

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 Scope1 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.