as from burning fuel)
 Scope 2: Indirect emissions, resulting from electricity, heat or steam provided by another company
 Scope 3: Indirect emissions other than Scope 1 and Scope 2 (Such as emissions due to the use of sold products)

b. Scope 1, 2 and 3 GHG emissions and related risks

The company calculates CO₂ emissions based on a GHG protocol. The table below shows actual CO₂ emissions in Scope 1, 2, and 3 for the period from fiscal 2018 to fiscal 2022.

To ensure our information is reliable and transparent, we have obtained independent third-party certification for our Scope 1 and 2 emissions.

<Scope 1, 2 and 3 Emissions >

	Unit	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022
Scope 1	Thousand t-CO ₂	119	110	80	92	95
Scope 2	Thousand t-CO ₂	469	416	285	319	271
Scope 3	Thousand t-CO ₂ eq	42,580	35,429	20,286	28,294	28,710
Total	Thousand t-CO ₂ eq	43,168	35,955	20,651	28,705	29,076

c. Goals used to manage climate-related risks and opportunities, and performance against those goals

We are promoting a host of measures based on the Environmental Plan Package, which we formulated in 2020. We are developing electrified vehicles and technologies to improve fuel efficiency, introducing energy-saving equipment in production processes and using renewable energy in factories, offices and dealerships.

The Environmental Plan Package comprises the Environmental Policy, which incorporates our medium- to long-term perspective, the Environmental Vision 2050, which sets out our vision for society to be achieved by 2050 and directions for our initiatives, and the Environmental Targets 2030, which clarifies specific initiatives to be achieved by FY2030 in accordance with this vision. We have positioned the actions for climate change, resource circulation and pollution prevention as three environmental issues that we will directly address and have set specific targets for these themes.

As we position "action to climate change" as a topmost priority, in September 2022 we stated our aim of achieving carbon neutrality throughout the supply chain by 2050, and we revised the Environmental Vision 2050 accordingly. In March 2023, we announced revised Environmental Targets 2030 to serve as a milestone along the path to achieving carbon neutrality by 2050.

Major Fiscal 2030 Targets and Progress

Indicators	Fiscal 2030 Target	Fiscal 2035 Target	Fiscal 2022 Result
Average CO ₂ emissions from new vehicles (Tank to Wheel, Compared to fiscal 2010)	-40%		-18%
Percentage of EVs in the sales mix	50%	100%	11%
CO ₂ emissions from business activities (Total Scope 1 and 2, compared to fiscal 2018)	-50%		-33**2

**2 CO₂ emissions using fiscal 2018 as the base year (Scope 1+2): 588,000 t-CO₂.
 The requirements for companies targeted for environmental management were reorganized to exclude equity-method associates from fiscal 2021. Excluding equity-method associates, CO₂ emissions in fiscal 2018 were 545,000 t-CO₂. On that basis, the ratio of CO₂ emissions reduced was -33% in fiscal 2022.

Delivering Products which Help Prevent Traffic Accidents

As an automaker, Mitsubishi Motors is aware of its responsibility towards traffic safety. Accordingly, we have defined "Delivering products which help prevent traffic accidents" as a material issue.

Approximately 1.35 million people are lost in traffic accidents worldwide every year* As vehicle ownership increases in emerging countries in particular, traffic accident fatalities are also on the rise. Reducing the number of traffic accidents is an urgent matter globally. A target was adopted for Target 3.6 of the Sustainable Development Goals (SDGs) at the 74th UN General Assembly held in 2020. This target calls for halving the number of global deaths and injuries from road traffic accidents between 2021 and 2030.

Mitsubishi Motors is upholding a safety philosophy towards a car society with zero traffic accidents. To this end, we are taking action from two perspectives: developing and disseminating safety technologies and promoting traffic safety education.

* 2018 World Health Organization (WHO) survey

Improvement of Product, Sales, and Service Quality

Based on Quality Policy revised in April 2019, MITSUBISHI MOTORS are undertaking measures to improve quality in four categories: product quality, perceived quality, sales quality and service quality as compliance is a fun-

damental requirement, in order to enhance quality in all stages from when a customer first considers purchasing a product through the vehicle ownership period.

Product quality includes the initial quality that customers experience immediately after purchasing a new car, and durability quality that customers experience throughout the entire period of use and so we sincerely listen to the opinions of customers and correct any issues so that we can promptly make improvements.

In addition, we are working to improve perceived quality in terms of aspects such as the usability, comfort, and appearance that customers perceive when they observe, feel, and use our products.

With regard to sales quality and service quality demonstrated at sales companies, we listen closely to customers and make fitting proposals and responses to customer requests to achieve high levels of customer satisfaction.

Quality Policy

Quality is the fundamental requirement to support our business.

1. Commit to excellence in Product, Sales, and Service Quality exceeding customer expectations
2. Focus on Quality of Management to continuously improve overall company performance.
3. Comply with laws and global regulations to gain trust on MMC quality.

Contribution to Local Economy through Business Activities

MITSUBISHI MOTORS has been developing business in the ASEAN region since prior to the rise of motorization, and we have grown up alongside these countries while developing close ties with the region based on the idea that "regional development" is "MITSUBISHI MOTORS development."

In this region, where we have undertaken business activities for many years, we are working proactively to address local social issues. To promote joint growth, we will invigorate the region, cultivate the market, understand consumers' needs and reinforce our own brand. In these ways, we believe we can simultaneously achieve regional development and our own development. "Challenge 2025," the new mid-term business plan we announced in March 2023, calls for the concentration of management resources

on the ASEAN region—a core area of business. In addition, in the aim of achieving further growth MITSUBISHI MOTORS will conduct higher and stable spending on R&D and capex, which will include increased expenditure on electrification, IT and new business as a proportion of total expenditure. One of our material issues is "contribution to the local economy through business activities." In accordance with this aim, by developing our business in the ASEAN region, we will contribute to the local economy through employment, human resource development, investment, technology transfer and exports.

In addition, by responding to social needs specific to the ASEAN region, we will engage in initiatives that leverage our technologies and services in the areas of the environment and social contribution, as well.