



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 three-pillar 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 (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 to communicate its findings every year.

### Status of internal audits

MITSUBISHI MOTORS has established internal audit departments (the Internal Audit Department and the Quality Audit Department) in the Internal Audit Division (an independent organization reporting directly to Executive Officer, President & CEO) and these departments systematically conduct internal audits based on the annual audit plan.

As of the end of March 2023, the Internal Audit Division consists of 24 members\* with specialties, including those with a variety of managerial experience, certified internal auditors, and eligible internal auditors. The Internal Audit Department (consisting of 15 members\*) conducts audits to determine whether operational management of the Group is being conducted with transparency using appropriate processes. The Quality Audit Dept. (6 members\*) audits the appropriateness of product quality-related activities by MMC and subsidiaries and affiliates in Japan and overseas.

The results of the internal audit conducted by the Internal Audit Division are reported to Executive Officer, President & CEO and the Audit Committee.

Besides coordinating meetings with the Audit Committee six times a year and holding regular meetings with full-time Audit Committee Members once a month, the Internal Audit Division also exchanges

information at tripartite audit meetings with full-time Audit Committee Members and Accounting Auditors.

\* As of June 30, 2023, the Internal Audit Division consists of 25 members (15 from the Internal Audit Department, 7 from the Quality Audit Department, and 3 from the Division itself).

### Cooperation between the Audit Committee and internal audit departments

The Audit Committee Members regularly hold meetings with the Internal Audit Division to receive information regarding the auditing system, auditing plans, and internal audit results within us and at its affiliated domestic and overseas companies, and to provide feedback to the 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.

## 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 FY2022 is contained in the FY2022 Annual Securities Report (pages 91–96).

FY2022 Annual Securities Report  
 (WEB) [https://www.mitsubishi-motors.com/content/dam/com/ir\\_en/pdf/yuka/2023/yuka20230629e.pdf](https://www.mitsubishi-motors.com/content/dam/com/ir_en/pdf/yuka/2023/yuka20230629e.pdf)

From FY2022, based on the recognition that the response to sustainability is one of the crucial issues of the MMC group, we added ESG-related items as the index to determine the Medium-and Long-term Performance-linked Compensation for Executive Officers.

- Environmental indicator:  
We have introduced "CO<sub>2</sub> emissions from business activities" as an indicator for measuring progress in addressing climate change and other increasingly environmental issues.
- Social indicator:  
We have introduced "employee engagement" as an indicator of advancement of employee job satisfaction and increased initiative through securing diversity and work-life balance, and promoting Human Resources development.