MITSUBISHI ELECTRIC

Changes for the Better

2023 INTEGRATED REPORT

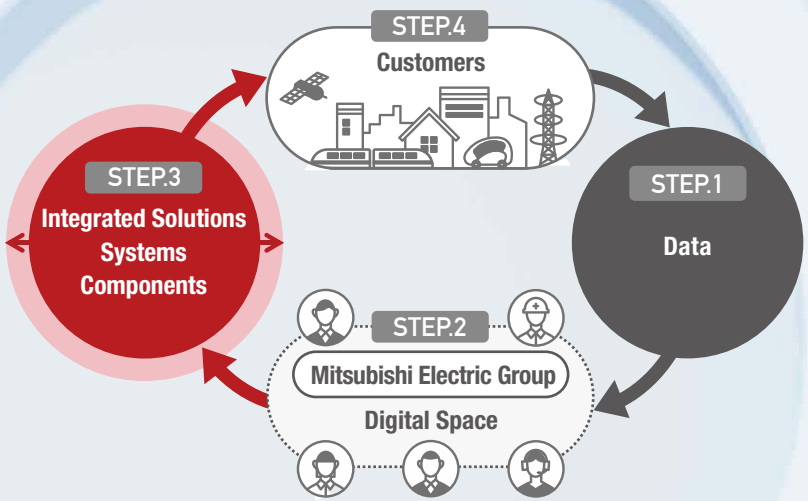
For the year ended March 31, 2023

The Mitsubishi Electric Group aims to become a “Circular Digital-Engineering Company” that creates new value and contributes to solving social challenges through strong intra-group connections and knowledge sharing.

The Mitsubishi Electric Group is working towards the realization of a vibrant and sustainable society through continuous technological innovation and ceaseless creativity.

This integrated report is designed to provide a comprehensive understanding of the value creation activities and growth story of the Mitsubishi Electric Group, as well as to introduce initiatives for the sustainable enhancement of its corporate value.

Solving social challenges through Circular Digital-Engineering



STEP.1

Consolidate diverse data

Consolidate data generated through usage of our components and systems by a wide range of customers into a digital space

STEP.2

Ascertain potential issues and needs of customers

Analyze the consolidated data via a digital space and ascertain potential issues and needs of customers

STEP.3

Create new value

Create new value through evolving components, systems and Integrated Solutions based on potential issues and needs

STEP.4

Return value to a wide range of customers

Return new value to a wider range of customers, and solve social challenges with customers

Purpose

We, the Mitsubishi Electric Group, will contribute to the realization of a vibrant and sustainable society through continuous technological innovation and ceaseless creativity.

Our Values

Trust	We develop relationships based on strong mutual trust with all stakeholders including society, customers, shareholders, suppliers, and employees working together.
Quality	We ensure the satisfaction of society and customers by providing products and services of the best quality.
Technology	We provide society with new value by enhancing technology and onsite capabilities.
Ethics and Compliance	We act with high ethical standards and comply with laws and social norms.
Humanity	We prioritize health and safety, promote diversity and respect personalities and human rights.
Environment	We strive to protect and improve the global environment, doing so in harmony with nature.
Society	We contribute to the development of a better society as a corporate citizen.

Commitment *Changes for the Better*

"Changes for the Better" represents the Mitsubishi Electric Group's attitude to "always strive to achieve something better," as we continue to change and grow.
Each one of us shares a strong will and passion to continuously aim for change, reinforcing our commitment to creating "an even better tomorrow."

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Editorial Policy

The Mitsubishi Electric 2023 Integrated Report is designed to provide stakeholders with an integrated presentation of financial and non-financial information, including environmental, social, and governance information, and to help deepen their understanding of the Mitsubishi Electric Group's growth story for the future. In preparing this report, we have followed the International Integrated Reporting Framework recommended by the IFRS Foundation and the Guidance for Collaborative Value Creation 2.0 issued by the Ministry of Economy, Trade and Industry (METI).

The Mitsubishi Electric Group is working to create economic and social value by contributing to the resolution of social issues in order to realize a "vibrant and sustainable society" as stated in our Purpose. This report contains specific information on the value creation activities being undertaken by the Mitsubishi Electric Group, including policies and strategies.

For more detailed information, please refer to the various disclosure media posted on Mitsubishi Electric's official website in the Information Disclosure Systems section below.

We are committed to holding dialogues with our stakeholders and will work to continuously improve the value of the Group through higher quality information disclosure and more in-depth communication. We aim to improve the quality of our information disclosure through these dialogues with our stakeholders and will continue to make improvements.

Information Disclosure Systems

Sustainability/ESG Information	Financial Information
Integrated Report	
IR Day/Corporate Strategy Briefing Annual Securities Report	
Sustainability Report Corporate Governance Guidelines Corporate Governance Report Sustainability Website	Consolidated Financial Results Business Report Investor Relations Website

Reporting Period

April 1, 2022 - March 31, 2023

Please note some policies, targets and plans beyond April 2023 are also included.

Scope of Reporting

Social aspects：Primarily covers activities of Mitsubishi Electric Corporation *The range of data compiled is noted individually

Environmental aspects：Primarily covers performance of Mitsubishi Electric Corporation and its affiliates (Japan: 157, overseas: 101, total: 259)

Economic aspects：Primarily covers performance of Mitsubishi Electric Corporation, consolidated subsidiaries, and equity method affiliates

*Detailed information on economic performance is provided in the Investor Relations of our website.

Accounting Standards

Unless otherwise noted, the Company reported under U.S. GAAP up to the fiscal 2018 (ending March 31, 2018) and under International Financial Reporting Standards (IFRS) from the fiscal 2019 (ending March 31, 2019).

Regarding Future Projections, Plans, and Targets

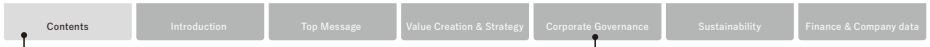
This report contains not only statements of past and present facts related to Mitsubishi Electric Corporation and its affiliates (Mitsubishi Electric Group), but also future projections, plans, targets, and other forward-looking statements. Such projections, plans, and targets constitute suppositions or judgments based on information available as of the time they are stated.

Future business activities and conditions may differ from projections, plans, and targets due to changes in various external factors.The Mitsubishi Electric Group conducts business in the form of development, manufacturing, and sales in a broad range of areas, and these activities take place both in Japan and overseas. Therefore, the group's financial standing and business performance may be affected by a variety of factors, including trends in the global economy, social conditions, laws, tax codes, litigation, and other legal procedures.

We would ask stakeholders to keep these points in mind when reviewing this report.

How to use the interactive PDFs

●Category tabs



Click Contents to go to the Table of Contents page on page 3.

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▶ Title, etc., of link destination・・・・Internal link within the PDF: Move to the relevant page within this PDF

Title, etc., of link destination・・・・External link: Open a web page outside this PDF

Our History

Since its founding in 1921, Mitsubishi Electric constantly considers how it can contribute to solving the social challenges that lie ahead and what it needs to do to achieve this. Today, when the world is undergoing a major transformation, we are looking ahead to the society of a hundred years from now. To achieve sustainable society, we will continue to take on challenges by drawing on the collective strengths of people inside and outside the Group, as well as our continuous technological innovation and ceaseless creativity.

1921
- Establishment of Mitsubishi Electric

1935
- Delivered first fully manufactured elevator and escalator

1954
- Developed Japan's first industrial television system (ITV)

1963
- Delivered electrical equipment to Japan National Railways for use in Tokaido Shinkansen rolling stock

1964
- Completed installation of weather radar atop Mt.Fuji

1970
- Launched "Lossnay", world's first*1 energy recovery ventilator

1973
- Launched the MELSEC-310, Mitsubishi Electric's first PLC to replace the relay control panel

1990
- Supplied the world's first*1 GPS-equipped navigation system

1991
- Received order for the Subaru Telescope, large optical-infrared telescope with world-class performance*2

1997
- Developed "DIPIPM", the industry-first*1 intelligent power semiconductor modules using transfer molded structure

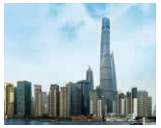
2003
- "MISTY" was adopted by ISO as an international standard encryption algorithm

2014
- 4K high-definition video display with a total length of over 100m Installed at Times Square, New York, as the world's largest*3 display for a commercial facility.

2016
- Opened event space "METoA Ginza"

2020
- The "SUSTIE" net Zero Energy Building test facility is completed

2021
- Installed the fastest *4 and tallest*1 elevator at the Shanghai Tower



2022
- Launched "ME Innovation Fund", a corporate venture capital (CVC) fund,

Anniversary
- 100th anniversary of Mitsubishi Electric's establishment

*1: Mitsubishi Electric research as of 2023 *2: at the time of the order
*3: at the time of installation *4: at the time of delivery

Topics of Fiscal 2023

Topic 1

Mitsubishi Electric invests approximately 3.1 billion yen in its subsidiary Mitsubishi Electric India Pvt. Ltd. to establish a new factory in India. The new factory will manufacture inverters and other factory automation (FA) control system products, expanding the company's capabilities to meet the growing demand in India.

Topic 2

Mitsubishi Electric's "SUSTIE" net Zero Energy Test Facility has obtained Platinum-level WELL Building Standard certification, an international certification that evaluates the extent to which a building environment supports the wellbeing of its occupants.

Topic 3

Mitsubishi Electric will double a previous investment plan* to approximately 260 billion yen from FY2022 to FY2026 mainly for constructing a new wafer plant to increase production of silicon carbide (SiC) power semiconductors.

* Approximately 130 billion yen for the previous plan

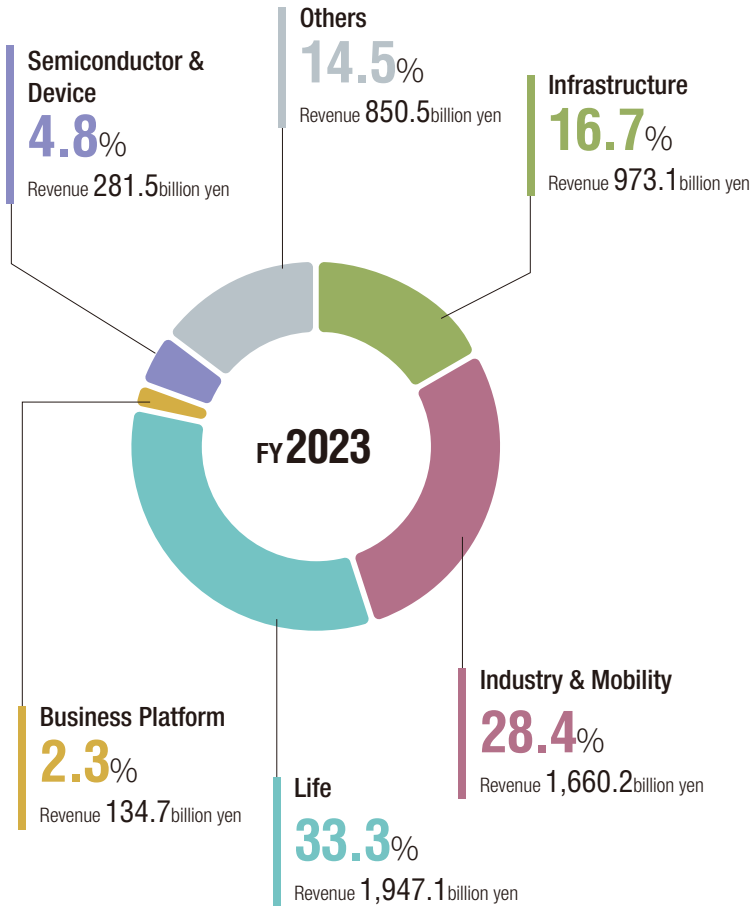
Topic 4

Mitsubishi Electric won the contract from the Japan Meteorological Agency (JMA) to build the nation's newest geostationary meteorological satellite, known as the Himawari-10, which is expected to enhance weather disaster prevention.

At a Glance

The Mitsubishi Electric Group is committed to providing products, systems, and solutions in its wide-ranging business fields (business areas and segments) of Infrastructure, Industry & Mobility, Life, Business Platform and Semiconductor & Device by combining strengths inside and outside the Group. In addition, in fiscal 2023 the overseas sales ratio of the Mitsubishi Electric Group exceeded 50%, and by developing our businesses globally, we are taking on the challenge of creating new value together with our stakeholders around the world.

Revenue Breakdown by Business Segment



* Inter-segment sales are included in the amounts of the diagram above.

Global Operations

Europe

Revenue	607.8billion yen
% of total Revenue	12.1%
Number of consolidated subsidiaries	31

Japan

Revenue	2,467.0billion yen
% of total Revenue	49.3%
Number of consolidated subsidiaries	91

North America

Revenue	625.5billion yen
% of total Revenue	12.5%
Number of consolidated subsidiaries	17

Asia

Revenue	1,218.9billion yen
% of total Revenue	24.4%
Number of consolidated subsidiaries	67

Others

Revenue	84.3billion yen
% of total Revenue	1.7%
Number of consolidated subsidiaries	3

* Revenue is shown by country and region based on customer location.

President's Message

The Mitsubishi Electric Group will transform into a "Circular Digital-Engineering Company" with the aim of sustainably enhancing our corporate value by solving social challenges through its businesses.

What we want to communicate in the 2023 Integrated Report

The Mitsubishi Electric Group is striving to become a "Circular Digital-Engineering Company" by transcending the boundaries between divisions through combining its technical capabilities, expertise and the knowledge of the people in each division. It is my mission, along with the Business Area (BA) owners, and the Chief Officers (CxOs) responsible for each functional role in the corporate divisions, to drive this transformation.

In this integrated report, I will explain the overall growth story of the Mitsubishi Electric Group. In addition, each of the BA owners and CxOs will also present the strategies that will enable the Mitsubishi Electric Group to become a "Circular Digital-Engineering Company" and to continue to solve social challenges. In preparing this report, we have referred to the Guidance for Collaborative Value Creation 2.0 issued by the Ministry of Economy, Trade, and Industry, and we have structured it to explain the Mitsubishi Electric Group's efforts from the integrated viewpoints of both financial and non-financial information. We will continue to improve the quality of our disclosure through dialogue with our stakeholders.

Review of the Fiscal 2023 and Medium-term Management Plan Towards Fiscal 2026

Revenue for fiscal 2023 totaled 5,003.6 billion yen, achieving ahead of schedule the target of "5 trillion yen in consolidated revenue" set in the Medium-term Management Plan. Operating profit was 262.3 billion yen. Revenue reached a record high due to the impact of the depreciation of the yen and the expansion of mass-production-related businesses, despite the

complex situation in Ukraine and supply chain disruptions caused by the Shanghai lockdown. In addition, the weaker yen, higher revenues and the effects of appropriate prices hike according to the rise in materials contributed to the increase in profit compared to the previous year, despite increases in procurement costs for parts and materials and logistics costs, as well as impairment charges in the automotive equipment business.

The forecasts for fiscal 2024 are revenue of 5,200 billion yen and operating profit of 330 billion yen. Due to the further expansion of demand in the mass-production businesses, particularly air conditioners and home appliances, and the effect of price hike in each business, both revenues and operating profits are expected to reach record highs. The environment remains uncertain, with monetary tightening in many countries and heightened geopolitical risks. However, we will continue to make steady progress towards sustainable growth.

In this regard, among the financial targets in the fiscal 2026 Medium-term Management Plan announced in fiscal 2022, the revenue target that was achieved ahead of schedule in fiscal 2023 was updated to "5 trillion yen + (plus)" to continuously aim for revenue of 5 trillion yen or more. Fiscal 2024 is the mid-year of our Medium-term Management Plan, and we will focus on improving our business portfolio strategy and management structure to achieve our financial targets of 10% operating profit margin and 10% ROE. As part of our business portfolio strategy, we will actively invest in businesses that we have identified as key growth businesses based on their growth potential, profitability, and asset efficiency. We will also promote measures to strengthen the competitiveness of our businesses through alliances with other companies and mergers and acquisitions to fill in the missing pieces. When allocating capital, we will prioritize growth investments and seek to enhance shareholder returns through earnings growth. The Company conducted a share buyback of approximately 50 billion yen in fiscal 2022 and plans a buyback of up to 50 billion yen in fiscal 2024.

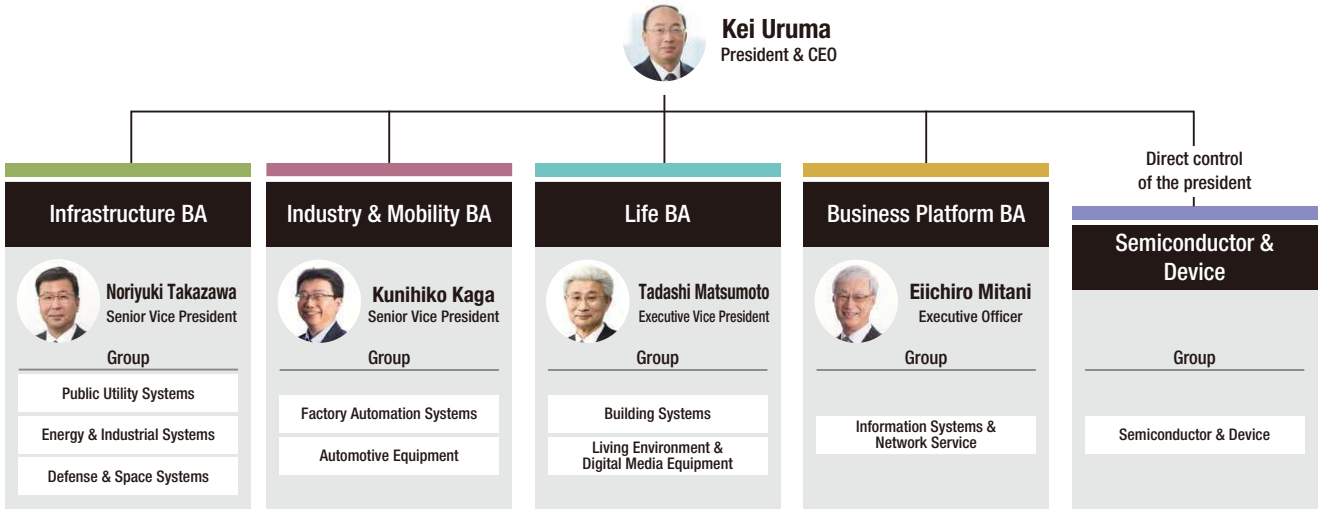
Reform of the Business Area (BA) Management Structure

From fiscal 2023, the Mitsubishi Electric Group has introduced a BA management structure that consolidates its nine business groups into four BAs – Infrastructure, Industry & Mobility, Life, and Business Platforms – in order to maximize corporate value from a medium- to long-term perspective across a wide range of business fields. BA owners will lead initiatives such as maximizing asset efficiency by reallocating resources from an investor's perspective within the BA, formulating and executing portfolio strategies, creating synergies across businesses as well as technology and synergies within and between BAs, dynamically facilitating collaborations of people and technology across BAs, and providing solution businesses. The Semiconductor & Device Group reports directly to the President and aims to strengthen the competitiveness of the Mitsubishi Electric Group by providing semiconductor devices that are the key to each business. In the Power Devices business, which is expected to grow significantly in the future, we will also make decisions on strategic investments from a Group-wide perspective to drive growth. In the corporate divisions, the Chief Officer system has been extended to clarify roles according to the primary function. We will also proactively identify various trends, such as DX, carbon neutrality and geopolitical risks, and create a Group-wide strategy to increase the social and economic value of the Mitsubishi Electric Group while strengthening the support functions for each BA.

Under the new structure, the BA owners now consider solutions to utilize business synergies through the integration of business groups that were previously vertically divided. The following are examples of our advanced efforts to explore new areas through integrated solutions: "E&F*1 solutions," which provide optimal energy management and packaged operation and maintenance services for equipment by integrating energy and equipment engineering technologies; and "OT*2 security solutions," which are a one-stop solution to improve the availability and safety of customers' OT assets and to meet their needs to promote IoT/DX.

*1 E&F: Energy & Facility
*2 OT: Operational Technology

Business opportunities related to climate change measures and resilience are also expanding for each BA. For example, in Europe, due to the situation in Ukraine, there is a challenge in securing natural gas. This has



■ BA Management Structure

led to an increased demand for air conditioning systems that utilize energy-efficient heat pump technologies. We therefore believe that the Mitsubishi Electric Group can offer significant contributions. Additionally, in recent times, efforts to bolster Japan's defense capabilities have been on the rise. With an increasing demand for advanced defense technologies like missile detection within Japan, we are confident that our expertise in defense and space technologies will prove invaluable.

Transforming into a "Circular Digital- Engineering Company"

Based on a long-term perspective, the Mitsubishi Electric Group is working to transform itself into a "Circular Digital-Engineering Company" that delivers new value through co-creation and by integrating knowledge within and outside the Group. The Group has conventionally sold standalone products and services and has developed its business primarily through components. When our customers use the products we deliver, operational status and other such data are stored, and this data is becoming increasingly important. By consolidating and analyzing data acquired from our customers in a digital space, and by fostering strong bonds within the Group, we will evolve our components, systems, and integrated solutions and create new value. To further provide our customers with the benefits of the new value, we will transform into a "Circular Digital-Engineering Company" and contribute to solving diverse social challenges.

Some of these businesses are already seeing growth. For example, in the FA system business, we are now able to offer consulting proposals, such as improving the efficiency of manufacturing processes and appropriate maintenance methods, by carrying out simulations by analyzing data accumulated in physical space with our Digital Twin, which is a digital reproduction of the customer's production line. We believe that this will not only enable us to offer new value to our customers, but also greatly expand our business areas.

Our intensification of Sustainability Management

In fiscal 2023, the Mitsubishi Electric Group positioned the realization of sustainability as the cornerstone of its management policy. In accordance with this policy, we are promoting corporate activities with a focus on the following four key points.

The first is "contribution to a sustainable society through our businesses." The foundation of the Mitsubishi Electric Group's sustainability management is to contribute to the realization of "a vibrant and sustainable society" by solving social and environmental challenges through our business.

The second is "responsibility for a sustainable society." It is also important that we act responsibly to avoid creating new social and environmental issues in our operations.

The third is "risk management in response for long-term social and environmental changes." Adapting to long-term social and environmental changes is essential for sustainable business growth, and we must work to create opportunities to respond to changes and to manage or minimize the impact of risks.

The fourth is "communication with stakeholders." Highly transparent disclosure of information is essential to deepen communication with stakeholders and to adequately reflect society's expectations and demands in company management.

As part of our sustainability management drive, our Sustainability Vision of "Creating Harmony with People and the Planet" was formulated in 2022. We have also identified "a sustainable society full of prosperity" as the society we want to exist in 2050. This is a society in which stakeholders, including local communities, employees, customers, and shareholders, can feel happiness.

Continuing to Drive Initiatives on Materiality

To promote sustainability management, we have identified five areas as materiality (important challenges) under the two headings of "provide solutions to social challenges through our businesses" and "strengthen our business foundation to enable sustainable growth."

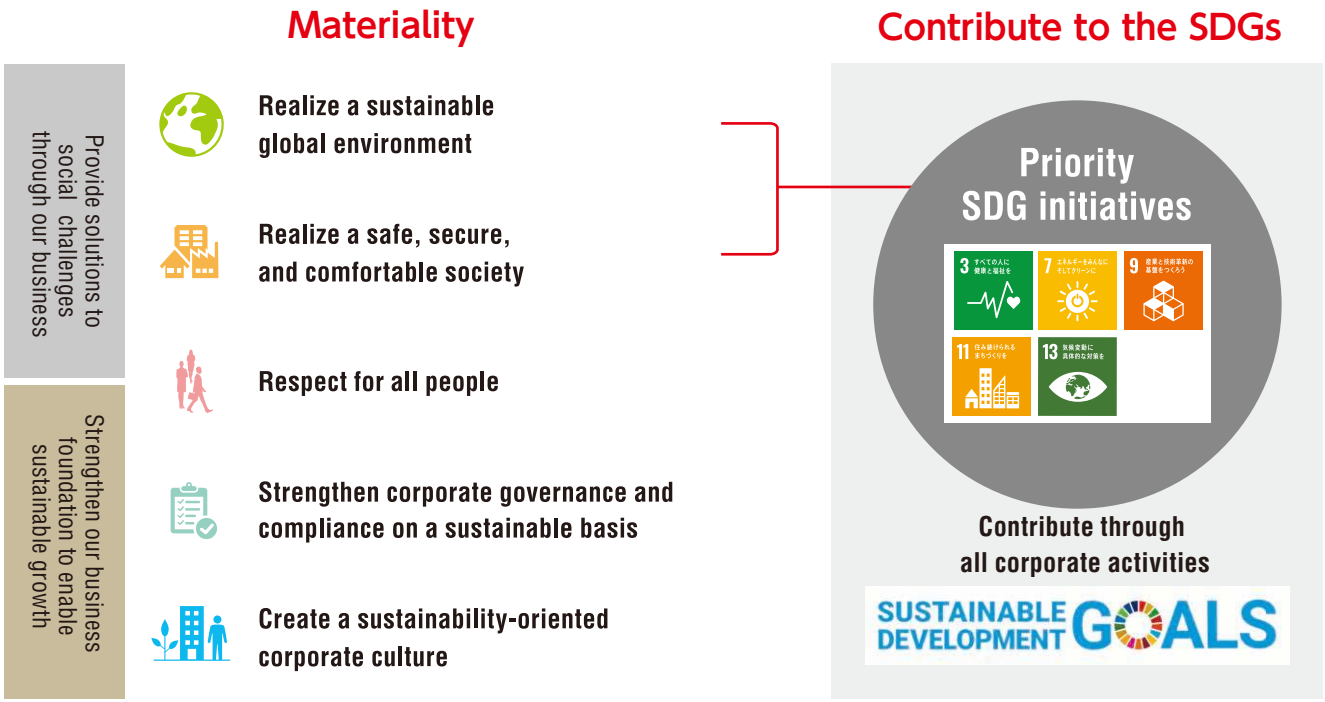
For "Provide solutions to social challenges through our businesses," we have identified "carbon neutrality," "circular economy," "safety and security," "inclusion," and "well-being" as areas of focus, and we are directing our initiatives toward achieving five related goals of SDGs. Especially, "carbon neutrality" is an area in which we can demonstrate our strengths, and we are accelerating initiatives in terms of both "responsibility" and "contribution." On the "responsibility" side, by which

we aim to decarbonize within our domain, we have revised our previous target for fiscal 2031, which was "reducing greenhouse gas emissions at factories and offices by 50% or more (compared to fiscal 2014)" to "net zero emissions by fiscal 2031." On the "contribution" side, we aim to create and expand businesses that contribute to the realization of carbon neutrality in society. We are conducting research and development in three areas of innovation: "Green by Electronics," which promotes energy conservation by improving the efficiency of core components, etc.; "Green by Digital," which contributes to the improvement of energy efficiency and the expansion of renewable energy through the application of advanced digital technologies; and "Green by Circular," which aims to realize circular carbon use.

In the other four areas, as for carbon neutrality, our commitment is not only working for "contribution" to a sustainable society through our businesses, but also promoting corporate activities as our "responsibility" to realize a sustainable society, and we hope to create a cycle in which the knowledge and best practices from these efforts are applied to our businesses.

As a part of "Strengthen our business foundation to enable sustainable growth," investing in "people," who are the driving force behind the Mitsubishi Electric Group's sustainable growth, is an extremely important theme. In terms of gender balance, we feel that issues remain to be addressed, such as the male-female ratio in managerial positions in Japan. To ensure equal opportunities for employees, we must eliminate unconscious biases stemming from an attitude of "because someone is male/female." We are also creating a more comfortable work environment for employees who are raising children through measures such as expanding on-site childcare facilities.

For the first time, a woman and a non-Japanese were appointed as executive officers in fiscal 2024. We have confidence that the increased diversity of senior management generates new ideas and leads to the further growth of the Mitsubishi Electric Group.



■ Materiality and the SDGs

Six Capitals that Support the Value Creation Process

As we pursue our goal of realizing sustainability, it is also important to determine what kind of capital we will invest in the value creation process.

First, we focus most on human capital. We will expand and strengthen our investment in "people" who are at the core of a company's growth. We will respect individual career ownership and value "diverse and versatile human capital" who think independently, act proactively and continue to take on challenges. In addition, to maximize the value of human capital, the human capital strategy must be integrated with the business strategy. For example, in order to realize our goal of becoming a "Circular Digital-Engineering Company," the following personnel are required as core talents: "DX architects" who can design the overall picture of how data and systems are connected based on core components and field knowledge; "data scientists" who are familiar with customers' businesses and operations and who are responsible for data collection, management, and analysis; and "DX engineers" who are responsible for the development and implementation of DX-related software and systems. We will recruit and train talents to reach our desired state in five to ten years.

In April 2022, we started the “EL (Executive Leadership) academy” for newly appointed executive officers and others to foster management professionals. As a preliminary step, it is also essential to systematically

foster the next generation of management candidates. We conduct candidate assessments and promptly compensate for shortages in terms of overseas experience or work experience in order to promote career development with an eye to the future. Furthermore, we are establishing a system to promote new and competent employees as well as for introducing job-grading to stimulate personnel transfers globally.

The second point is financial capital. The key factors include shareholders' equity, operating cash flow and capital allocation, which are the sources of growth. Mitsubishi Electric's stockholders' equity was 3,239.0 billion yen for the fiscal year ended March 31, 2023, and Mitsubishi Electric's stockholders' equity ratio was 58.0%. We will build on this strong financial position and soundness to aggressively invest in growing businesses to meet the expectations of our shareholders and investors. Investment decisions are based on ROIC more than on the cost of capital.

The third point is manufacturing capital and the fourth is intellectual capital. For manufacturers involved in the production and sale of technology-enabled products and systems, these capitals are important. In particular, the Mitsubishi Electric Group remained within the global top five for the ninth consecutive year and secured the top position among Japanese companies for the eighth consecutive year, in terms of international patent applications filed in 2022, announced by the World Intellectual Property Organization (WIPO) in February 2023. This is the result of our aggressive pursuit of international patent filings and the globalization of our businesses. The Mitsubishi Electric Group conducts intellectual property activities in conjunction with its business and R&D strategies, viewing intellectual property as an important management resource for the future. The Open Technology Bank®, which promotes both internal and external collaborations using intellectual property, also began operations in October 2021. We will continue to strengthen our intellectual property activities and contribute to solving social challenges through our businesses.

The fifth point is natural capital. As the world faces complex situations related to climate change, every country, every company, and every individual must act with an awareness of the need to realize a global sustainable environment. We recognize that the bounty of plants, animals, air, water, soil, minerals, and many other natural resources, are fundamental to all industries and businesses and are the common capital that will be enjoyed by future generations.

The sixth and last point is social relationship capital. Since its establishment, the Mitsubishi Electric Group has been able to promote its businesses in many regions around the world, thanks to the understanding and cooperation of its various local communities. In the communities in which it operates, the Mitsubishi Electric Group participates in a wide range of social contribution activities. We will continue to place a high value on trust and individual relationships with local communities and customers. We will also deepen our collaborations with university research institutes in Japan and abroad, as well as with partner companies in each region, to contribute to the creation of a sustainable society full of prosperity.

Three Reforms

About a year has passed since the start of the three key reforms aimed at restoring trust, namely the "quality assurance reform," "organizational culture reform," and "governance reform," and measures for reforms are progressing as planned.

For the quality assurance reform, we are rebuilding organizational capabilities to provide technically correct explanations to customers and reducing workloads on the front lines by having management themselves engage in dialogue and negotiation with customers, thereby establishing a system through which "the front lines do not have cause to carry out improper quality control in the first place." Based on the results of a root cause analysis, we are strengthening engineering capabilities and promoting manufacturing process reforms. In addition, we will strengthen our management system to prevent fraud, such as by automating the inspection data collection process.

For organizational culture reform, we are working to foster a culture which "Employees feel that they can consult with their superiors," "failures are tolerated," and "problems are solved together. "We are reforming management itself and changing the behavior of those in managerial positions, and we are promoting initiatives such as "town hall meetings" in which management and front-line employees discuss issues directly on equal footing as well as facilitating dialogue using internal social media. These are based on the robust policies, which are a set of guidelines for the organizational culture reform formulated by Team Sousei (Creation), a company-wide reform project launched in October 2021. I personally feel that the strong enthusiasm from the members of the team Sousei that "we will definitely transform this company" has not changed since the beginning

of the project. Each of the team members, through a process of trial and error, has been looking for ways to move forward, to consider who to join forces with, how to utilize assistance from myself as the President, how to approach the business groups, and so on. In addition, efforts that had previously been focused on Mitsubishi Electric have been extended to the Group, and each company has initiated activities tailored to its own circumstances.

For governance reform, we are building a compliance system that emphasizes prevention. By appropriately including external perspectives, we will realize a governance/internal control structure that inhibits and prohibits misconduct. A third-party evaluation conducted on the effectiveness of the Board of Directors in fiscal 2023 found that its effectiveness had improved. In addition, two new female outside directors were appointed at the 152nd Annual General Meeting of Shareholders in June 2023. Our Board of Directors, of which independent outside directors comprise the majority, will continue to develop our business from various perspectives brought together by diversity in terms of gender, nationality, work experience, and age.

For these three reforms, the Board of Directors has established the "Monitoring Committee for the Three Reforms" to monitor and oversee the status of each measure. To earn the trust of our stakeholders, we continue to make every effort to transform ourselves into a new Mitsubishi Electric, while developing the three reforms.

The Mitsubishi Electric Group's Purpose and Each Employee's individual purpose

We conduct our businesses based on our Purpose that "We, the Mitsubishi Electric Group, will contribute to the realization of a vibrant and sustainable society through continuous technological innovation and ceaseless creativity." This is the raison d'etre of the Mitsubishi Electric Group, the purpose of the Company, and the ultimate goal that we always pursue.

Under this purpose, we have identified seven values; "Trust," "Quality," "Technology," "Ethics and Compliance," "Humanity," "Environment," and "Society." Furthermore, we have established "Changes for the Better" as a commitment to clarify our stance on continuous change to seek improvement and transformation.

While the Company's Purpose is the aspirations of the organization, it is "My Purpose", which is the aspirations of each individual employee, that is essential to the steady implementation of the organization's aspirations. The entire Group is currently promoting "My Purpose" activities in order to make the Company's Purpose into something personal to each employee.

I have set ""Build a vibrant company, through maintaining passion, enthusiasm, and goal-focused persistence" as My Purpose. Starting with the "passion" of "I want to achieve this," working with "enthusiasm" as a driving force, and persevering with "goal-focused persistence" if I hit a wall along the way. Long before I became the President, I have always relied on this purpose to guide me through challenges, and this is irreplaceable to me.

Currently, all executives, including myself, are sharing their individual Purpose within the company. We plan to gradually expand this initiative from the management level to front-line workers. To make a change, it is necessary to act with oneself as the target of the change, and in this sense, we believe that it is particularly important for everyone to clarify his or her My Purpose. In a team of ten employees, there will be ten distinct "My Purposes." I think these will create synergies and help everyone recognize where their personal aspirations align with the company's aspiration. Furthermore, employees can feel and realize what the Mitsubishi Electric Group is aiming to achieve while engaging in their own daily work through My Purpose activities.

Kei Uruma
President & CEO

Value Creation & Strategy

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CSO Message

Driving the transformation of the Mitsubishi Electric Group by taking ownership in order to achieve the goals of the Medium-Term Management Plan

Executive Officer
CSO (In charge of Corporate Strategic Planning, IR and SR, Operations of Associated Companies, Three Key Reforms, and Sustainability),
CDO (In charge of DX, Vice President, Business Innovation)

Satoshi Takeda

CSO：Chief Strategy Officer　CDO：Chief Digital Officer

My Mission as CSO

As Chief Strategy Officer (CSO) since April 2023, I am responsible for promoting Group-wide management strategies in the Mitsubishi Electric Group, holding dialogues with investors and other stakeholders, and disclosing information, as well as various measures to strengthen sustainability management. The Mitsubishi Electric Group's advanced technological capabilities, which it has honed over more than 100 years of history, and the ceaseless creativity of its global workforce are key assets that support the Group's sustainable growth. As CSO, I have a key responsibility in the implementation of business portfolio strategies and measures that contribute to improving the management structure with the aim of achieving our financial targets based on these assets, as well as the ongoing promotion of our sustainability management initiatives that focus on solving social challenges through our businesses.

Fiscal 2023 was also the first year of the full implementation phase of the "three key reforms (quality assurance, organizational culture and governance)" that we formulated in October 2021 in response to the improper quality control practices. To revitalize the Mitsubishi Electric Group, we have set the "three key reforms" as the key management initiatives to regain the trust of stakeholders and have entered a phase of their full implementation to eradicate any improper quality-control practices. To implement the reforms, all Mitsubishi Electric employees and management must think and act as one, and I must also play an important role in supporting them.

I have been involved in management from the business side as the Business Area (BA) owner of the Industry & Mobility BA and group president of the Factory Automation Systems Group. While making the most of this experience, I will strive to maximize the corporate value of the Mitsubishi Electric Group in the medium- to long-term through discussions with the Chief Officers (CxOs) who head the corporate divisions, in addition to the BA owners and the group presidents, from the perspective of the Group as a whole.

Towards the Achievement of the Medium-Term Management Plan

Fiscal 2024 is the mid-year of the Medium-Term Management Plan announced in fiscal 2022. We will review the progress of the Plan to date and strengthen and accelerate the measures needed to achieve our targets for fiscal 2026. In terms of financial targets, having achieved the revenue target of 5 trillion yen in fiscal 2023 ahead of schedule, we have decided to aim for revenue of 5 trillion yen plus (+), or in other words 5 trillion yen or more, for the remainder of the Medium-Term Management Plan period. On the other hand, there are challenges in terms of profitability and asset efficiency to meet the targets of the Medium-Term Management Plan. Going forward, we will focus on achieving an operating profit margin of 10% and a ROE of 10%, as well as management measures focused on cash generation. The hurdles to achieving these targets are not low, but we intend to achieve them by rigorously implementing our business portfolio strategy and continuously improving our management structure.

As part of our business portfolio strategy, we will focus more than ever on the profitability and asset efficiency. We will use return on invested capital (ROIC) as the indicator for business decisions and ensure that decisions are made from the medium- to long-term perspective of "We can generate profits that exceed the cost of capital" rather than from the perspective of "It's good enough if the results are in the black" or "It's good enough if we manage to recoup our investment." In this context, we believe that the key growth businesses of Factory Automation Control Systems, Air Conditioning & Refrigeration Systems,

Building Systems, and Power Semiconductor Devices are the keys to achieving the targets in the Medium-Term Management Plan, and we will expeditiously implement aggressive investments, such as strengthening production systems and M&A, at the right time and in the appropriate manner. In addition, for businesses with issues that do not have the potential to improve profitability and asset efficiency, we have decided to withdraw from and divest businesses that have already reached 300 billion yen in revenues. We will continue to consider exits and divestments, and the resources generated by these actions will be allocated to the key growth businesses to accelerate Mitsubishi Electric's growth.

We will also implement structural reforms to speed up business operations. In April 2023, we decided to spin off our automotive equipment business, which will accelerate our business processes, including selection and concentration, collaborations with partners, the reallocation of resources to profitable businesses and the discontinuation of businesses with issues.

To improve the management structure, we will work to enhance cash generation through effectively utilizing assets, improving productivity, and increasing profitability. For example, we will promote the transformation of our production and logistics systems by improving the efficiency of the entire supply chain through strengthening coordination between development, manufacturing, sales and other processes, and by strengthening our system of local production for local consumption to ensure a stable product supply and to optimize inventories. We will also proactively sell cross-shareholdings and idle assets. Moreover, we will accelerate digital transformation (DX) across the businesses. Through operational DX, which leverages data and digital technology, we will work to improve the efficiency of all operations through cross-business optimization, thereby increasing productivity. We will also work to improve profitability by pursuing additional value of our products and services and price hike according to the rise in materials.

Aiming to be a "Circular Digital-Engineering Company"

We are also working on initiatives to realize Mitsubishi Electric's ideal form of being a "Circular Digital-Engineering Company." I believe we need to strengthen our assets in five digital field to achieve this target. The five field are digital space to analyze and use data, DX human capital to transform management and business through digital, co-creation activities to develop new markets, the development of advanced digital technologies such as AI and model-based, and production and business process reforms that serve as the infrastructure for management. To strengthen these assets, we established the DX Innovation Center in April 2023. The DX Innovation Center will build a digital infrastructure and space to organically connect the wide range of data accumulated in each business area and to accelerate and promote activities, such as data analysis and use, securing and developing digital human capital, and co-creation with customers and partners. By enhancing our digital assets, we will deepen our components and systems while commercializing Integrated Solutions such as OT*1 security and E&F*2 solutions.

Contributions and Responsibilities toward "Realization of Sustainability"

Since its foundation in 1921, Mitsubishi Electric has created new value ahead of its time by sincerely addressing customer and social challenges in a wide range of fields, from the home to space. And now that public interest in various social challenges is growing around the world, we recognize that there are high expectations for Mitsubishi Electric as well. "Realization of sustainability" is the cornerstone of our management. To this end, we have identified five initiatives as materiality for the Mitsubishi Electric Group, which are "Realize a sustainable global environment," "Realize a safe, secure and comfortable society," "Respect all people," "Strengthen corporate governance and compliance on a sustainable basis," and "Create a sustainability-oriented corporate culture." We have also identified five challenge areas (carbon neutral, circular economy, safety and security, inclusion and well-being) on which to focus our businesses. We will achieve sustainability through initiatives such as decarbonizing society with energy management and heat pump technologies, as well as building a resilient society through infrastructure maintenance and management, and facility automation.

The Mitsubishi Electric Group also has a great responsibility to society. Promoting environmentally and socially responsible business activities is a prerequisite for the continuation of the Group's business activities and is essential for its sustainable growth. To fulfil our Group's social responsibilities, we will continue to focus on activities such as strengthening efforts to reduce greenhouse gas emissions, respecting human rights in accordance with international norms, creating a workplace where diverse and versatile human capital gathers and work together, and rigorously enforcing compliance.

We will contribute to the realization of a better society by maximizing the capabilities of the Mitsubishi Electric Group and fulfilling our social responsibilities by contributing to solving social challenges through our businesses.

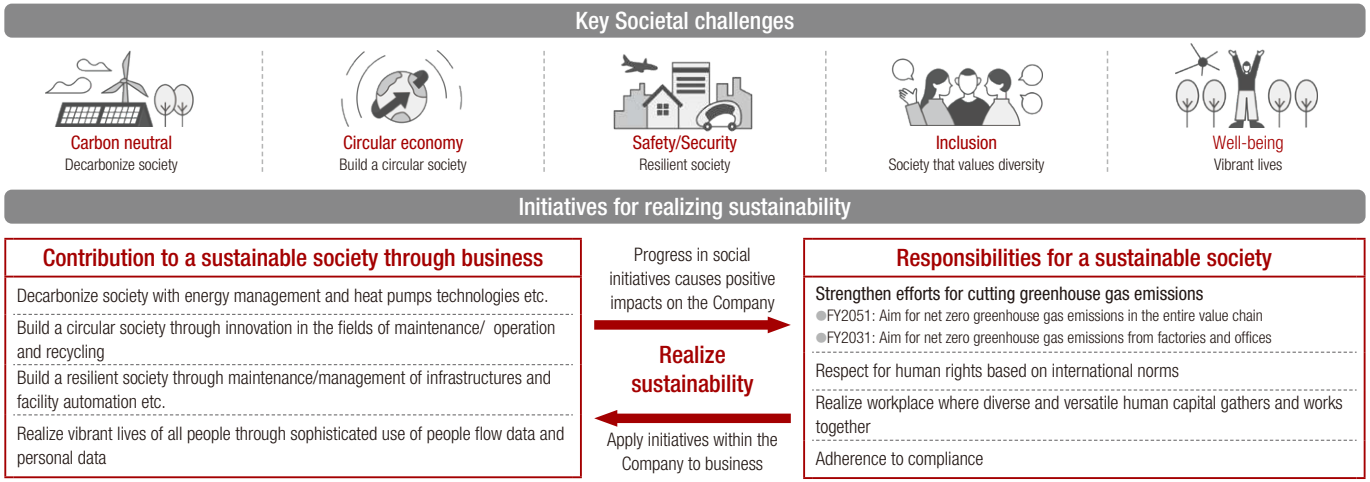
*1 OT: Operational Technology *2 E&F: Energy & Facility

Mitsubishi Electric Corporate Strategy

The Mitsubishi Electric Group's Purpose, which states, "We, the Mitsubishi Electric Group, will contribute to the realization of a vibrant and sustainable society through continuous technological innovation and ceaseless creativity," is our reason for being in society. Under this Purpose, in addition to realizing well-balanced corporate management from the three perspectives of growth, profitability/efficiency, and soundness, the Mitsubishi Electric Group will return to our fundamental principle of "addressing social challenges through our businesses" and position the realization of sustainability as the cornerstone of our management. From this approach, we will pursue a sustained enhancement of our corporate value and fulfill our responsibility to society, to our customers, shareholders, and employees, and to all other stakeholders. In addition, through co-creation and integrating knowledge inside and outside the Group, we will transform ourselves into a "Circular Digital-Engineering Company" that provides solutions centered on enhanced components, systems and data, thereby contributing to solving social issues.

Sustainability Management

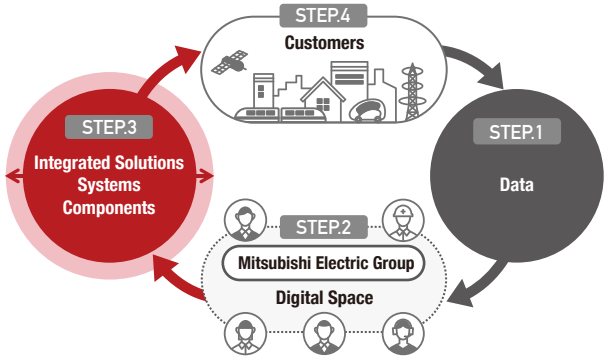
To achieve sustainability, the Mitsubishi Electric Group has identified five challenge areas on which to focus. Through our businesses, we will contribute to a sustainable society in these challenge areas. We are also taking our Group's responsibility for realizing a sustainable society seriously, such as by stepping up our efforts to reduce greenhouse gas emissions. We will continue to invest managerial resources into developing human capital and developing technologies to enhance both social and economic value.

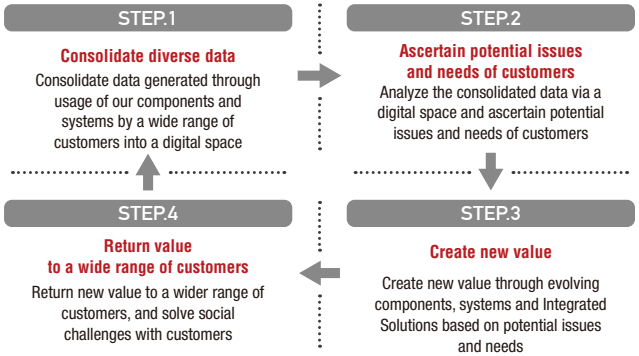


"Circular Digital -Engineering"

The Mitsubishi Electric Group is transforming itself into a "Circular Digital-Engineering Company" that contributes to solving social challenges by consolidating and analyzing data obtained from customers in the digital space, and by creating new value through strong connections and sharing wisdom within the Group.

To realize this "Circular Digital-Engineering," the Mitsubishi Electric Group is working to strengthen its assets in the digital field that it will share with a wide range of customers, in addition to human capital and technological development.





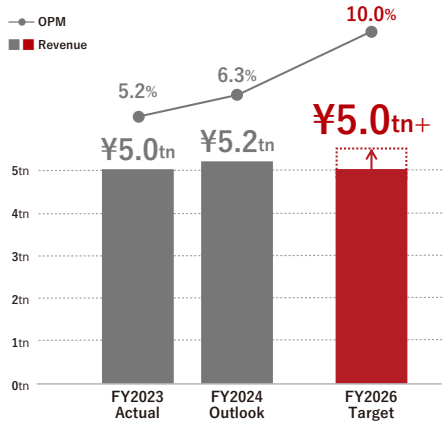
Medium-term Management Plan Towards Fiscal 2026

Financial Targets for Fiscal 2026

In fiscal 2023, we achieved ahead of schedule the revenue target of 5 trillion yen set as the financial target for fiscal 2026 in the Medium-term Management Plan. Going forward, we will work to create further value by advancing our business portfolio strategy and strengthening our management structure to achieve an "operating profit margin of 10%," "ROE of 10%" and "cash generation of 3.4 trillion yen over a five-year period."

*After making adjustments, such as adding R&D expenses to operating cash flow

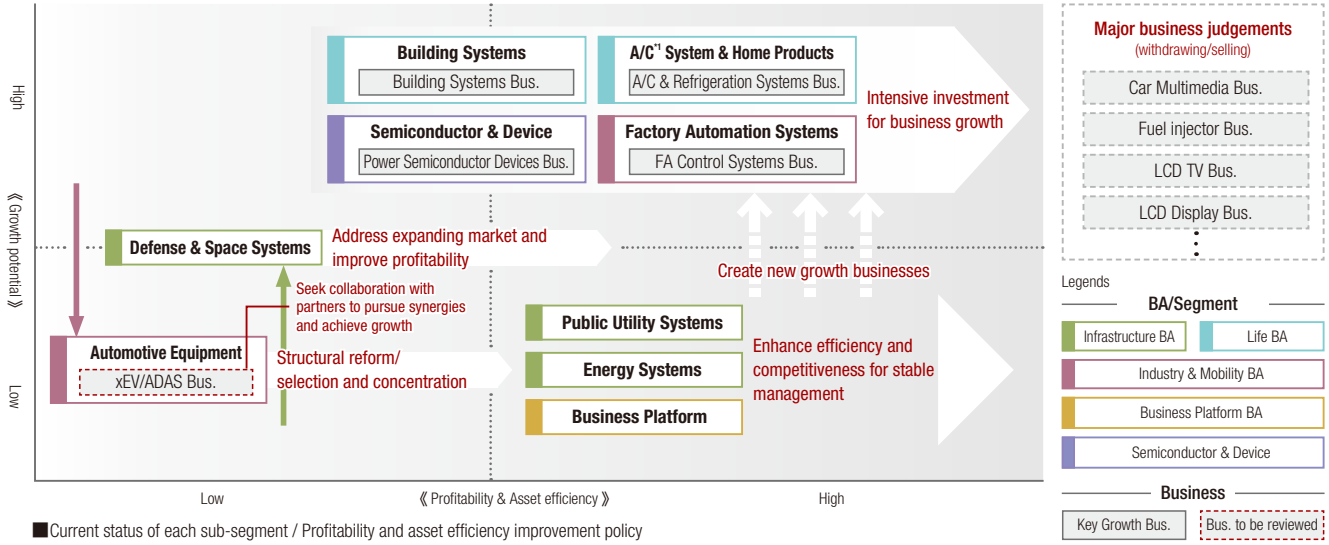
	FY2023 Actual	FY2026 Targets
Revenue	¥5.0trillion	¥5.0trillion+
OPM	5.2%	10.0%
ROE	6.9%	10.0%
Cash Generation	¥0.9trillion /2years	¥3.4trillion /5years



Business Portfolio Strategy and Improvement of Management Structure

Business Portfolio Strategy

The Mitsubishi Electric Group continues to deepen and develop its Business Area (BA) management structure in order to rapidly implement business transformation in response to social changes. The BA owners, who oversee their respective BA, review portfolios with the aim of maximizing profitability and asset efficiency by reallocating resources across the BA. In this context, we will invest aggressively at the right time in the appropriate manner in our key growth businesses of Factory Automation Control Systems, Air Conditioning and Refrigeration Systems, Building Systems and Power Device.



■Current status of each sub-segment / Profitability and asset efficiency improvement policy

Improvement the Management Structure

To achieve the targets of the Medium-term Management Plan, we enhance our management structure through effective asset utilization, productivity improvements and by judgement of business with issues.

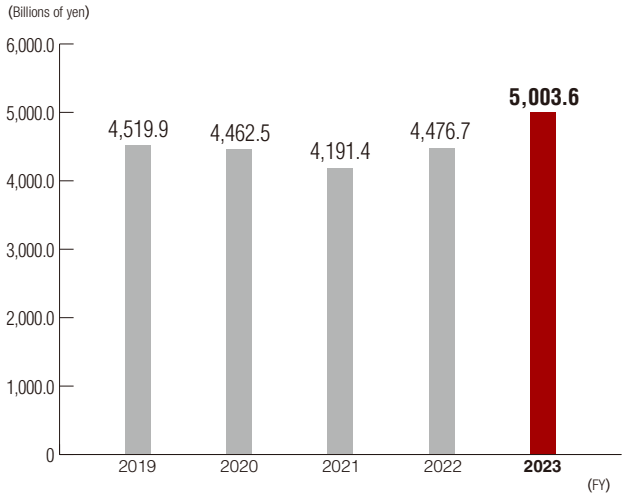
We will improve profitability and asset efficiency by taking specific actions, such as by price hike according to the rise in material and logistics costs, accelerating resource shifting from less profitable businesses to growth businesses, and investing in consideration of ROIC, a business-specific indicator of asset efficiency. In addition, with an eye on the geopolitical risks in the supply chain, we will pursue a procurement system that optimizes global production. In addition, we will steadily promote operational DX to improve the sophistication and productivity of business management using data and digital technology.

Initiatives to Create Value

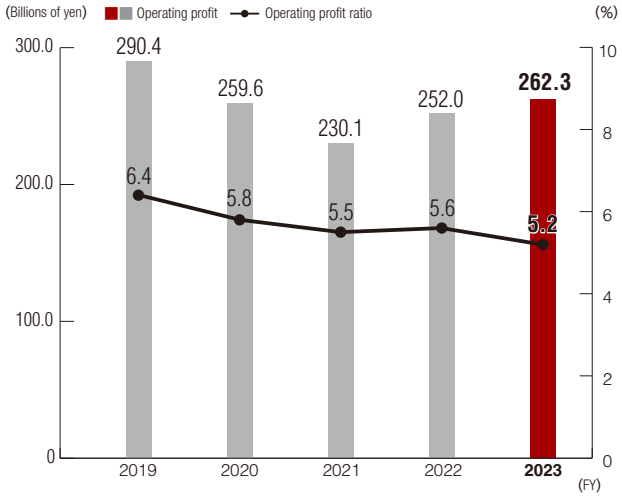
The Mitsubishi Electric Group aims to realize "a vibrant and sustainable society" that we have committed to in our Purpose. Furthermore, we have returned to our fundamental principle of "addressing social challenges through our businesses" and positioned the realization of sustainability as the cornerstone of our management. By utilizing all the resources available to the Mitsubishi Electric Group and realizing “Circular Digital-Engineering,” we aim to create social and economic value, solve social challenges and sustainably enhance our corporate value.

Financial Highlights

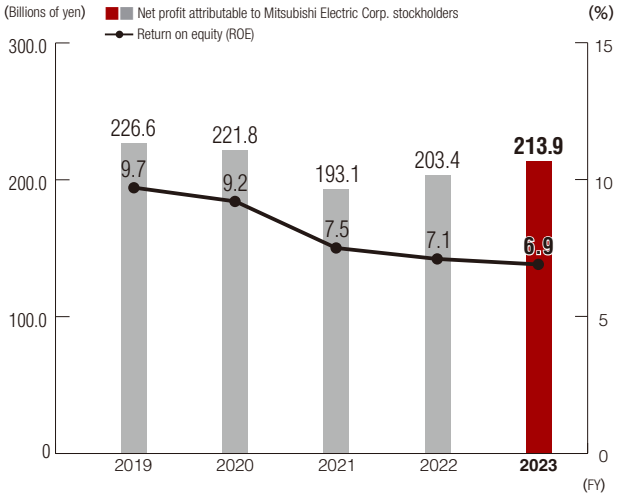
Revenue



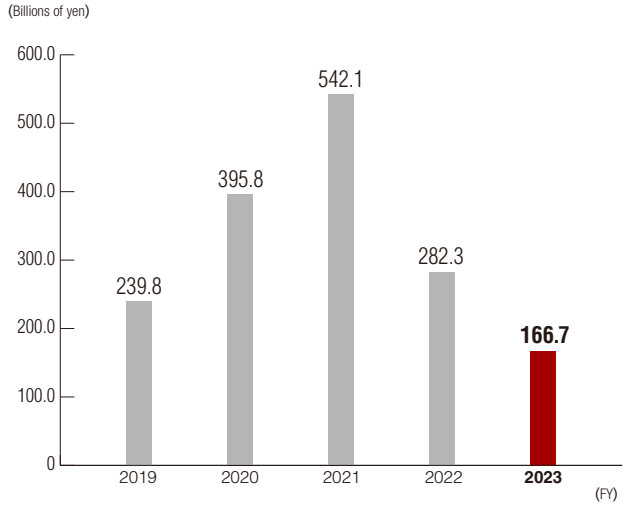
Operating profit/ Operating profit ratio



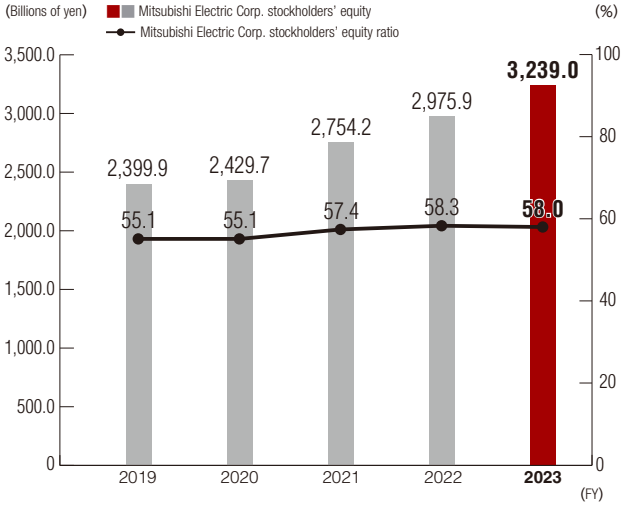
Net profit attributable to Mitsubishi Electric Corp. stockholders/ Return on equity (ROE)



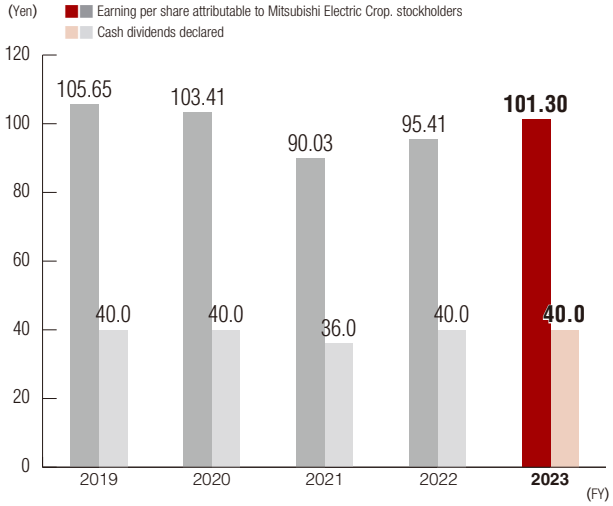
Cash flows from operating activities



Mitsubishi Electric Corp. stockholders' equity/ Mitsubishi Electric Corp. stockholders' equity ratio

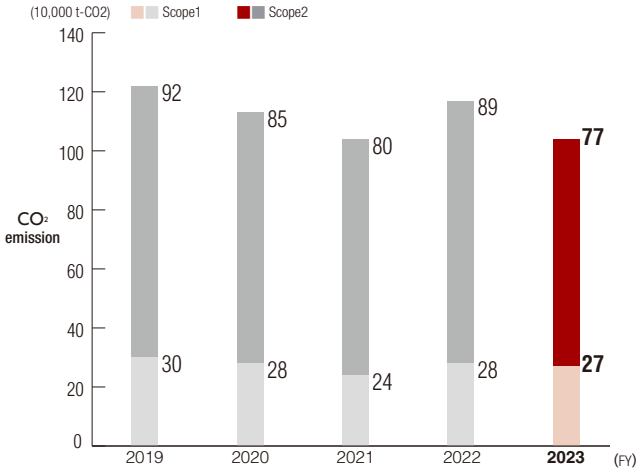


Per share amounts



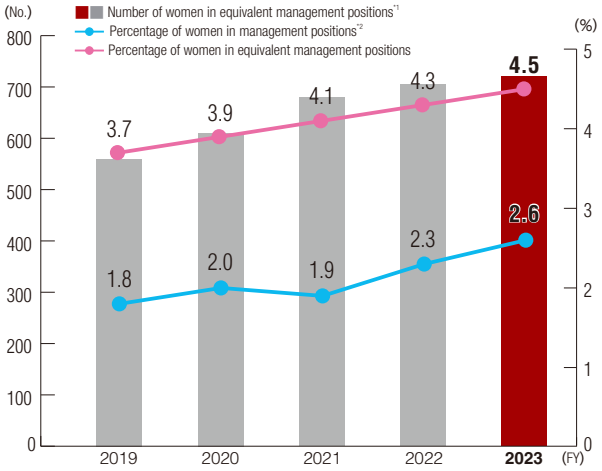
Non-Financial Highlights

Greenhouse gas emission (Scope 1 and 2)



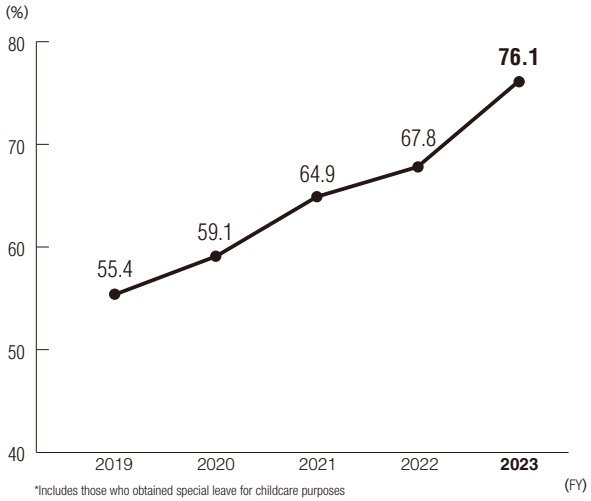
*Scope 2 is location based. The CO2 emission coefficient for electricity is calculated in reference to the following: Japan—the latest figures published by The Electric Power Council for a Low Carbon Society (ELCS); Overseas—the latest figures published by International Energy Agency. The global warming potential for greenhouse gases is calculated in reference to figures published in the IPCC Fifth Evaluation Report.

Trend in the number of woman managers or equivalent (Mitsubishi Electric)



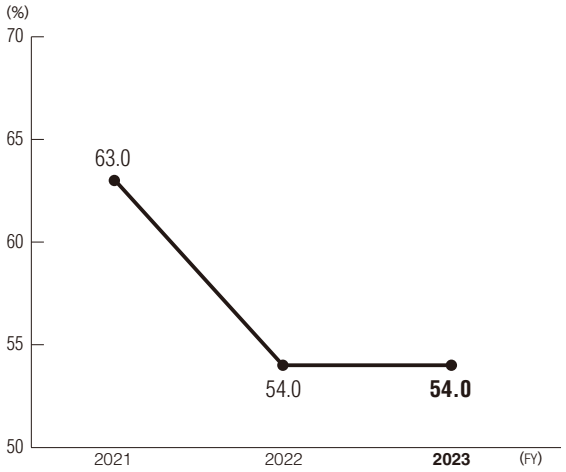
*1 Women in equivalent management positions: Those whose duties and responsibilities are equivalent to those of a section manager.
*2 Percentage of women in management positions: Ratio of women in management positions to all management positions.
* As of March 15 for the relevant fiscal year.

Rate of men taking leave from work (Mitsubishi Electric)



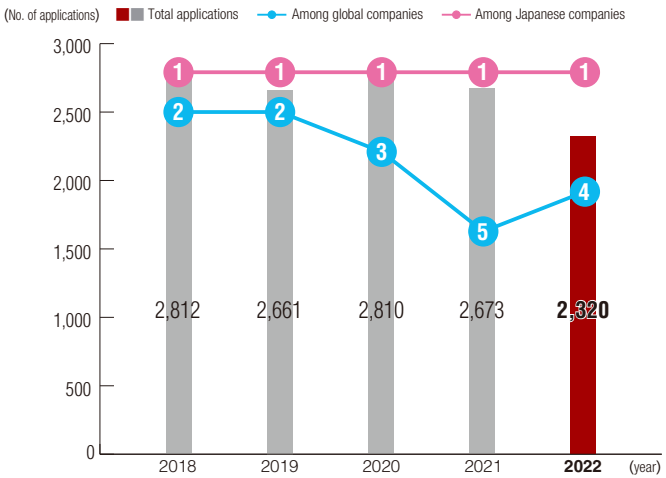
*Includes those who obtained special leave for childcare purposes

Employee Engagement Score (Mitsubishi Electric)



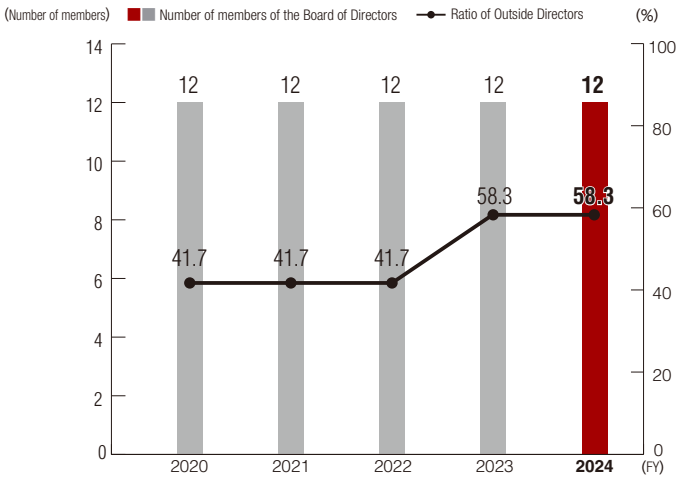
*Percentage of employees who are proud and motivated to work for the Company

Annual international patent applications and rankings* of Mitsubishi Electric



* announced by the World Intellectual Property Organization (WIPO)

Number of members of the Board of Directors/ Ratio of Outside Directors*



* As of end of June for the relevant fiscal year.

Materiality

Process of Identification and Review of Materiality

In fiscal 2016, the Mitsubishi Electric Group identified materiality and initiatives in response to today's social trends and business environment, as required by the fourth edition of the GRI Guidelines.

In fiscal 2021, a full internal review of the materiality, mid-to-long-term initiatives, and targets/key performance indicators (KPIs) was undertaken by the Sustainability Expert Committee and Sustainability Business Promotion Committee, in view of subjective evaluations from inside and outside the company, featuring questionnaires and interviews from a total of 1,551 people, including Mitsubishi Electric Group employees, suppliers, investors, analysts, and general consumers.
We have carried out stakeholder questionnaires targeted at general consumers (600 respondents) since fiscal 2017, and we held a questionnaire in fiscal 2022 as well. We will take evaluation from external parties into account as we review these mid-to-long-term initiatives and targets.

While incorporating opinions from inside and outside the company, these initiatives will continue to be improved, and the materiality, mid-to-long-term initiatives, and targets/key performance indicators (KPIs) will be reviewed by implementing the PDCA cycle.

Step 1 Awareness of social issues (fiscal 2021)

Candidate materiality (357 issues) were identified based on ISO26000*1 , the GRI Standards*2 , the SASB standards*3 , and the Sustainable Development Goals (SDGs).Additionally, we derived a short list of 35 issues closely related to our business from these candidates.

*1 Guidelines concerning social responsibility issued by the International Organization for Standardization (ISO)
*2 International standards for sustainability reporting issued by the international NGO, Global Reporting Initiative (GRI)
*3 Information disclosure rules concerning the environment, society, and governance (ESG) created by the Sustainability Accounting Standards Board (SASB), a non-profit organization in the U.S.

Step 2 Assessment of internal and external views and study of materiality (fiscal 2021)

Using the short list created in step 1, we conducted a questionnaire survey of consumers, suppliers, investors, and Mitsubishi Electric Group employees, who are our stakeholders, regarding what expectations they have for the Mitsubishi Electric Group to contribute to addressing social challenges. In addition, we received opinions from experts regarding the identification of materiality through interviews and dialogues with them in order to assess both internal and external views of the Mitsubishi Electric Group. Based on the results obtained, internal working groups narrowed down the issues that the Mitsubishi Electric Group should address as top priority, and the Sustainability Expert Committee and Sustainability Business Promotion Committee are studying the materiality of such issues.

Step 3 Identification of materiality (fiscal 2021)

Identification by the Sustainability Committee

The issues thus extracted and studied through the above-described process and specific mid-to-long-term initiatives and targets/key performance indicators (KPIs) were confirmed by executive officers and identified as the Mitsubishi Electric Group's materiality by the Sustainability Committee.

Priority SDG initiatives

In line with the materiality identified for fiscal 2022, we reviewed the SDGs to address on a priority basis that we determined in fiscal 2019. In the course of reviewing our goals, we conducted an internal and external survey. As a result of it, we found that Mitsubishi Electric is expected to contribute to resolving social challenges through its business activities.
Based on a study within the company, we set SDGs 3, 7, 9, 11, and 13 as the Priority SDG initiatives, which correspond to "realize a sustainable global environment" and "realize a safe, secure, and comfortable society," the areas that the Group will focus on going forward. By further promoting initiatives to create value for these goals to which we can contribute significantly as a comprehensive electrical and electronics manufacturer, we will make a specific contribution to achieving the SDGs.
In doing this, the Mitsubishi Electric Group will integrate the concept of the SDGs into its management strategy and contribute to the SDGs that we will prioritize through our materiality initiatives.

Mid- to long-term initiatives and goals for FY2024 (17 items)

Materiality	Item	Long-term target	Mid-term target／KPI	Initiatives for FY2024	Scope
Realize a sustainable global environment	Carbon neutrality	[Scope 1、2、3] FY2051 : Aiming for net zero greenhouse gas emissions in the entire value chain		[Scope 3] Newly developed models with an energy efficiency improvement of 1.0% or more compared to the previous models	Mitsubishi Electric Group
			[Scope 1、2] FY2031 : Aim for net zero greenhouse gas emissions from factories and offices	Reduce greenhouse gas emissions from factories and offices by 30% or more compared to FY2014	Mitsubishi Electric Group
		Achieving a decarbonized society through innovation and integrated solutions	Provide products, services and solutions that contribute to carbon neutrality		Mitsubishi Electric Group
	Circular economy	Contributing to the realization of a circular economy	FY2036 : 100% effective use of waste plastics	90% or more effective use of wasted plastics	Mitsubishi Electric Group (in Japan)
Realize a safe, secure, and comfortable society	Safety/Security, Inclusion, and Well-being	Achieving safety/security, inclusion, and well-being through our business activities	Provide products, services and solutions that contribute to safety/security		Mitsubishi Electric Group
			Provide products, services and solutions that contribute to inclusion and well-being		
Respect for all people	Human rights	Establishing human rights initiatives based on international norms and implementing responsible supply chains	FY2025: Establish a foundation for human rights due diligence in accordance with international norms	Implementation of the Human Rights Impact Assessment based on the United Nations Guiding Principles on Business and Human Rights in all business groups	Mitsubishi Electric Group
			FY2025: Establishing a mechanism for respecting human rights in the supply chain based on the RBA process	Operational development for the transition to the RBA supplier human rights due diligence process	
	Human capital	Realize workplace where diverse and versatile human capital gathers and works together	FY2026: Employee engagement score*1 of 70% or more (Mitsubishi Electric) and 60% or more (Some of related companies)	• Steady implementation of organizational culture reforms (related measures) • Strengthening of support for career autonomy • Consideration of a new personnel treatment system	Mitsubishi Electric Group (in Japan)
			FY2031: Ratio of female/non-Japanese in senior management*2 30% or more	• Promotion of strategic recruitment of external human resources • Planned succession planning for leadership candidates within the company, etc.	Mitsubishi Electric
			FY2031: Ratio of female in managerial positions 12% or more	• Promotion of programs to promote women to managerial positions • Linking to management candidate development programs, etc.	Mitsubishi Electric
Strengthen corporate governance and compliance on a sustainable basis	Governance	Increase effectiveness of the Board of Directors	Maintain the ratio of independent outside director of Mitsubishi Electric over 50%	• Outside directors as more than 50% of directors • Continued disclosure of the skills matrix in General Meeting of Shareholders reference documents • Appointment of an outside director as Chairman of the Board of Directors	Mitsubishi Electric
	Quality	Prevent the recurrence of improper quality control practices	Promote three key reforms (quality assurance, organizational culture and governance), monitoring of the three key reforms by the Board of Directors, and appropriate information disclosure		Mitsubishi Electric Group
	Compliance	True understanding and practices of a compliance motto “Always Act with Integrity”	Provide compliance education on a continuous basis		Mitsubishi Electric Group
	Information security	Improve the Cybersecurity maturity level	FY2029: Achieve level 2 or higher*3 in the Cybersecurity Maturity Model Certification		Mitsubishi Electric Group
Create a sustainability-orientated corporate culture	Understanding and practices of sustainability	Understanding and practices of sustainability by employees	FY2026: Understanding on the operation of business in line with the corporate purpose and goals according to the results of the employee awareness survey 75% or more	Promotion of sustainability awareness via internal newsletters, the intranet, training, etc.	Mitsubishi Electric
	Communication	Promote communication with stakeholders both inside and outside the company	Issue the Sustainability Report and the Integrated Report Hold dialogues with experts, and conduct sustainability report questionnaires		Mitsubishi Electric Group

*1 Ratio of employees who respond that they feel that they are proud and motivated to work for the Company in the employee awareness survey
*2 Senior management: Directors, Executive Officers and Executive Officers (Associate)
*3 Framework for Cybersecurity Maturity Model Certification set forth by the U.S. Department of Defense (CMMC 2.0)

Value Creation & Strategy

Business Strategies

Infrastructure Business Area 24

Industry & Mobility Business Area 27

Life Business Area 30

Business Platform Business Area 33

Semiconductor & Device Business 35

Please refer “Investor Relations Website” for presentation materials of IR Day/ Corporate strategy briefing.

Investor Relations Website

Business Strategies

Infrastructure Business Area

Principal Products (as of March 31, 2023)

- **Public Utility Systems Business**

Electrical equipment for locomotives and rolling stock, wired communications systems, network cameras and their systems, large display devices, and others

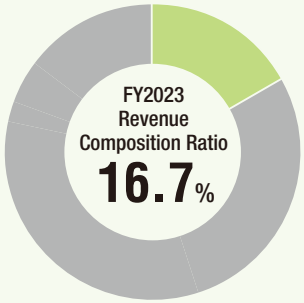
- **Energy Systems Business**

Turbine generators, nuclear power plant equipment, motors, transformers, power electronics equipment, circuit breakers, gas insulated switchgears, switch control devices, surveillance-system control and security system, transmission and distribution ICT systems, and others

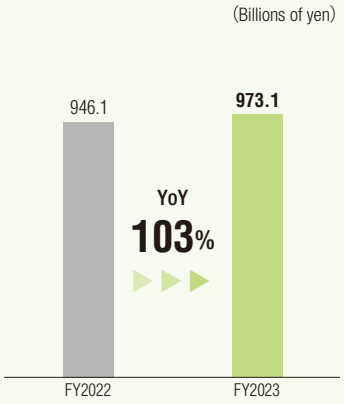
- **Defense & Space Systems**

Satellite communications equipment, satellites, radar equipment, antennas, missile systems, fire control systems, broadcasting equipment, and others

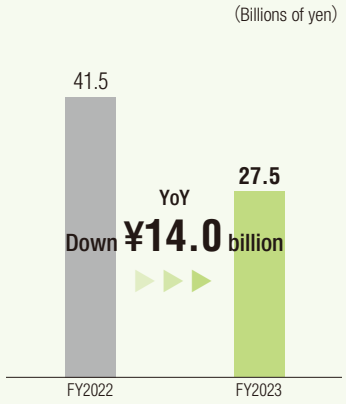
Revenue Breakdown by Business Segment



Revenue



Operating profit



Senior Vice President
Infrastructure Business Area Owner
Noriyuki Takazawa

Fiscal 2023 Results

The market for the public utility systems business saw steady investment in the public utility business in Japan and overseas, despite the continuing reconsideration by railway companies in Japan of their capital expenditure plans due to the impact of COVID-19. In this environment, more orders were won by this business than in the previous fiscal year due to an increase in orders in the public utility systems business in Japan and overseas. Revenue also increased year on year due mainly to the effects of the depreciating yen and the increase in the public utility business overseas.

The market for the energy system business continued to see capital expenditures of power companies in Japan and robust demand for power system stabilization worldwide in the expansion of renewable energy. In this environment, orders won by this business were higher than in the previous fiscal year, due mainly to the increases of the electrical power transmission and distribution business in Japan and the power generation business overseas. Revenue remained substantially unchanged year-on-year.

The defense and space systems business saw more orders than in the previous fiscal year due to the increase of large-scale space systems business projects.

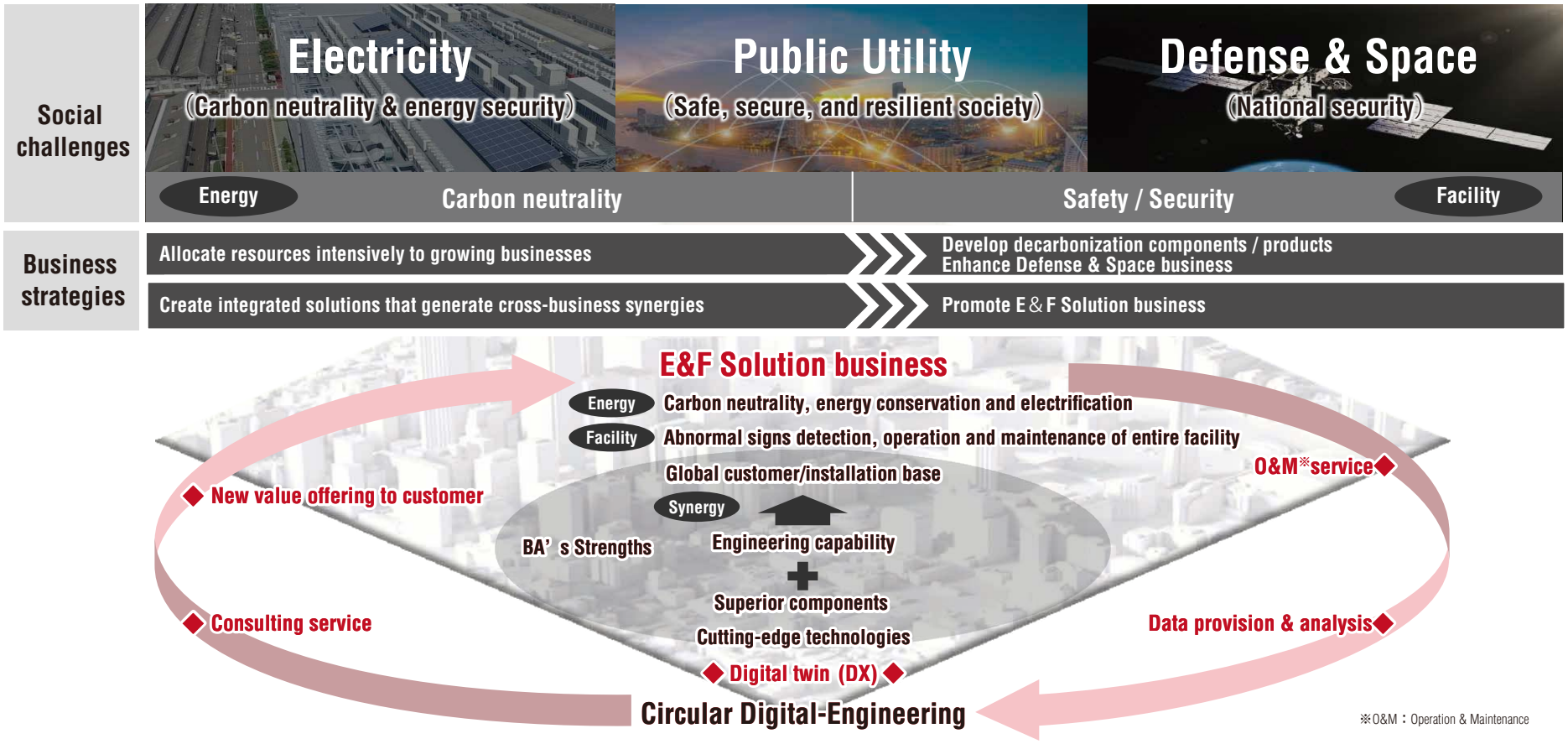
As a result, revenue from the entire Infrastructure Business Area increased by 103% compared to the previous fiscal year to 973.1 billion yen. Operating profit decreased by 14 billion yen compared to the previous fiscal year to 27.5 billion yen, due mainly to fluctuations in sales and the worsening of profitability in the defense and space systems business.

The Ideal Form

The Infrastructure Business Area has three business categories, which are energy, public utility, and defense and space. Looking at the environment of each business, we recognize issues such as carbon neutrality, ensuring energy security, workforce shortages, measures for aging infrastructures, and national security. The Infrastructure Business Area will contribute to solving the social challenges of carbon neutrality and safety and security in these environments through businesses.

The first business strategy for solving these social challenges is to allocate resources intensively into growing businesses. Mitsubishi Electric is focusing on two growing businesses. One is decarbonization-related components to bring about carbon neutrality, and the other is the defense and space business that supports safety and security. Significant budget allocation is expected as a national policy for the defense and space business.

The second business strategy is to create integrated solutions to bring about cross-business synergies. We will drive E&F (Energy & Facility) solutions, merging energy solutions toward economically rational carbon neutrality, and facility solutions for efficient and steady infrastructure operations. We will aim to improve profitability by improving business value through these two strategies.



Strengths and Business Strategies

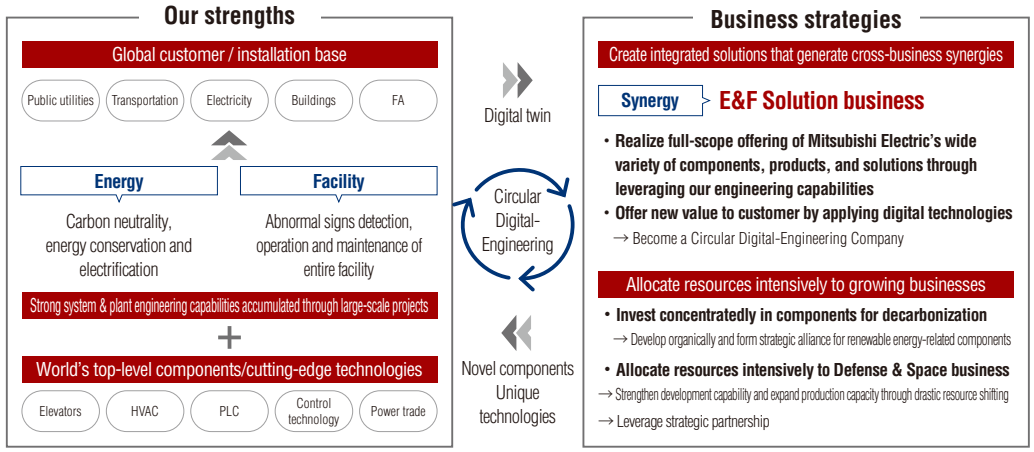
Mitsubishi Electric's strengths are our customer base from years of business experience, wide-ranging public utility systems, and facilities and equipment with highly reliable operations such as building systems and FA systems.In places where these facilities and equipment are used, we must respond to customer issues, such as carbon neutral, energy conservation and electrification in terms of energy, and abnormal signs detection, maintenance, and operations in terms of facility.

To archive this, it's important to provide total proposals that bring together Mitsubishi Electric's superior components and technologies with our strong engineering capabilities developed through large-scale projects.

Further, digital technologies, such as the digital twin and AI, will make it possible to provide new value. With these integrated capabilities, we will roll out the E&F Solution business and develop integrated solutions that will create cross-business synergies.

Also, by allocating resources intensively into growing businesses as previously mentioned, we will accelerate the development of next-generation decarbonized components and enhance our defense and space business in which development of cutting-edge-technologies is a must, to bring about technologies and know-how that can be applied in the private sector too. The use of these components and technologies in the next-generation systems of the infrastructure domain will lead to the constant refinement of our globally leading level competitiveness.

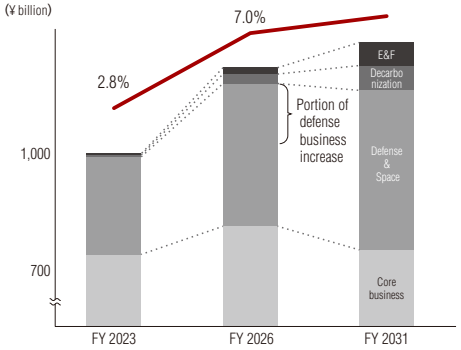
Through the functioning of this organic cycle, the Infrastructure Business Area will contribute to solving social challenges through its businesses and generate cash for forthcoming growth.



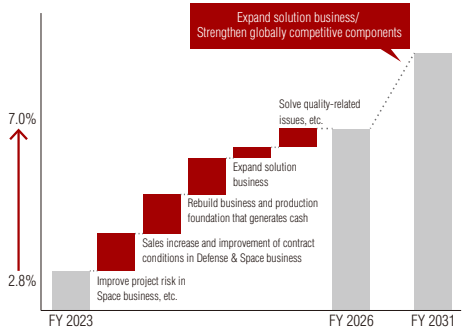
Fiscal 2026 Financial Targets

As the financial targets for the entire Infrastructure Business Area, we are aiming for an operating profit margin of over 7.0% in fiscal 2026, including by allocating resources intensively into decarbonized components and the defense and space business and by promoting E&F solutions. We will aim to raise profitability further toward 2030 by expanding the solution business and enhancing global components.

Consolidated revenue/ Operating profit margin



Operating profit margin



Business Strategies

Industry & Mobility Business Area

Principal Products (as of March 31, 2023)

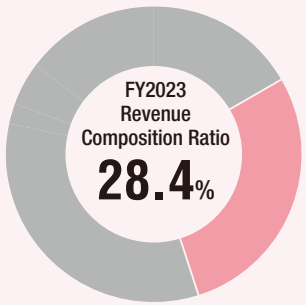
- **Factory Automation Systems Business**

Programmable logic controllers, servomotors, CNC (computerized numerical controllers), human-machine interface, inverters, industrial robots, motors, magnetic switches, transformers for electricity distribution, software, and others

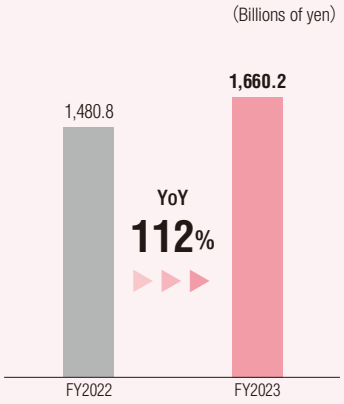
- **Automotive Equipment Business**

Automotive electrical equipment, electric vehicle-related equipment, ADAS-related products, car electronics and car mechatronics, car multimedia, and others

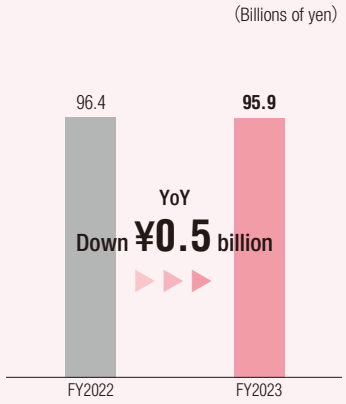
Revenue Breakdown by Business Segment



Revenue



Operating profit



Representative Executive Officer
Senior Vice President
Industry and Mobility Business Area Owner,
CTO (In charge of Technology Strategies)

Kunihiko Kaga

Fiscal 2023 Results

The market for the FA systems business saw demand drop in digital-related areas, such as for smartphones and semiconductors, but other areas grew steadily, especially for decarbonization-related sectors such as lithium-ion batteries. In this environment, total orders won by the FA systems business were lower than in the previous fiscal year as the demand from digital-related areas settled down, but revenue was higher than in the previous fiscal year because of the depreciating yen and the increase in sales to decarbonization-related areas and other areas.

The market for the automotive equipment business grew as it saw more new cars sold than in the previous fiscal year. This was especially true for the EV market where demand grew steadily for Electrification products, despite the effects of the tight demand-supply conditions for semiconductor. Under these conditions the orders won by the automotive equipment business, as well as its revenue, were higher than in the previous fiscal year because of the depreciating yen and increases of EV-related products, such as motors and inverters, and of electric parts for cars.

As a result, revenue from the entire Industry and Mobility Business Area (BA) increased by 112%, compared to the previous fiscal year, to 1,660.2 billion yen. Operating profit for the FA systems business increased due to the higher revenue and the effects of the depreciating yen etc., while operating profit for the automotive equipment business decreased due to the rising costs of materials and distribution but also the depreciation of fixed assets. Across the entire BA, operating profit decreased by 500 million yen compared to the previous fiscal year to 95.9 billion yen.

CTO：Chief Technology Officer

The Ideal Form

The Industry and Mobility Business Area (BA) possesses value-added core components rooted in drive control technologies. These assets, developed by our FA systems business and automotive equipment business, include power electronics and motor technologies. By combining these assets with digital technologies, we can support future manufacturing and transportation needs. In the industry sector we will create social value through technological innovations that realize sustainable manufacturing for future generations, including addressing the twin challenges of a shrinking workforce and knowledge gap from the loss of experienced workers. For our mobility business, we aim to contribute to carbon neutrality, provide comfortable transport opportunities, and help eradicate traffic accidents.

To achieve this, the industry area will enhance core components such as programmable controllers (PLCs), servos and computerized numerical controllers (CNC), which are pivotal to the functional performance of customers' manufacturing equipment and production facilities. We will enhance the provision of value to growth industries such as semiconductors, EVs and batteries that are showing rapid technological innovations, as demand expands globally due to the shift to carbon neutrality.

We will also accelerate the development of "Circular Digital-Engineering" to generate value across a customer's entire manufacturing lifecycle through the utilization of data and digital technologies such as digital twins and advanced software.

To enhance the mobility business performance, we will promote structural reforms and transform our business through business spin-offs. For instance, within the rapidly expanding CASE (Connected, Autonomous, Shared & Service, Electrified) domain, we will initiate regrowth through collaboration with partners with whom we can generate synergies, capitalizing on our strengths in power electronics and sensing technologies. In resilient business areas where we can utilize our strengths, we will concentrate on cost savings and improving efficiency by focusing on profitable models and projects. Furthermore, we aim to transform "businesses with issues" areas, such as car multimedia, by promptly discontinuing.

Support future manufacturing and comfortable mobility with our core components and digital technologies

Strengthen value proposition of core components to globally growing industries

Establish a Circular Digital-Engineering business model

Growth and expansion with partners who are expected to create synergies in the CASE area

Review the business portfolio to focus on areas with strengths that address changes in the business environment

Real-time control

Power electronics technologies

Motor technologies

High fill-factor coil winding technology

Monitoring technologies

Strengths and Business Strategies

The shared strengths within the Industry and Mobility Business Area encompass core drive-control technologies as well as the in-house development of the key technologies used to produce the core components. The FA systems business has three strengths. Firstly, we offer core components tailored to meet the most advanced requirements of our customers, including programmable controllers, servos and CNCs. These are highly value-added components that achieve high-speed, high-precision control and sophisticated processing for manufacturing equipment. Secondly, our expansive sales-service network spans over 90 countries globally. The network, consisting of Mitsubishi Electric Group's sales locations and FA centers, provides comprehensive after-sales services. It effectively caters to the globally expanding FA market through our agencies and trading partners, contributing to manufacturing operations worldwide. Thirdly, is the ecosystem with our partners. To address diverse customer needs, we collaborate with our partners in various domains, such as initiatives like the e-F@ctory Alliance for smart factories, the Edgecross Consortium for edge computing, and the CC-Link Partner Association for industrial networks.

Our automotive equipment business also has three key strengths. Firstly, we have extensive expertise in motor and inverter technologies accumulated over many years. Secondly, we have developed mass-production technologies for high-speed automation, as well as miniaturizing production design technologies that assist car production, backed by our global locations for production, sales, and technological development. Thirdly, we excel in the development of software technologies that cater to various applications.

We are committed to leveraging these strengths to consistently deliver value on a global scale.

Within the Industry and Mobility Business Area, we are implementing two primary synergy strategies. The first involves transferring the high-speed automation and mass production technologies from the automotive equipment business to the FA systems business. Leveraging the competitive production technology expertise honed through customer interactions in our automotive equipment sector, we plan to extend this capability to the FA systems business. This strategic alignment will bolster our global supply capacity for the core components of the FA systems business.

The second strategy involves the reciprocal utilization of extensive design and production site experience along with software technologies. We aim to bolster the manufacturing capabilities of our automotive equipment business by incorporating the FA equipment systems of the Mitsubishi Electric Group. The knowledge gained from this integration will then be applied to the FA systems business, strengthening its ability to offer customers tailored proposals. Additionally, we plan to leverage the software technologies from our car multimedia business in the FA systems domain, expediting the development of digital twins, software add-ons, and other solutions to meet the evolving needs of our diverse customer base.

Fiscal 2026 Financial Targets

As to the financial targets for the entire Industry and Mobility Business Area in fiscal 2026, we are aiming for revenues of 1.7 trillion yen and an operating profit margin of over 14%. We intend to reach these goals by implementing structural reforms of the mobility business and promoting growth and synergy strategies within the industry area.

Our strengths

Common to Industry & Mobility BA

- Synergy of core drive & control technologies and the inhouse production of key parts

Factory Automation Systems

- Core components* that meet the needs of cutting-edge customers
  *Programmable controllers, Servos and CNC
- Footprint in over 90 countries around the world delivers a global sales and service network
- Ability to meet various customers needs by utilizing an ecosystem of partners

Automotive Equipment

- Motor & inverter technologies that contribute to automotive electrification
- Know-how of high-speed automated mass production, miniaturization of technology products, and global supply that meets the needs of the global automotive industry
- Software development capabilities that can be applied to various use cases

Business strategies

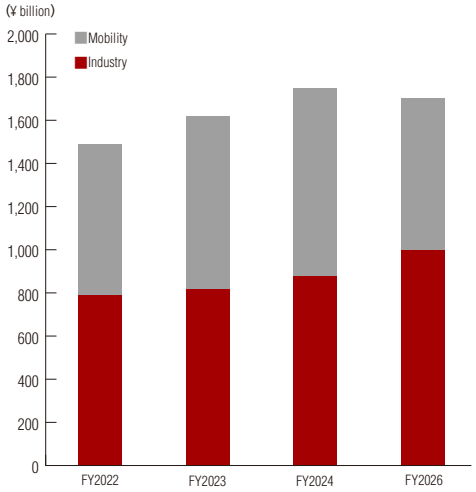
Utilize mass-production technologies developed by the Automotive Equipment business

- Utilize high-speed automated mass-production technologies developed by the Automotive Equipment business・Enhance globalsupply capacity of core components by leveraging manufacturing & development bases both in Japan and abroad

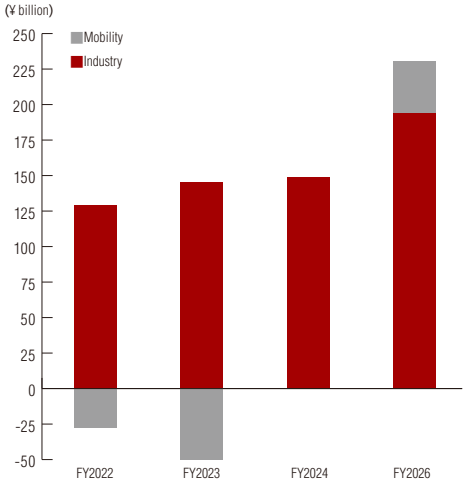
Utilize both software capabilities and extensive design & production experience

- Address diverse manufacturing issues by leveraging know-how through accelerating digital twin use and solution development

Revenue



Operating Profit



Business Strategies

Life Business Area

Principal Products (as of March 31, 2023)

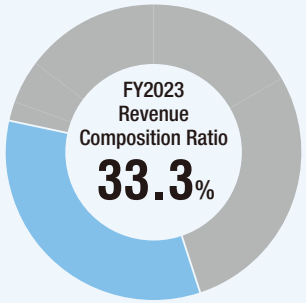
- **Building Systems Business**

Elevators, escalators, building security systems, building management systems, and others

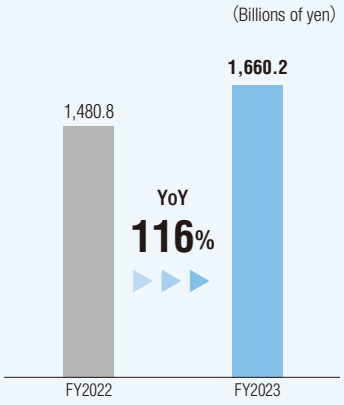
- **Air Conditioning System & Home Products Business**

Room air conditioners, package air conditioners, chillers, showcases, compressors, refrigeration units, air-to-water heat pump boilers, ventilators, hot water supply systems, IH cooking heaters, LED bulbs, indoor lighting, LCD televisions, refrigerators, electric fans, dehumidifiers, air purifiers, vacuum cleaners, jar rice cookers, microwave ovens, and others

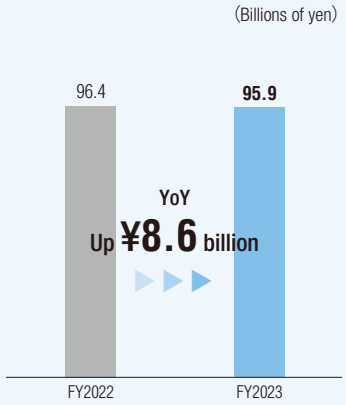
Revenue Breakdown by Business Segment



Revenue



Operating profit



Representative Executive Officer,
Executive Vice President
Life Business Area Owner,
In charge of Export Control

Tadashi Matsumoto

Fiscal 2023 Results

The market for the building systems business saw a continued recovery from the stagnation stemming from COVID-19. In this environment, both orders and revenue increased in this business compared to in the previous fiscal year due primarily to the effects of the depreciating yen and increases in Asia and Japan.

The market for the air conditioning and home appliances business saw signs of improvement in the demand-supply conditions of electronic parts after the second quarter. In this environment, revenue in this business increased from the previous fiscal year, due primarily to the effects of the depreciating yen and the increases of air conditioning equipment in Europe, Japan, and North America.

As a result, revenue from the entire Life Business Area increased by 116% compared to the previous fiscal year to 1947.1 billion yen.

Operating profit increased by 8.6 billion yen compared to the previous fiscal year to 101.2 billion yen, due primarily to the increase in revenue and the effects of the depreciating yen, despite rising material and distribution costs and reduced operations in the first quarter.

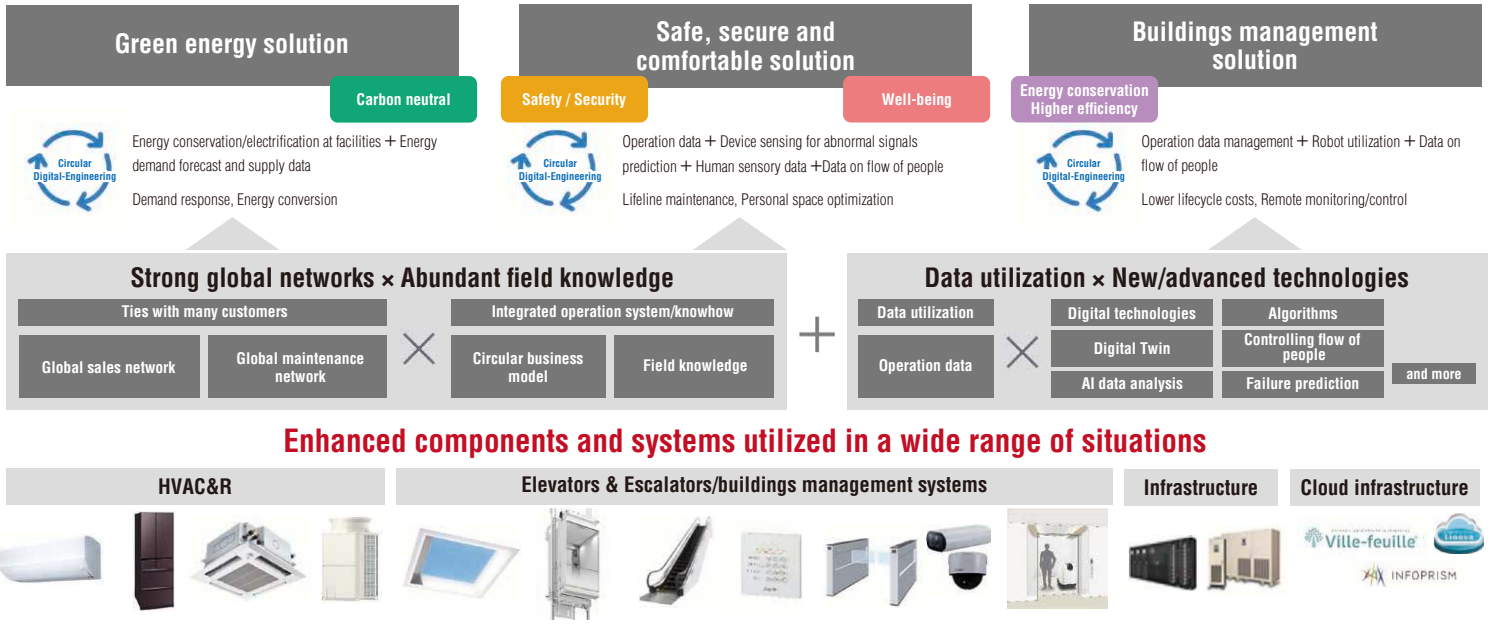
The Ideal Form

In addition to providing a wide range of facilities that support people's lives, the Life Business Area also conducts service businesses, including maintenance and operational management. Through these businesses, we aim to be a solution provider that creates comfortable spaces and environments for people and objects in every living space and that creates facility groups that will be the lifeline for these spaces and environments and that will watch over them and advance them. Mitsubishi Electric operates not just the Life Business Area's facility businesses involving elevators, air conditioners, lighting, fans and blowers, but also many other facility businesses that concern people's lives, such as the Infrastructure Business Area's power supply systems, and facilities in homes, buildings and factories.

Further, we provide maintenance and services, and operate renewal businesses to maintain these functions for safe and secure use. We also provide energy management including cloud-based ZEB, security systems for office entry management, remote monitoring, and robot systems to reduce building management work. As such, Mitsubishi Electric owns development and manufacturing technologies for equipment and systems, field knowledge gained from maintaining and managing these equipment and systems, as well as a business foundation with business structures and personnel for sales, maintenance and renewal. In addition to these assets, we utilize facility operation data with digital technologies and promote initiatives for integrated solutions to create customer value.

The first of these solutions is "green energy solutions." We save energy not just at the demand side's facilities, but also by forecasting demand from energy supply data and energy conservation on the demand side to contribute to the effective use of renewable energy and for carbon neutrality issues. The second is "safe, secure & comfortable solutions."To ensure safety and security, instead of alerting users and recovering lifeline facilities after a breakdown, we use abnormality sign monitoring technologies based on energy supply data and facility operation data to prevent failures and rationalize maintenance. We will also use people's sensory data and travel data to create comfortable environments toward further pursuing personal comfort. Third is "building management solutions." Amid the workforce shortages, we will replace the tremendous cost and effort of managing many buildings with automated management based on facility operation data, and through manpower-saving using robots, contribute to cost-saving over long lifecycles. We will aim to be what may be called a "Circular Digital-Engineering Company" that utilizes the data from maintenance and operations with digital technologies while having repeated conversations with customers to create such solutions.

A solution provider that makes all sorts of spaces/environments comfortable - Create, maintain and advance -



Strengths and Business Strategies

In the air conditioning and home appliance business, we will allocate resources intensively in the HVAC&R (heating, ventilating, air conditioning, and refrigerating) business that is essential in creating comfortable, safe and secure living environments, and take measures such as having a system of local production for local consumption to respond to growing markets, based on regional strategies in our respective locations across the globe. In the building systems business, we intend to enhance the maintenance and operational management service business, collaborating with maintenance business operators and investing globally. including through M&A, while allocating assets to Group-wide maintenance and operational management solutions. We will also pursue synergies by merging resources, such as the superior component technologies in our air conditioning and home appliances business, and the knowledge and business base on maintenance, operational management, and a renewal business developed through the building systems business.

We will also not stay within the Life Business Area but participate in the Infrastructure Business Area's E&F (Energy & Facility) solutions business and have them collaborate to make Group-wide contributions.

Our strengths

(1) Broad-ranging facility business enabling creation of environments

- HVAC&R (ultra low-GWP refrigerants, energy-efficient HP* technologies)
- Elevators/buildings management systems (higher efficiency)
- DC power distribution systems, power receiving/transforming facilities (control technology)

(2) Safe and secure technologies and accumulated data

- Knowledge cultivated in field services
- Data obtained and accumulated from various equipment and knowledge in maintenance/operation/management
- Various system technologies

(3) Strong customer base and abundant assets

- Strong relationships with global business partners and sales/maintenance networks

Business strategies

Growth strategies

- Evolve and expand Components business and Maintenance & Service business
- Develop into Integrated Solutions, away from the one centered on facilities

Key initiatives

- Concentrate investment in HVAC&R and Building Systems businesses
- Establish a foundation for global business by enhancing systems for local production and consumption
- Expand and enhance our recurring revenue business

Pursue synergies

- Coordinate the service foundation for Building Systems business and the sales foundation for Air-Conditioning & Refrigeration Business
- Collaborate with Infrastructure BA to “generate, transmit and utilize energy efficiently”

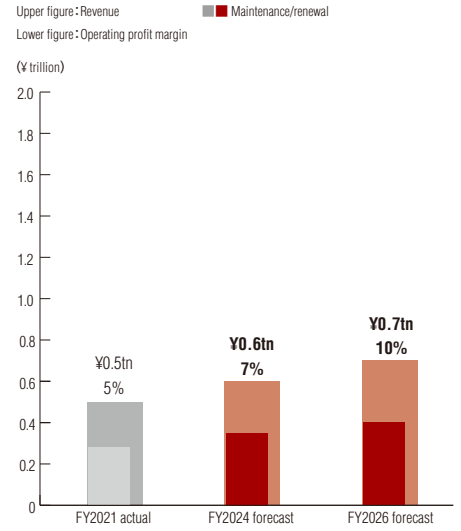
* HP: Heat Pump

Fiscal 2026 Financial Targets

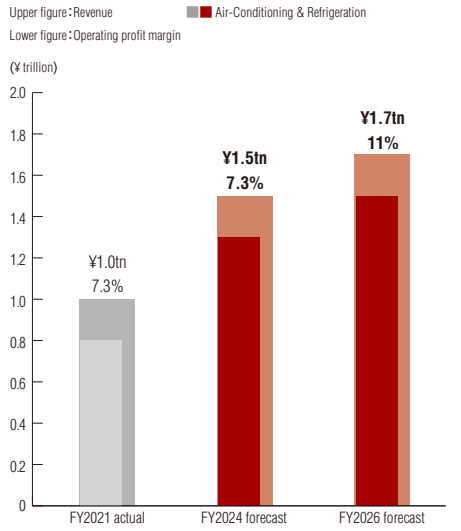
As the financial targets of the building systems business, we are aiming for revenue of 0.7 trillion yen and an operating profit margin of 10% in fiscal 2026, by leveraging our strengths of globally operating business base for maintenance/operational management/technologies/field knowledge, and customer relationship, allocating resources to enhance stock business models, and expanding building systems solutions.

The air conditioning and home appliances business is growing amid the global trend of carbon neutral and well-being within the main air conditioning market, which is this business' stronghold. The financial targets for this business are revenue of 1.7 trillion yen and an operating profit margin of 11% in fiscal 2026.

Building Systems Business



Air Conditioning Systems & Home Products Business



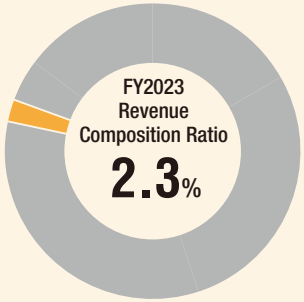
Business Strategies

Business Platform Business Area

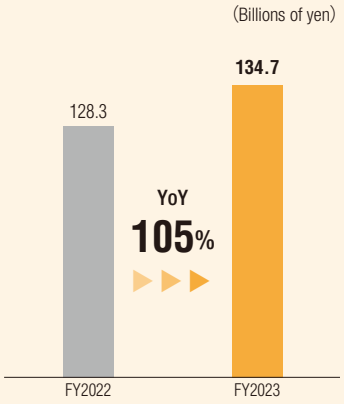
Principal Products (as of March 31, 2023)

Network security systems, information systems equipment, systems integration, and others

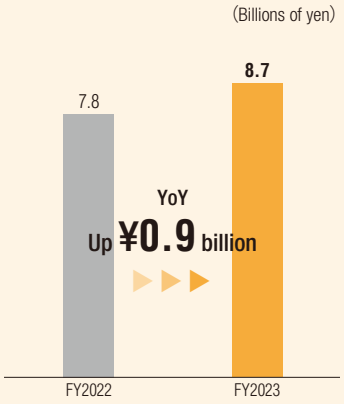
Revenue Breakdown by Business Segment



Revenue



Operating profit



Executive Officer
Business Platform Business Area Owner,
CIO
Eiichiro Mitani

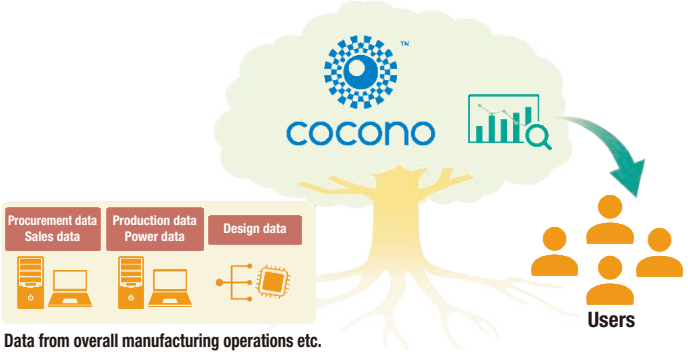
CIO：Chief Information Officer

Fiscal 2023 Results

The market for the information systems and service business saw demand grow steadily, mainly as projects delayed due to the effects of COVID-19 were restarted, despite the effects of the tight demand-supply balance for semiconductor components. In this environment, the business saw increases in orders and revenue compared to the previous fiscal year due to an increase in the system integration and the IT infrastructure service businesses.

As a result, revenue from the entire Business Platform Business Area (BA) increased by 105% compared to the previous fiscal year to 134.7 billion yen. Operating profit increased by 900 million yen compared to the previous fiscal year to 8.7 billion yen, mainly due to the higher revenue and the effects of the depreciating yen.

Directly collect a broad range of data to encourage "intelligence (awareness)" that can be applied to GHG emissions reductions



"COCONO," the centralized GHG emissions data management solution

*GHG: Greenhouse Gas

The Ideal Form

The Mitsubishi Electric Group is transforming itself into a "Circular Digital-Engineering Company" that can further raise the value offered by its components, systems and integrated solutions to contribute to solving social challenges.

In order to create, develop and operate businesses efficiently to achieve this Circular Digital Engineering, the Business Platform Business Area (BA) will develop a business foundation for Circular Digital Engineering through business DX and operational DX initiatives.

On this business foundation, we will provide various services revolving around highly skilled DX human capital, our technology service development platform, and global operations & maintenance for business management. Our business areas and groups will utilize the services implemented on this business foundation to further develop components and systems, and to speedily create and expand integrated solutions.

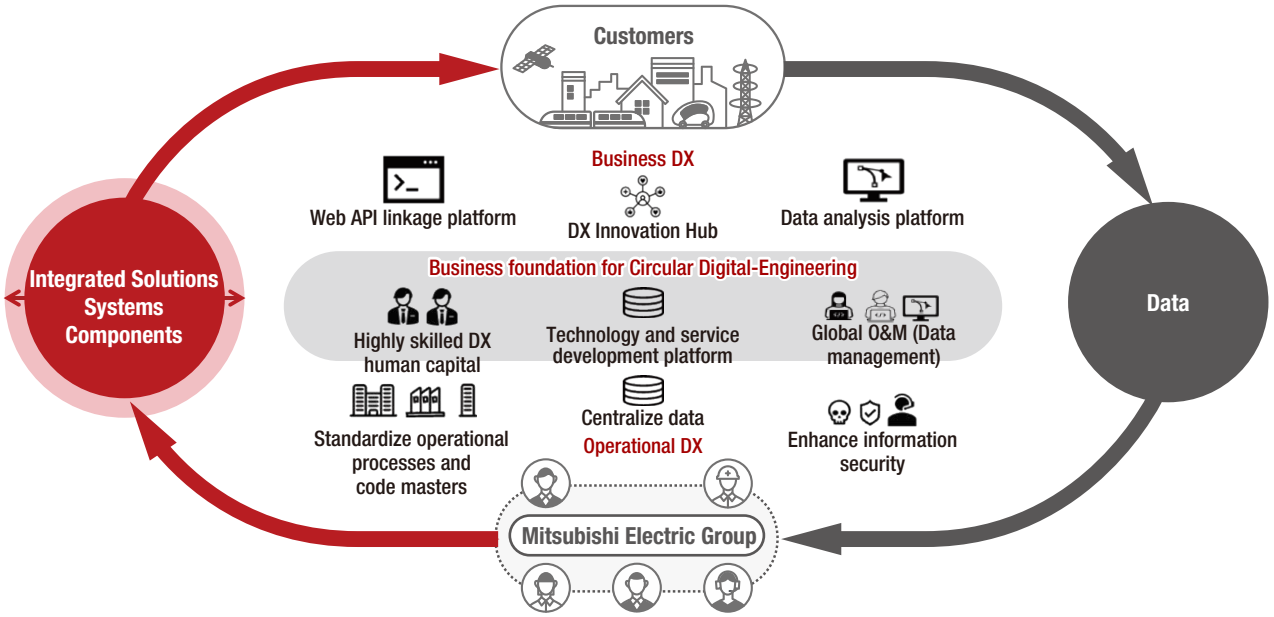
Strengths and Business Strategies

As an organization directly overseen by the President and together with the DX Innovation Center established in April 2023, the Business Platform Business Area will develop and provide a business foundation for Circular Digital Engineering that supports business DX and operational DX, to strongly drive the creation and expansion of integrated solutions, in collaboration with the other business areas. The Business Platform Business Area itself will also expand its existing information system and service business, utilizing the skills and know-how used in developing this business foundation.

For business DX, the business area will organize the Web API linkage platforms and data analysis platforms to realize an architecture that can mutually link and integrate in a composable manner the functions and data from the solutions created by the businesses. The DX innovation hub will also be used to accumulate knowledge and know-how, to expand our strength of being a conglomerate of multiple businesses.

For internal operational DX, the individually optimized operational processes and code masters from the businesses will be standardized, with data being managed centrally, for data-driven management with heightened synergies between business DX and operational DX.

As co-creation with customers and partners is being called for even more to help solve social challenges, the Business Platform Business Area will continue to expand, advance, and refine the business foundation for Circular Digital Engineering to support the creation of integrated solutions.



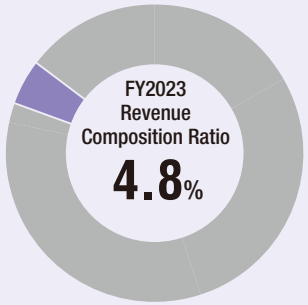
Business Strategies

Semiconductor & Device Business

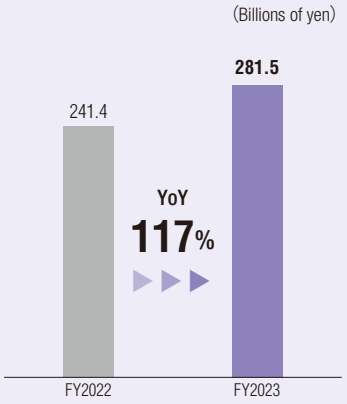
Principal Products (as of March 31, 2023)

Power modules, high-frequency devices, optical devices, LCD devices, and others

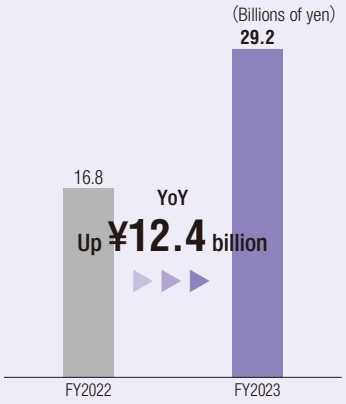
Revenue Breakdown by Business Segment



Revenue



Operating profit



Executive Officer
Group President, Semiconductor & Device
Masayoshi Takemi

Fiscal 2023 Results

The market for Semiconductor & Device business saw robust demand for power modules used in consumer and industrial sectors. In this environment, orders decreased compared to the previous fiscal year due primarily to decreases in demand for power modules caused by the settlement of customer pre-orders and the termination of the LCD business. However, revenue increased compared to the previous fiscal year due primarily to weaker yen and an increase in power semiconductor demand in the consumer and industrial sectors.

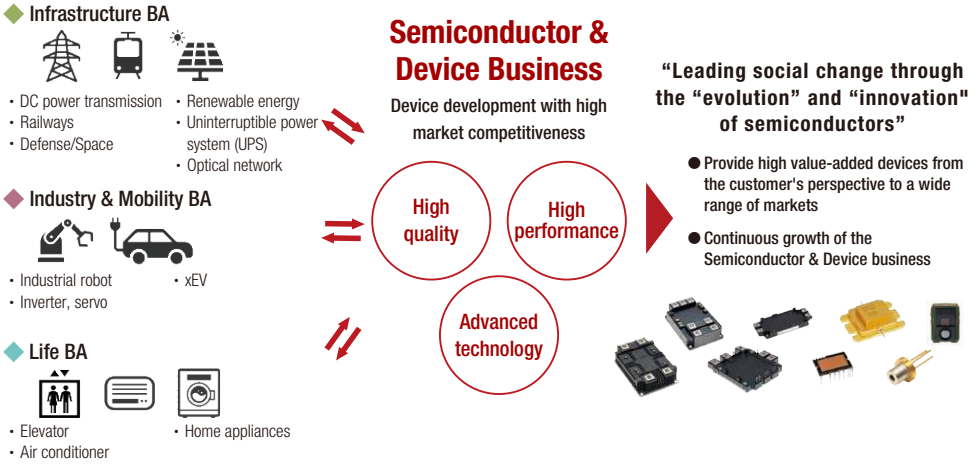
As a result, the overall revenue of the entire business group increased compared to the previous fiscal year by 17% to 281.5 billion yen. The operating profit increased compared to the previous fiscal year by 12.4 billion yen to 29.2 billion yen, due primarily to an increase in revenue and the weaker yen.

LV100-type 2.0kV IGBT Module for industrial use

The Ideal Form

In the semiconductor and device business, we will contribute to strengthening the Mitsubishi Electric Group's integrated solutions from the component level by providing key devices that are essential for realizing social GX (Green Transformation) and DX (Digital Transformation). Additionally, we will further incorporate a wide range of expertise from user Business Groups that utilize Semiconductor & Device Business Group products, so that we can develop value-added devices from the customer's perspective.

Significant societal changes are always associated with ongoing evolution and innovation in the semiconductor industry. Semiconductor & Device Business will lead societal change to realize a sustainable society, by providing highly competitive key devices that leverage the synergy of the Mitsubishi Electric Group, to a wide range of markets. Through these efforts, we will earn high levels of support and trust from our customers and achieve sustainable growth of Semiconductor & Device Business.



Our Strengths

Mitsubishi Electric's Semiconductor & Device Business consists of Power Device Business that contribute to achieving carbon neutrality, as well as High-frequency and Optical Device Business and Infrared Sensor Business that support a safe, secure, and comfortable lifestyle. Both the Power Device and High-frequency & Optical Device Business offer a wide range of products that have achieved a high market share in the global markets, and we possess world-class technological and product capabilities, as well as a global customer base.

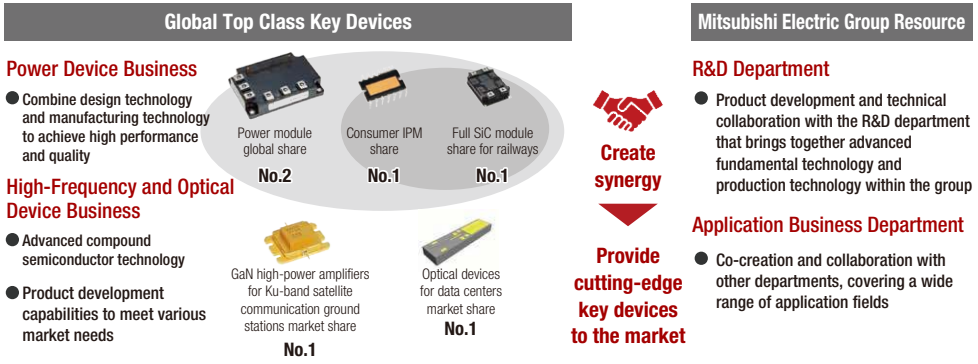
In addition to collaboration with Corporate Research & Development Group, we engage in co-creations and business collaborations with user Business Groups to make the most of knowledge in both manufacturing and utilizing semiconductors. We provide our customers with state-of-the-art key devices that contribute to the realization of a sustainable society, leveraging the strength of competitive semiconductor products that have won the reputation in the market and the synergy of diverse resources inside the Mitsubishi Electric Group.

In the Power Device Business, as a key growth driver business, we will take the basic strategy to intensively allocate resources into fields where Mitsubishi Electric's strengths meets market needs.

In terms of application, we position the automotive application which is expected to show particularly high market growth, and the consumer sector where Mitsubishi Electric keeps a strong position, as growth drivers while maintaining a base load in the industrial, renewable energy and railway application. We aim to further strengthen our capabilities in product development, production and sales in these sectors.

Furthermore, considering the expansion of the SiC*1 market, we will fortify our growth capabilities related to SiC business for which Mitsubishi Electric has superior technologies, to further accelerate business growth.

*1 SiC: Silicon Carbide



Fiscal 2026 Financial Targets

Our financial targets for the Semiconductor & Device Business are 0.3 trillion yen in terms of revenue and 12% in terms of operating profit margin in fiscal 2026, mainly by continuing to actively invest in the Power Device Business, a key growth business, considering market expansion.

		FY2022 Actual	FY2023 Actual	FY2026 Target
Semiconductor & Device	Revenue	¥241.4 billion	¥281.5 billion	¥0.3 trillion
	OPM	7.0%	10.4%	12%
Power Device	Revenue	¥179.0 billion	¥210.0 billion	¥240.0 billion or more
	OPM	6.5%	8.4%	10% or more

CFO Message

Executive Officer
CFO (In charge of Accounting and Finance)

Kuniaki Masuda

A look back at fiscal 2023

In the first half of fiscal 2023, especially in the first quarter, we struggled with difficulties in obtaining materials, and confusions in supply chains. However, as we worked to recover from the struggle in the second half of the year, we were able to mark certain results including increased revenue and profit year on year despite the hardship. Further, the revenue exceeded five trillion yen for the first time, and ratio of oversea revenue to total revenue also exceeded 50% for the first time.

More recently, the procurement environment has been especially difficult including for obtaining materials. We have been addressing this by increasing inventory, but we will watch the situation and gradually optimize the balance to ensure we generate cash.

To achieve the Medium-term Management Plan for FY2026

We are still far from the FY2026 profit and capital efficiency targets. The automotive equipment business has recorded deficit for three consecutive years and has been significantly behind schedule, but we will take fundamental structural reform to rebuild results. Although the targets still remain high company-wide, many businesses have already taken steady measures to improve the situation and the results are beginning to emerge. By enhancing current initiatives, we would like to ensure we meet the Mid-term Management Plan targets.

We are projecting highest ever revenue and operating profit for FY2024 and see these projections as an important step in achieving the Mid-term Management Plan. They are by no means low numbers, but we would like to make steady investments for the future to meet the targets. In particular, we will steadily allocate resources to focused businesses especially in Key Growth Businesses, to surpass competitors. In order to do this, we will further enhance the business portfolio strategy we also took on in FY2023 to identify struggling businesses and shift resources more speedily.

Initiatives for management reform

All board members will continue the various ongoing management efforts and come together to work on the following, with a strong intent to go through with the reform to create a strong Mitsubishi Electric Group.

(1) With a focus on profitability and capital efficiency, we will advance the portfolio strategy that includes withdrawals and sales of low-efficiency businesses and shift our resources to Key Growth Businesses. We will promote sale of cross-shareholdings, a non-business asset, by the principle of not owning them.

(2) We will aim for a shift from the PL-first management to the management with a focus on capital efficiency and cash-generating capabilities of our businesses. We have already reassessed KPI for company management and tied the indicators to board member compensations. We will spread the shift to job sites to materialize the shift.

(3) The board members and managers will form teams and put together expertise on each level for speedy management.

(4) The management including myself personally will enhance dialogues with the capital market in various ways, visualize financial and non-financial indicators thoroughly, and announce engagements including how we are working on improving profitability and capital efficiency, bringing transparent governance, and investing in human resources.

We also consider feedbacks from outside the company extremely beneficial, such as perspectives, recommendations, and advice from the capital market. We will explore them thoroughly and apply them to our management.

CFO：Chief Financial Officer

To be a selected company by continuously bringing value

The Mitsubishi Electric Group works on many competitive businesses and has a portfolio of superior devices, components and systems. In addition to the wide ranging and extensive technologies, markets, and customers, we also boast digital technologies that will enliven all of these. Furthermore, by fully utilizing our personnel base of many competent individuals, we will play our part in solving social challenges and in bringing a vibrant and sustainable society.

As the Mitsubishi Electric Group, we will continuously bring value through continuous technological innovation and ceaseless creativity, so that we will be a company to be selected by society and customers, a company of appealing businesses and workplaces to grow together with people so that we will be selected by our employees. Furthermore, a company that continuously improve our corporate value so that we will be selected by investors. In order to achieve this, we will aim for high profitability and capital efficiency as a Circular Digital-Engineering Company.

Financial Strategy

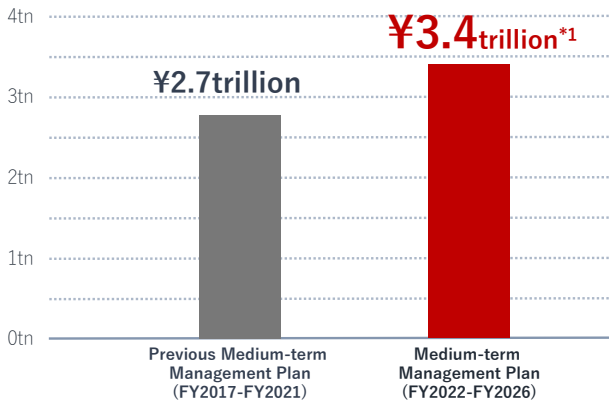
As its financial targets for fiscal 2026, the Mitsubishi Electric Group has established consolidated revenue of 5 trillion yen, an operating profit margin of 10%, ROE of 10%, and cash generation of 3.4 trillion-yen over five years. The consolidated revenue of 5 trillion yen was achieved in fiscal 2023 ahead of schedule. Going forward, we will focus on achieving the targets of an operating profit margin of 10% and ROE of 10% by advancing appropriate capital allocations according to our business portfolio strategy.

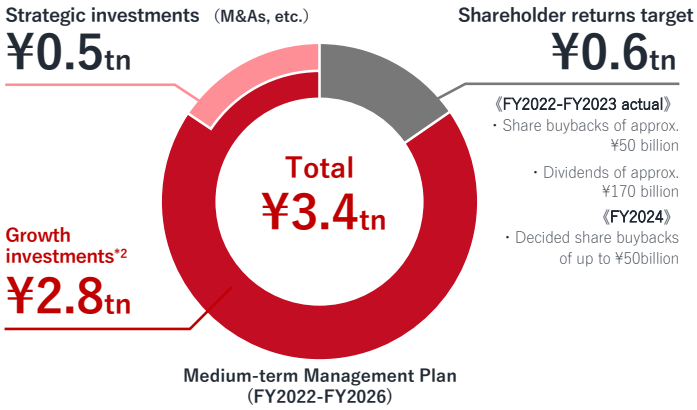
Cash Generation

We are aiming to generate cash of 3.4 trillion-yen over five years. The progress up to fiscal 2023 was behind the fiscal 2026 target, but we will strive to generate more cash by improving cash flows from operating activities through increasing working capital efficiency, such as by improving profitability, reducing inventory, and promoting the collection of trade receivables and also by promoting the sale of cross-shareholdings.

Capital Allocation

For capital allocation, we will invest in our core competences, mainly in the Key Growth Businesses including investing in capital expenditure research and development, human capital and intellectual property, to achieve the financial targets and to strongly advance our business portfolio strategy that we have defined by how businesses are characterized (their growth potential, profitability, and capital efficiency). In executing the business portfolio strategy, we have been using indicators of capital efficiency (ROIC Mitsubishi-Electric version) and of profitability (operating profit margin). We are also working on management with an awareness of the cost of capital, for instance by using WACC (Weighted Average Cost of Capital) as a benchmark to review capital investment and M&A.





*1 After making adjustments, such as adding R&D expenses to operating cash flow
*2 Strategic investments such as M&As, R&D expenses, Capital investment

Shareholder Returns

For shareholder returns, we are planning to return 0.6 trillion yen over five years up to FY2026. In FY2023 we provided dividends of 14 yen in the first half of the year and 26 yen in the second half of the year, in total of 40 yen a year. We strive to provide dividends steadily and continuously by both allocating profits according to each fiscal year's profitability status and by considering enhancing our finances with retained earnings. For treasury stock, after comprehensively considering improving capital efficiency, improving profit per share, and the share price benchmark, we set a sum of 50 billion yen for FY2024. Going forward, we will continue to return profits to our shareholders through both dividends and acquisitions of treasury stocks from the profits generated by our business growth.

Our Cross-Shareholdings Policy

Mitsubishi Electric's basic policy on cross-shareholdings is to not own them, in principle. However, we may come to own shares that we consider necessary for our business management. We will regularly check whether owning such shares is justified, and if there is little reason for owning them, we will make efforts to reduce such shareholdings, such as by promoting their sale after considering the respective companies' situations.

When exercising voting rights for cross-shareholdings, we will follow the guidelines established separately on exercising voting rights and decide on an approval or objection by evaluating whether doing so will improve the invested companies' corporate value, as well as Mitsubishi Electric's corporate value. If there is a concern that Mitsubishi Electric's corporate value will be adversely affected, we will oppose the agenda item in question.

●How our cross-shareholdings have transitioned

	Stocks (brands)	Total on B/S <market value> (100 million yen)	Total on B/S <book value> (100 million yen)
End of FY2021	283	2,467	988
End of FY2022	256	2,113	835
End of FY2023	220	2,362	790

Fund Procurement

In advancing our growth strategy, we will dynamically procure funds from financial institutions etc., as needed, including for capital investment, research & development, and M&A, while also using our own capital from the cash flow generated by sales activities, especially in our key growth businesses. Any fund procurement from financial institutions etc., will be conducted with a certain level of financial discipline.

Total Shareholder Return (TSR)

Mitsubishi Electric's TSR, which consists of dividends and share price fluctuations, is as follows. To improve value for our shareholders, we will strive for company management with an awareness of share price.

●Total shareholder return

	Past 10 years	Past 5 years	Past 3 years	Past 1 year
Mitsubishi Electric TSR	134.7%	104.3%	126.9%	114.8%
TOPIX	242.1%	131.8%	153.4%	105.8%

*Based on the number of years up to the end of fiscal 2023
*Mitsubishi Electric and TOPIX both include dividends

CTO Message

Representative Executive Officer
Senior Vice President
Industry and Mobility Business Area Owner,
CTO (In charge of Technology Strategies)

Kunihiko Kaga

To Transform into Being a "Circular Digital-Engineering Company"

The Mitsubishi Electric Group is aiming to realize sustainability, mainly through contributing to bringing about a sustainable society by contributing to solving social challenges with our businesses. To do this, we are promoting our transformation into being a "Circular Digital-Engineering Company" that aggregates and analyzes technological information and information from customers in digital spaces and collaborates within the Group to create wisdom and new value to make returns to a wider range of customers and to contribute to solving social challenges together.

In the Business Area (BA) system, we have established a structure in which BA owners enhance businesses across the areas they are responsible for. Our corporate research and development divisions are making speedy management decisions and allocating research and development resources in the most appropriate manner to transform into being a "Circular Digital-Engineering Company," coordinating activities with the respective BA's medium- and long-term strategies.

Research & Development Strategies

In research and development, we will enhance and advance the core components and systems that we have accumulated over many years, and deepen our fundamental technologies that underpin the functions, performance, quality, and reliability of our equipment, systems and services. We will more smartly digitalize the field knowledge based on customer data and merge it with cutting-edge digital technologies, such as AI that makes uses of deep mathematical and physical insights, and modelling, to increase our strengths as much as possible and to transform into a future-oriented business model. Further, we will develop new technologies to be ready for a game-changed future, creating and providing new value in a timely manner. The Mitsubishi Electric Group plans total research and development costs of 235 billion yen for fiscal 2024 (up 11% year on year) to advance these developments in a balanced manner.

Advancing Value through the Use of Digital Spaces

In utilizing data aggregated in digital spaces, the "digital twin" is key technology. It brings new value to customers in various scenes of component and system lifecycles (including in the design, development, operation, maintenance, and updating of the actual environment, such as facilities). In facility design, for instance, the placement and movement of the facilities can be accurately reproduced in a digital space with modeling technologies to prevent failures and to shorten the design period. In operations, various data from the job site (the physical space) are used to visualize operations to save energy and for efficient control. In maintenance, the operational status of the equipment is visualized, and its data analyzed to project how it will behave in the future, which enable failure problem-preventing maintenance and optimized updating.

We will aim to create even more advanced value by utilizing data in digital spaces in this way for all Mitsubishi Electric components and systems, expanding it to all the equipment connected to Mitsubishi Electric systems.

Driving Open Innovation

We cannot solve the increasingly diverse social challenges alone. We will actively promote cross-organizational collaborations with universities and external research and development organizations, including the Mitsubishi Electric and The University of Tokyo Future Design Conference, to verify the vision of the future society and its social implementation, through these co-creations and proposing policies. Through the Open Technology Bank, we have also been providing licenses to various industries and domains so they can use technologies that will contribute to solving social challenges.

We will continue to provide new value through co-creating with different industries.

CTO：Chief Technology Officer

Intellectual Property Activities

We position standardization and intellectual property activities as tools for front loading activities and co-creations in our businesses. These activities will support our businesses, marketing and sales, and research and development, to help solve social challenges and to create new markets through our businesses. In the standardization activities, we will actively establish rules to expand and acquire global markets. In intellectual property activities, we will enhance not just intellectual properties for equipment, but also for AI and solutions so that we can respond to changes in our business environment, aiming to raise the ratio of filing solution and AI-related patents to over 30% and 13% respectively by fiscal 2026.

We will drive open innovation with our technological and creative prowess to reach the ideal state, creating new value in a timely manner and collaborating with our customers to help solve social challenges.

Research and Development Strategy

Basic Policies for Research and Development

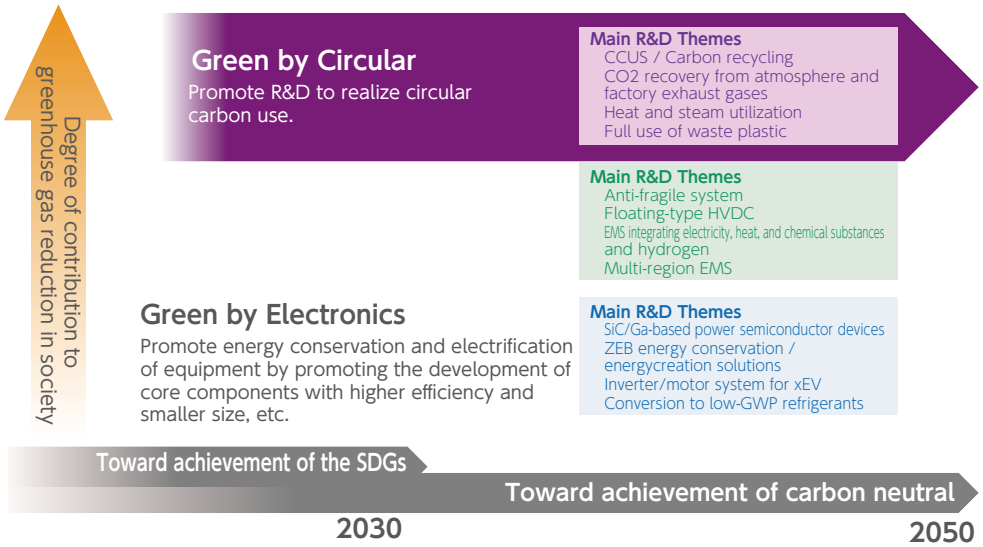
The Mitsubishi Electric Group is aiming for sustainability mainly by playing our part in realizing a sustainable society by helping to solve social challenges with our businesses. As a "Circular Digital-Engineering Company," we will drive research and development to provide solutions that incorporate expertise from inside and outside the Group.

We will enhance core technologies that will generate business competitiveness, and deepen fundamental technologies that support the functions, performance, quality, and reliability of our equipment, systems and services. Further, we will explore and develop new technologies for a game-changed future. The Mitsubishi Electric Group plans total research and development costs of 235 billion yen for fiscal 2024 (up 11% year on year) to promote the development of core technologies, fundamental technologies and new technologies in a balanced manner. We will also actively collaborate with research and development organizations including universities inside and outside of Japan, and partner companies, to accelerate development and create value to play our part in solving the increasingly diverse social challenges.

Research and Development to Achieve Sustainability

To create and expand businesses that will contribute to society as a whole becoming carbon neutral, we will accelerate research and development in three innovation areas, which are "Green by Electronics," "Green by Digital," and "Green by Circular." In fiscal 2024, we will invest up to about 30% of corporate research and development costs into these areas (up 50% year on year.)

■ Basic policies of Mitsubishi Electric's research and development



CCUS(Carbon dioxide Capture, Utilization and Storage), HVDC(High Voltage Direct Current)
EMS(Energy Management System), ZEB(net Zero Energy Building), GWP(Global Warming Potential)

■ Initiatives for carbon neutrality

In "Green by Electronics," we will promote research and development to make our superior core components, which include power electronics and motors, more efficient and smaller, to contribute to energy conservation and the electrification of FA equipment, air conditioners etc. We will also promote research and development on shifting buildings to ZEB (net zero energy), air conditioning and refrigeration systems with coolants with low global warming potential, and power devices made with new materials.

In "Green by Digital," we will utilize advanced digital technologies to improve energy efficiency and expand the use of renewable energy. We will promote research and development, including by verifying an energy management system (EMS) in Europe, which balances the demand and supply of renewable energy generation, and the power used by air conditioners, heat pumps for boilers, and other equipment. Through these activities, we will contribute to reducing greenhouse gas emissions throughout our value chains.

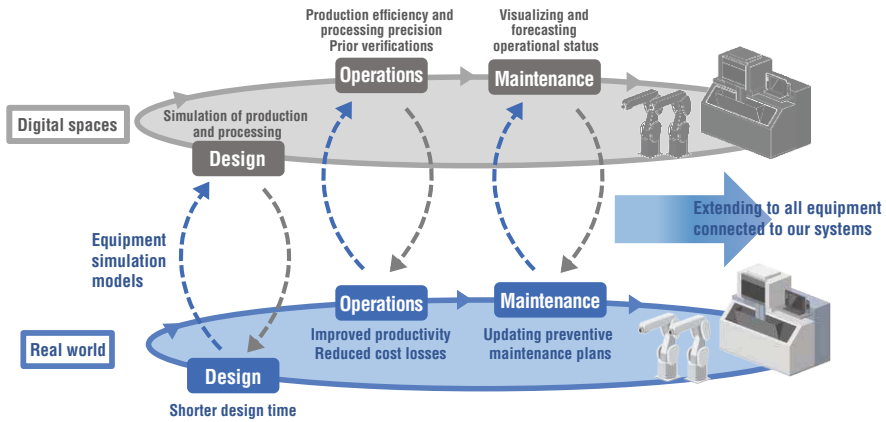
In "Green by Circular," we will promote research and development with a focus on resource recycling, such as Carbon Capture, Usage and Storage (CCUS) and carbon recycling. We will promote research and development on waste plastic recycling, which has been difficult to do as the waste plastic contains compound materials, as well as research and development on how to recycle more plastic not limited to Mitsubishi Electric products, so that these activities will contribute to the circular use of carbon.

Research and Development to Transform into Being a "Circular Digital-Engineering Company"

We will promote research and development in advanced digital technologies such as data collaboration, AI, and the digital twin, to transform into being a "Circular Digital-Engineering Company" in which we aggregate and analyze technological information and customer data in digital spaces in which the Mitsubishi Electric Group's experts will become connected and bring together their expertise to return new value to customers.

We will also integrate our superior OT (Operational Technology), domain knowledge, security, network design and other technological assets and promote data linkage between the systems of different business domains to create solutions that can help to solve more complex social challenges. Mitsubishi Electric's AI technologies, as represented by "Maisart," will be continuously deepened so that they can be applied not just to equipment and edge computing, but also to the Cloud.

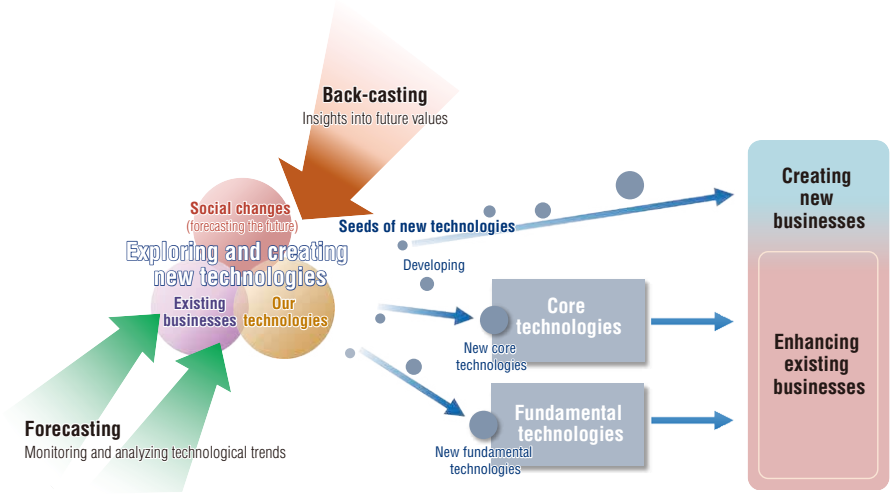
The digital twin brings new value in various scenes of core components and system lifecycles. For instance, when designing factory equipment, we will build the equipment's simulation models in digital spaces to accurately emulate the actual production and processing, so that evaluations can be performed in advance to improve production efficiency and processing precision and to shorten the total designing time. For operations, the use of digital twin simulations will enable optimized production and processing from the start, which will result in greater productivity, such as shorter launch times for production facilities and better yields, as well as reducing cost losses during production and less power use and waste. For maintenance, we will propose problem-preventing maintenance and equipment updates in a timely manner, in which the equipment's operational status is visualized and data analyzed so that its future behavior can be predicted. We will also feed these data swiftly back to the digital spaces to be used for the Mitsubishi Electric systems that customers are using and all other equipment connected to the systems, so that systems will be developed that generate even more advanced value.



■ Digital twin in the factory

Exploring and Creating New Technologies to be Ready for a Game-Changed Future

In today's ever-more complex and changing society, it is important to keep an eye on uncertain risks and potentials in the future and to be prepared for them. For this, we are taking a back-casting approach to imagine the likely future and to think about the value we should provide, and a forecasting approach to monitor and analyze technological trends and to explore and create research and development themes that will contribute to realizing a sustainable society. We will take on the challenge of developing new technologies that respond to the needs of a future society, and technologies that enhance and transform existing businesses to create new usages and acquire new customers. Also, to maximize the customer value of Mitsubishi Electric products and services, we will advance research and development on the use of quantum computers. Quantum computers are expected to perform simulations of large-scale systems that conventionally have required a long computation time, and compute and solve optimization problems at super high-speeds, deriving the best possible answers under given conditions. We have developed a technology that can derive sufficiently functional inferencing from limited learning data by combining quantum machine learning and classical machine learning for collaborative learning. Going forward, we will continue research and development on the use of quantum computers, including quantum machine learning, aiming to apply our findings to a wide range of industries including FA, air conditioning, building systems, and mobility. We will also develop "photonic crystal laser modules for next-generation laser processing machine" that will save space by realizing super miniaturization, and energy conservation from high efficiency through optical and quantum technologies, as well as explore and create new technologies that will utilize human cognitive characteristics such as "evolutionary remote operation service platforms" to create the work-styles for a new era that are not bound by location or distance.



■ Exploring and creating new technologies

To Create Value in a Timely Manner through Co-Creation

In fiscal 2023, we collaborated with 127 research and development organizations, such as universities inside and outside of Japan. We will enhance such organizational collaborations to solve the increasingly complex and diverse social challenges, not just through joint research on individual technological development themes, but also by setting comprehensive themes through inter-organizational discussions. Out of the joint research costs for fiscal 2024, we will invest about 20% into such organizational collaborations. At the Mitsubishi Electric Energy & Carbon Management Collaborative Research Center established in the Tokyo Institute of Technology, we are utilizing both parties' strengths to explore and create GX-related technologies, such as energy & carbon management and carbon recycling over environmental value trading for energy, and substances such as power, heat and chemicals, as well as new technologies with insights into future values and technological trend analysis as the starting point.

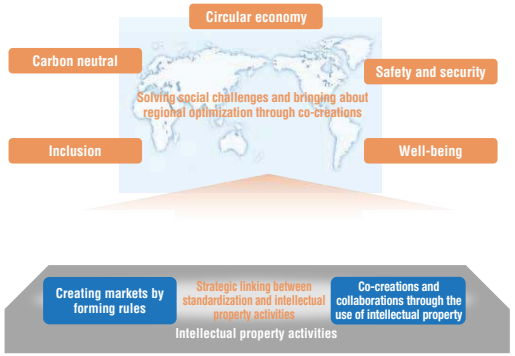
Further, at the Mitsubishi Electric-AIST Human-Centric System Design Cooperative Research Laboratory that we jointly established with the National Institute of Advanced Industrial Science and Technology, we are striving to develop innovative technologies for a "personal well-being society" in which everyone can live a comfortable and healthy life, and to realize a system design that integrates "industry-connecting CPS," aiming for an enriching future beyond innovation.

In the Mitsubishi Electric and The University of Tokyo Future Design Conference we established jointly with the University of Tokyo, we are merging our five challenge domains with the University's research and education activities to discuss the ideal future. We will boldly forecast what kind of a society the various forthcoming events will bring about, consider what we should do now and going forward to bring about the future we want, and summarize the findings as a vision of a future society. The results from this initiative will be released widely through open forums etc., to share them with various stakeholders. We will also promote the verification and social implementation of our vision of a future society by proposing policies and through co-creation. With our technological and creative prowess, we will drive open innovation to achieve the ideal state and create new value in a timely manner.

Intellectual Property Strategy

Basic Policy

To help solve social challenges and create new markets through our businesses, we will strategically link our intellectual property activities and standardization activities to form the required rules and to secure competitiveness. By underpinning our businesses, marketing and sales, and research and development with such initiatives, we will aim to transform into being a Circular Digital-Engineering Company that achieves sustainability management.



The structure of contribution through intellectual property activities

The Mitsubishi Electric Group's intellectual property in numbers

Number of registered patents in Japan *1	Number of registered designs in Japan *1	Number of registered trademarks in Japan *1	NLargest scale of patent assets in Japan *2
Second in Japan	**Second in Japan**	**Eighth in Japan**	**First in Japan**
The power to keep other electronic equipment competitors under control *3	Number of international patents filed *4	Number of patents filed in Germany *5	Number of patents obtained in China *6
Second in Japan	**Fourth in the world**	**Top-ranked Japanese company**	**Second-ranked Japanese company**

*1 As announced by the Japan Patent Office (from January-December 2022 data)
*2 As announced by Patent Result Co., Ltd. (from April 2021-March 2022 data)
*3 As announced by Patent Result Co., Ltd. (from January-December 2022 data)
*4 As announced by the World Intellectual Property Organization (WIPO) (from January-December 2022 data)
*5 As announced by the German Patent and Trademark Office (DPM) (from January-December 2022 data)
*6 As announced by the China National Intellectual Property Administration (CNIPA) (from January-December 2022 data)

Intellectual Property Activity Policy for Sustainability Management

To achieve sustainability management, solving social challenges with economic rationality is needed, and doing everything by oneself is extremely difficult, and so it requires a framework for co-creation and an ecosystem to be developed and operated so that multiple business operators can mutually and effectively collaborate with one another.

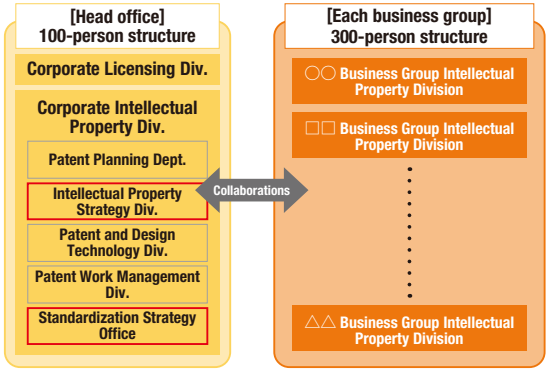
Effective co-creation requires responding to regulations in each country, as well as appropriate standardization and local rules being in place, which is why we believe we need to proactively get involved in establishing these rules. In the ecosystem, intellectual property needs to be secured for the roles of each respective company, and rules must be established to utilize such intellectual property for co-creations.

Structure to Support Intellectual Property and Standardization and the State of Intellectual Property Activities

Mitsubishi Electric's intellectual property structure consists of the President-directed Intellectual Property Division at the head office, and intellectual property divisions in our works, R&D centers, and affiliates. These intellectual property divisions are collaborating and merging to promote more effective intellectual property activities that are suitable for our businesses.

We established the Intellectual Property Strategy Division in fiscal 2023 and the Standardization Strategy Office in fiscal 2024, and they are conducting more strategic intellectual property activities and standardization activities.

■ Intellectual Property and Standardization: Organization



- Devising Group-wide intellectual property/standardization strategies
- Promoting key projects
- Responding to external institutions, including the Japan Patent Office
- Public relations activities on intellectual property

- Promoting individual strategies based on the Group-wide intellectual property/standardization strategies

Driving key themes

In response to changes in our business environment, the head office's Intellectual Property Division proposes themes that require Group-wide activities and it takes the initiative in promoting intellectual property activities and standardization activities, together with business groups and affiliates. More specifically, the division selects key themes from social challenge themes, solution themes, technological themes and other themes from various perspectives, evaluating use cases that will result in contributing to solving social challenges and securing the required intellectual property.

Key theme examples

Social challenge themes	Decarbonization, new normal, mobility
Solution themes	Circular economy, security, energy
Technological themes	5G/6G, digital twin, AI

Change to the Intellectual Property Portfolio with Management Strategy Taken into Consideration

To transform into being a Circular Digital-Engineering Company, we need to not just enhance digital-related technologies, but also very importantly to maintain and enhance the intellectual properties relating to components and systems of the equipment

that support our businesses. We are developing AI-based solutions and embedding AI into components and systems to raise their value and consider it important to raise the AI ratio. We have set a target of raising the AI ratio in our filed patents to 13% by fiscal 2026.

Our policy is to expand and enhance solution-related intellectual properties on this foundation. We have set a target of raising the ratio of solutions in our filed patents to 30% by fiscal 2026.

Furthermore, to protect technologies in both function and design perspectives, we have been actively promoting activities to obtain design rights inside and outside of Japan alongside developing a patent network.

Ratio of solutions-related patents

Current	Target for FY2026
22% →	30%

Ratio of AI-related patents

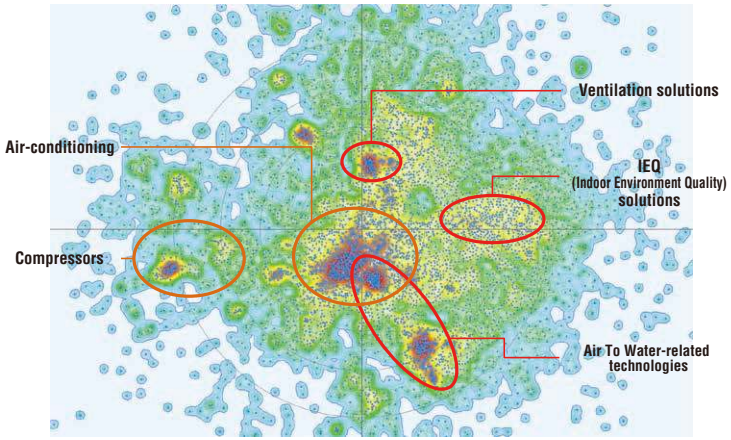
Current	Target for FY2026
11% →	13%

Shown below are some examples of Mitsubishi Electric's key growth businesses, in which intellectual-property information is utilized to maintain and enhance intellectual properties for component and system-related technologies, and to enhance and expand information properties for solution-related technologies. The patent diagram below shows technologically similar patents plotted closely to one another to visually explain the filing trends.

Example: Air-Conditioning and Refrigeration Systems

For component and system-related technologies such as for air conditioners and compressors that Mitsubishi Electric has been enhancing for a long time, the groups are shown on the left and in the middle of the patent diagram, indicating how their intellectual properties have been maintained and enhanced.

Patents filed (2012-2021)



■ Air Conditioning and Refrigeration Systems patent diagram (created with VALUENEX Radar)

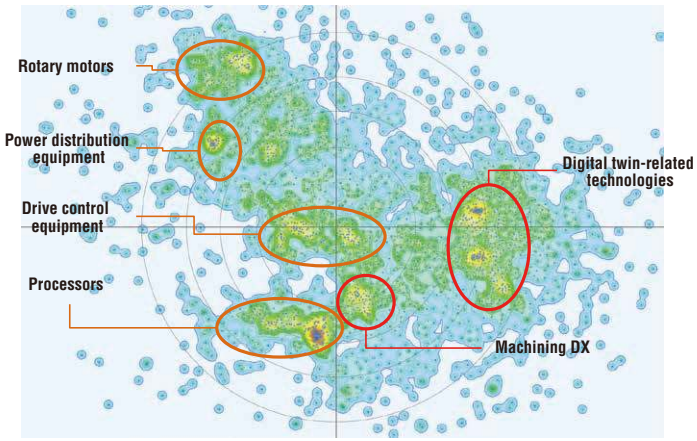
The right hand side of the patent diagram shows how intellectual properties for solution-related technologies have been expanded and enhanced, such as for Air To Water-related technologies (converting the heat source from a combustion type to electrical heat pumps) to contribute to carbon neutrality, IEQ (Indoor Air Quality) solutions for well-being, and ventilation solutions.

Example: FA Control Systems Business

The left hand side of the patent diagram shows that intellectual properties have been maintained and enhanced for component and system-related technologies that include the FA business' mainstay core components (drive control equipment, processors, rotary motors, and power distribution equipment).

We are realizing next-generation manufacturing by simultaneously providing integrated value from core components and digital technologies. The right hand side of the patent diagram shows that the intellectual properties have been expanded and enhanced for solution-related technologies including digital twin-related technologies and machining DX.

Patents filed (2012-2021)



■ FA Control Systems patent diagram (created with VALUENEX Radar)

Enhancing Intellectual Property and Standardization Strategy Features from a Global Perspective

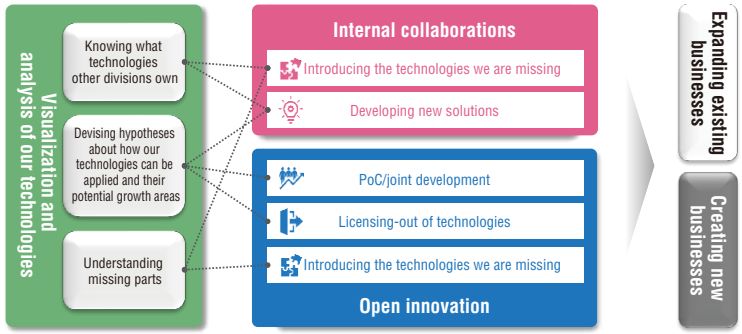
Mitsubishi Electric assigns intellectual property representative in key countries and regions and enhances local intellectual property strengths in collaboration with the intellectual property divisions of overseas affiliates. We aim to obtain intellectual property rights in the correct proportions on considering the business situations in each country.

For standardization, we engage in international standardization activities, utilizing European locations. Going forward, we will enhance global standardization activities utilizing Mitsubishi Electric locations not just in Europe, but in other regions as well.

We are aiming to develop what will be globally regarded as a robust patent network by strategically increasing filing overseas. We will also increase the ratio of patents we own overseas in proportion to the increase in overseas revenue.

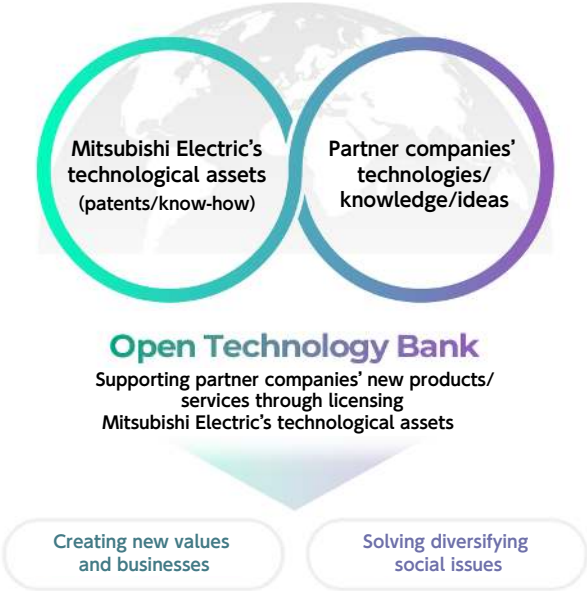
Open Technology Bank

To realize a sustainable future, in fiscal 2022 Mitsubishi Electric Group started Open Technology Bank activities to promote internal and external collaborations with intellectual property as the starting point. Until then intellectual property had been used mostly for competition with other companies (for monopolies and for exercising rights against other companies), but going forward, we will proactively apply intellectual property as a tool to promote co-creations and as a management resource to form market ecosystems.



Promoting External Collaborations

To overcome the increasingly diverse and complex social challenges amid faster technological innovation, a co-creating approach is called for that uses open innovation as a method to create new value in a timely manner through collaborations with various stakeholders. In the Open Technology Bank activities, we are striving to create opportunities to collaborate with external partners and maximize business opportunities, capitalizing on the Mitsubishi Electric Group's wide-ranging technological assets ranging from home appliances to space. We devise business model drafts after considering which areas and purposes our technologies can be applied to and approach potential partner companies to ask whether a technological collaboration is possible. We also accept inquiries at our contact website to develop purposes and to explore potential growth areas for our technologies, and we already have a track record of multiple cases of co-creation, including licensing-out of technologies and joint verifications.



Case study : A co-creating initiative using an advanced plastic filtering technology

To realize a circular society, we are working on plastic recycling that transcends industries by using the advanced plastic filtering technology that our Group has developed over many years for the recycling of home appliances. At present, we are evaluating the efficacy of Mitsubishi Electric's technologies with partner companies from various industries, aiming to start selling advanced plastic filtering devices for plastic recycling and to launch services to provide deployment and operational support for the devices from fiscal 2025 onward.

Enhancing Collaborations within the Mitsubishi Electric Group

As an integrated electrical manufacturer with businesses in many areas, we have a number of technological assets in a wide range of fields, and this is one of the Mitsubishi Electric Group's strengths. To unlimitedly combine our technologies and expertise to create new impactful value that society needs, we are accelerating the development of integrated solutions across the Group and promoting internal technological collaborations to pursue further technological synergies across divisions. For instance, to promote combinations of technologies, we have internally released a technology map that illustrates as many as 70,000 of the patents we own by category to visualize our technologies, and we are organizing rules and designing incentives for internal technological collaborations. As a Circular Digital-Engineering Company, we will strive to contribute to solving many social challenges by fully utilizing our internal technological assets.

Enhancing International Standardization Activities

International Standardization Activities

International standardization is becoming increasingly important as a means to expand and acquire global markets, by forming rules for changing industry structures in which digitalization connects products and services across companies and industries. To secure competitive superiority and to continue to play our part in solving social challenges through our businesses, the Mitsubishi Electric Group will proactively work on shaping rules through international standardization activities.

International Standardization Strategies

The Mitsubishi Electric Group establishes key projects on cross-business themes and promotes international standardization activities that are united with intellectual property activities, working in coordination with business strategies and development strategies to provide integrated solutions that utilize data to create new value. At the IEC (International Electrotechnical Commission), our members serve important roles in international standardization organizations, including Kazuhiko Tsutsumi serving as Vice-President and Chair of the MSB (Market Strategy Board), Atsushi Miyoshi representing Japan as a member of the BAC (Business Advisory Committee), and Hiroaki Sugiura chairing TC 100/TA 2 (color management), and we are leading global standardization activities and contributing to solving social challenges together with diverse stakeholders. In the field of international standard development, approximately 1,000 members are serving as committee members of various standardization organizations.

Examples of initiatives

(1) International standardization to respond to digitalization

As industry structures change with digitalization, communication technologies are being incorporated into all types of products and services. The Mitsubishi Electric Group sees Beyond 5G as a key technology for providing integrated solutions and is driving it as a key project. We participate in the projects of the Beyond 5G Promotion Consortium, the Beyond 5G New Management Strategy Center, the New Energy and Industrial Technology Development Organization (NEDO, a national research and development agency) and the National Institute of Information and Communication Technology (NICT, a national research and development agency), and we are working on international standardization as well as on development and intellectual property.

Also, to digitalize factories and promote smart factories with better productivity from linking data across companies, we have joined the IAF (Industrial Automation Forum) project, proposing SMKL (Smart Manufacturing Kaizen Level) to ISO TC 184 as an international standard indicator to gauge the level of data usage. SMKL can map KPI data collected on decarbonization, displays of carbon consumption, analyses of carbon emissions, and on AI-based carbon emission conservation, thereby contributing to realizing a decarbonized society.

(2) Taking the initiative in international standardization for power semiconductors

Power devices have been attracting attention as a key device for effective energy utilization and use, and they are one of Mitsubishi Electric's mainstay products. While demand for them is increasing as a key device to realize a decarbonized, all-electrical, and connected society, new materials are also beginning to emerge in the field of power devices, such as SiC, but international standards and authorization systems for them are still insufficient. Such a situation can lead to inferior quality products spreading in the market and adversely impact relationships between manufacturers, users, and the regulating authorities, thereby becoming a factor that disrupts the market's healthy growth. To protect users from inferior quality products and create a power device market that develops healthily, Mitsubishi Electric has taken the initiative in launching an IEC-MSB whitepaper project "Power Semiconductor for an Energy-Wise Society," engaging in international discussions to organize the issues concerning the technologies, markets, international standards, and regulations in this area and to propose how the area should develop. This IEC whitepaper is scheduled to be released at the IEC General Assembly in October 2023.

(3) International standardization of dynamic signs

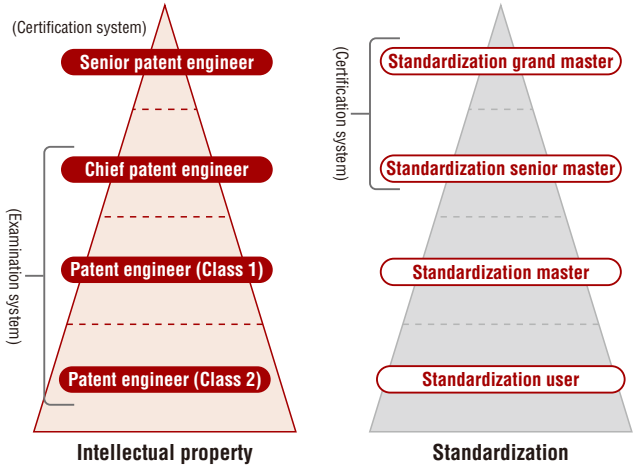
We have conducted technological development on dynamic signs, a technology to display highly visible signs on the floor with optical animation, jointly with the National Institute of Advanced Industrial Science and Technology, a national research and development agency, taking into consideration how the signs will spread due to international

standardization. We proposed international standards to ISO in 2018 concerning this technology, and successfully had it standardized in 2021. The technology and ISO standard has been applied to Mitsubishi Electric Products' "Terasu Guide," which is used to support the smooth transportation of diverse range of facility users, including the elderly, wheelchair users and non-Japanese people. Through our technological developments and international standardization activities, Mitsubishi Electric will contribute to realizing a society in which everyone can enjoy achieving their potential.

Human Resource Development and Awards System

Internal Certification System

Mitsubishi Electric has established an internal certification system to encourage personnel to attain outstanding competence in intellectual property and standardization operations, and it provides related training programs. The certification system offers four certifications according to the person's responsibilities, and also corresponding training. We also have a certification system for intellectual property analysts.



Internal Awarding System

For creative intellectual property activities, we grant incentives to inventors through internal compensation and awards. We also have other systems, such as the President Award, the General Manager Award, and the Center Manager Award, to award inventors for their intellectual property and standardization activities, depending on the content of their activities.

External Awards

Selected as "Clarivate Top 100 Global Innovator 2023"

Kazuhiko Nakane, Advanced Technology R&D Center, winner of 2023 IEC Activities Promotion Committee of Japan (IEC-APC) Chair Award

Clarivate Top 100 Global Innovator 2023 trophy

IEC Activities Promotion Committee of Japan (IEC-APC) 2023 Chair Award, after the award ceremony

Respecting Intellectual Property Rights

The Mitsubishi Electric Group firmly recognizes the importance of mutually acknowledging and respecting not only its own intellectual property rights but the intellectual property rights of others as well. This stance is clearly set forth in the Mitsubishi Electric Group Conduct Guidelines and practiced throughout the Group.

In order to prevent any infringement on the intellectual property rights of others, various educational measures are provided mainly to engineers and intellectual property officers, to raise employee awareness and promote greater respect for the intellectual property rights of others. At the same time, a set of rules has been put in place to ensure that a survey of the patent rights of others is carried out at every stage from development to production.

The Mitsubishi Electric Group place particular weight on collaborating with industry organizations while approaching government agencies both in Japan and overseas as a part of a wide range of measures to prevent the counterfeiting of our products.

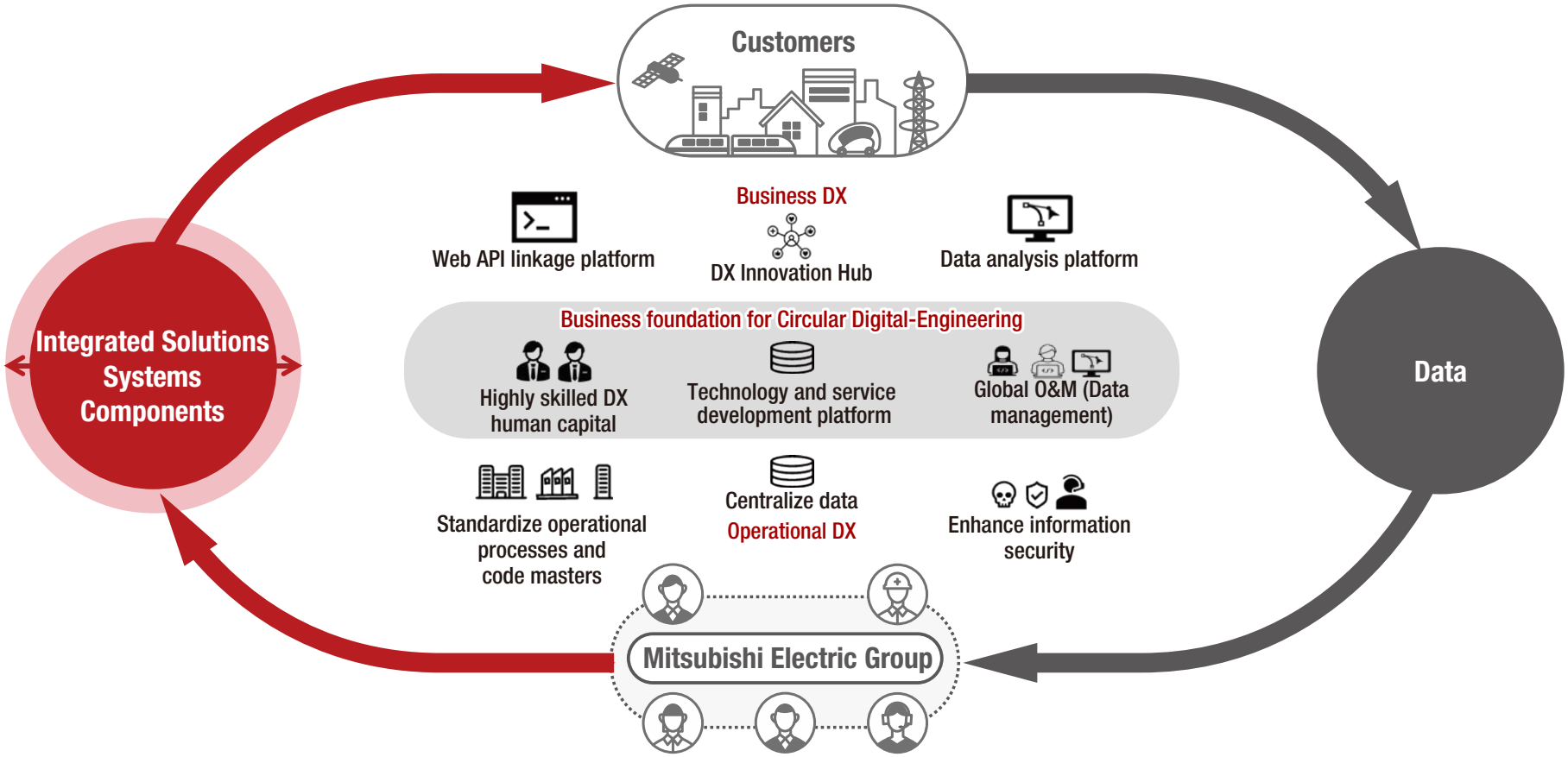
DX (Digital Transformation) Strategy

Building up "Business Foundation for Circular Digital-Engineering"

The Mitsubishi Electric Group is transforming itself into a "Circular Digital-Engineering Company" to raise the value we offer with our components, systems and integrated solutions, and to contribute to solving social challenges.

To efficiently create, develop and run businesses to attain this circular digital-engineering, we will build up "Business foundation for Circular Digital-Engineering" through our business DX and operational DX.

Based on this business foundation, we will provide services revolving around highly skilled DX human capital, technology and service development platform, and global O&M (operation & maintenance) for business management. In each business area and group using the services implemented on this business foundation, we will further deepen our components and systems and rapidly create and expand integrated solutions.

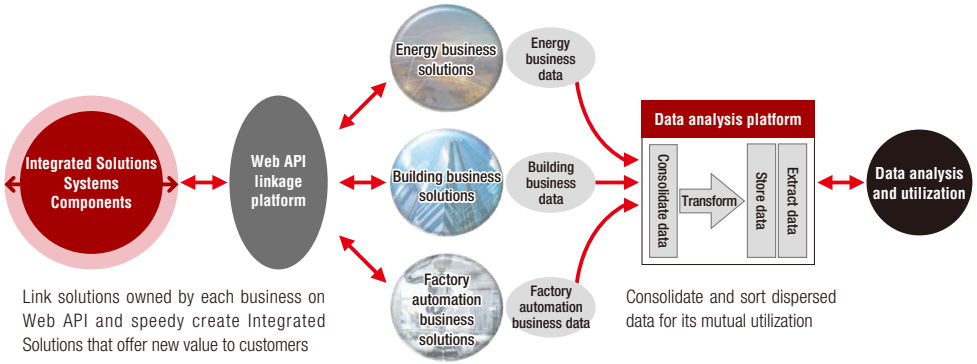


Business DX Promotion Strategy

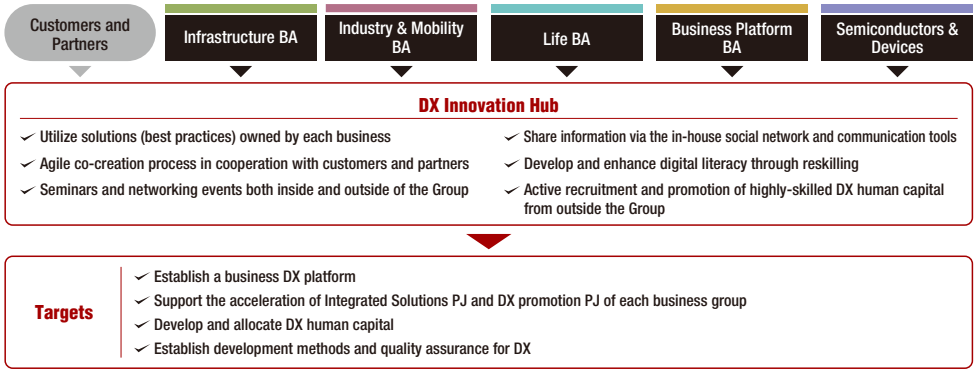
In business DX, we build a Web API linkage platform and a data analysis platform to enable mutual utilization of functions and data in various solutions owned by each business.

By utilizing the Web API linkage platform to link and combine solutions from these businesses, we will speedily create integrated solutions that offer new value to customers. Also, from the data analysis platform, we will obtain inspirations from the data amassed by our businesses that will lead to the creation of new value and strengthen our integrated solutions.

■Functions and data in each solution prepared for each business can be utilized easily



In the business DX, we will also accumulate and link business needs, digital technologies and know-how through our DX Innovation Hub, which will be operated together with customers and partners. We will also develop and secure DX human capital through reskilling and by recruiting and promoting human capital from outside the company to enhance the business structure.

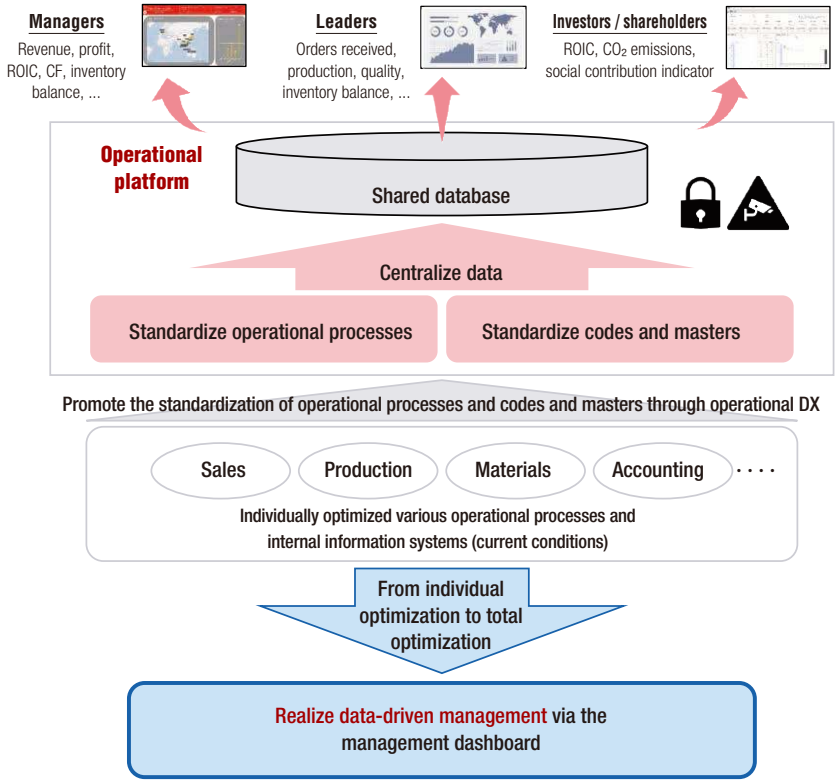


Operational DX Promotion Strategy

As part of our operational DX promotion strategy, we have been promoting Group-wide operational DX projects since fiscal 2022 and amassing expertise and know-how gained from these initiatives.

More specifically, we have standardized throughout the Group the diverse operational processes, codes and masters that had been individually optimized with a long history for total optimization. By standardizing operational processes, codes and masters, we can centrally manage the diverse data that is scattered across the Group. We are building operational platforms, including shared databases that store diverse data. The data on the shared database will eventually be provided to managers, leaders, field representatives, investors, stockholders and others in the form that they need and when they need it through dashboards, to achieve data-driven management.

■Standardize diverse operational processes and codes and masters across the Group, aiming for total optimization



CHRO Message

Growing together with our people and building a brighter future with the power of human capital

Executive Officer,
CHRO, In charge of Public Relations
Yasunari Abe

CHRO：Chief Human Resource Officer

Our approach to human capital

In the Mitsubishi Electric Group Medium-term Management Plan for fiscal 2026, the Mitsubishi Electric Group states it will contribute to realizing a vibrant and sustainable society, including response to decarbonization, by increasing the provision of integrated solutions through the strengthening of the business management foundation, promoting digital transformation, and other activities. People are the driving force behind this sustainable growth, and we will continue to promote "human capital management," which views "people as the capital that creates future value." To regain the trust of society and to develop as a " Circular Digital Engineering Company" amid increasingly intense global competition, the Mitsubishi Electric Group will implement all kinds of reforms by mobilizing all of our human capital, i.e., our diverse and versatile "individual" powers.

■ HR Department Mission / Ideal "Human Capital," "Organization," and "Climate"

Ideal "Human Capital," "Organization," and "Climate"

HR Department Mission:
Growing together with our people and building a brighter future with the power of human capital

Human capital	Think independently, act proactively, and continuously take on challenges
Organization	Identify the needs of society and our customers, and work collaboratively to create new value
Climate	Respect diversity to enhance individual engagement and promote a sense of unity and collaboration with our organization

Maximizing the value of human capital: The process of creating value

Through our human capital strategy aligning with corporate strategy, we maximize the value of our human capital, and transform into a Circular Digital-Engineering company to contribute to the realization of a vibrant and sustainable society. We will strategically invest in human capital (people) to achieve this.

Investment in human capital (people)

Inputs

Secure diverse and versatile human capital
Develop the human capital required for corporate strategies
(Realization of talent portfolio)

Competitive human capital
- Human capital development
- Revamp the salary and compensation system
- Offering growth opportunities
- Improvement of the working environment, etc.

Collaboration with HR-related measures

Promoting HR-related measures

Implementation of measures

Human Capital Strategies
(Including organizational culture reform)

Outputs

Transforming corporate culture and mindset	Strengthening a diverse and versatile human capital base	Transforming talent management for global co-creation and business leadership	Transforming HR departments with digital technology

Maximizing the value of human capital

Value creation

Outcomes

Transforming into a "Circular Digital-Engineering Company"
↓
Contributing to the resolution of diverse social challenges

Human Capital Strategy

We have organized our human resources measures to realize our corporate strategies as our "human capital strategy." Through these efforts, we will especially respect each person's career ownership and value diverse and versatile human capital who can think for themselves, act on their own initiative, and constantly take on challenges. We will also utilize open talent management by developing a global human capital information platform to select and strategically develop management candidates, who will be the people to lead our business management, at an early stage.

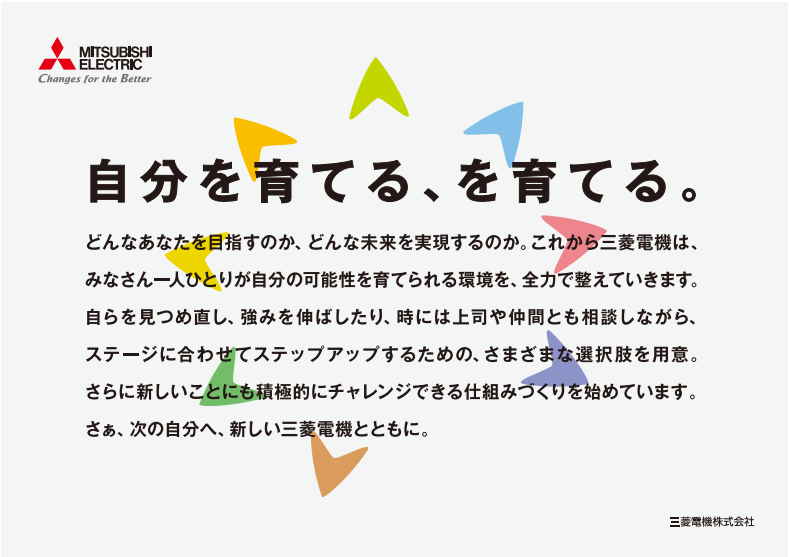
Enhancement of career ownership that respects self-initiative and challenging spirit

Autonomous career development that Mitsubishi Electric aims for

We have established our internal career development concept of becoming a group in which diverse and versatile human capital can fully develop their careers, and to clarify the company policy of enhancing each employee's career ownership.

This concept embodies a message that encourages each and every employee to take ownership of their own career and to act proactively, as well as the company's management's stance of aiding and supporting its employees' careers. Through these initiatives, we will grow together with our people and explore the future.

■ Concept message of career development (in Japanese text)



Measures to increase mobility of human capital such as in-house job offering/ application systems

Currently, Mitsubishi Electric operates two systems that form a complementary framework that supports employees' career plans; "Job-Net (internal recruitment)" and "Career Challenge (internal job hunting)". The results of an engagement survey showed that many employees are dissatisfied about being unable to realize their career plans at Mitsubishi Electric, so we are enhancing measures that focus on them realizing their career plans that they would be unable to achieve through normal human resource assignments.

■ FY2023 (results)

Internal recruitment system	Success ratio*: approximately 17%
Internal job-hunting system	Success ratio*: approximately 24%

*Success ratio: The number of jobs attained divided by the number of recruitment posts or the number of entries

Diversification of senior management and early appointment

Promoting the D&I of management through succession management

We will select and develop diverse management candidates across the Group and worldwide. In particular, we will apply the current "program to promote appointments of women in management" and succession management based on global job-grading to enhance appointments of women and international staff as management candidates.

■ Target for D&I of senior management

Ratio of female/non-Japanese in senior management

Results as of FY2023 end	3%
Target for FY2031 (non-consolidated)	30%

*Senior management: Executive Officers and Directors

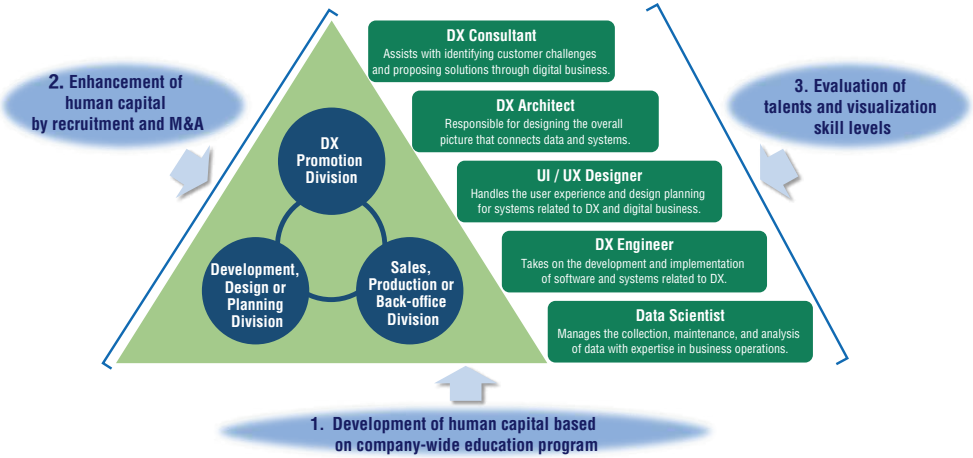
Appointing people to managerial positions early, using the management candidate development system

We will intentionally develop competitive business leaders (executors) to lead the Group's management. Candidates will be selected, developed and assessed openly with a Group-wide perspective without being confined to the divisional and business group frameworks, making sure to rotate the cycle of selection, development, assessment, and nomination.

Key Perspectives of the Management Candidate Development System		
Perspective on Selection	Perspective on Development	Perspective on Evaluation
✓ Candidate information is openly and widely shared to ensure an open selection process ✓ Operate selection processes that include candidates from both domestic and international affiliated companies, etc.	✓ Systematic implementation of assignment and training programs focused on management candidate development, etc.	✓ Systematic Implementation of internal and external training programs that include assessment process, and accumulate objective evaluations and monitoring results, etc.

Securing diverse and versatile human capital

In our pursuit to become a Circular Digital-Engineering company, we will focus on strengthening our diverse and versatile human capital involved in DX (Digital Transformation). Specifically, we will: 1. Promote “development” based on company-wide education program, 2. Embrace “recruitment” including measures such as M&A, and 3. Implement “evaluation” by visualizing skill levels, among other measures. All of these efforts will bolster the Mitsubishi Electric Group's DX strategies.



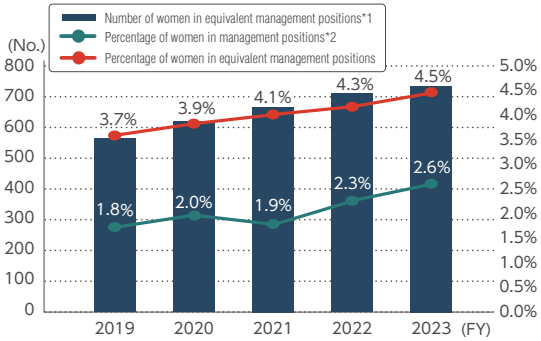
Developing a culture in which all employees are proud and motivated to work for the company

Women's participation

Mitsubishi Electric has been systematically providing young employees with work experience and training opportunities to develop them, and we have established measures such as proactively releasing news about various systems being offered to employees who have to take care of family matters. For young women employees, we organize a "career forum for young women employees" to help them become aware of how to develop a positive career vision with work-life integration in mind and provide the "Superiors and team members: A handbook to support employees in childcare" to help employees taking childcare leave to return to work smoothly and exercise their talents to the full while still providing childcare. We have also organized rules for such employees and their managers to meet regularly before and after returning to work, and with such measures we have put in place an environment to support women's career development. In fiscal 2023, we introduced a new training system to be attended by employees returning to work after childcare and their managers as pairs.

(Male employees returning from childcare leave also eligible)

■ Trend in the number of woman managers or equivalent (Mitsubishi Electric)



*1 Women in equivalent management positions: Those whose duties and responsibilities are equivalent to those of a section manager.
*2 Percentage of women in management positions: Ratio of women in management positions to all management positions.
*As of March 15 of each fiscal year

Acquisition of Eruboshi

Mitsubishi Electric has received Eruboshi (Grade 2) from the Ministry of Health, Labour and Welfare as an outstanding enterprise in promoting women's participation and career advancement.

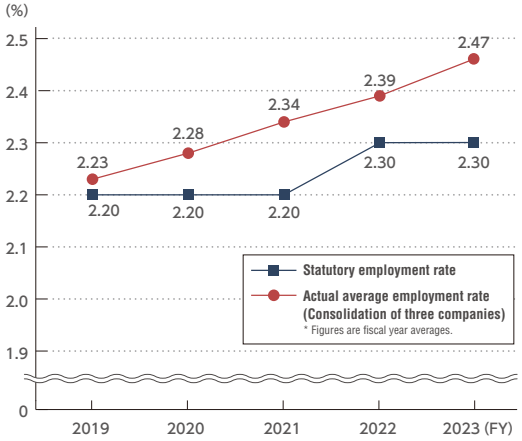
Employment of people with disabilities

The Mitsubishi Electric Group has been actively employing people with disabilities in various companies from the perspectives of sustainability and diversity promotion. We promote barrier-free initiatives to create comfortable work environments for people with disabilities. In October 2014, Mitsubishi Electric established Melco Tender Mates Corporation, a special subsidiary* that specializes in businesses mainly suited to people with intellectual disabilities. As of

*Special subsidiary: A company that meets certain requirements under Act to Facilitate the Employment of Persons with Disabilities (Employment Promotion Act for Persons with Disabilities), and is deemed to be one business establishment (employed by the parent company) of the parent company (Mitsubishi Electric Corporation) after receiving permission from the Minister of Health, Labor and Welfare, and also is included in the parent company's employment rate for persons with disabilities as an exception.

March 15, 2023, people with disabilities comprised 2.48% of the total workforce at Mitsubishi Electric and its special subsidiaries combined. The company name of Melco Tender Mates Corporation expresses the principle that employees with or without disabilities are equal partners in the workplace and peers who mutually care for each other. The company mainly engages in the cleaning service, cafe, business card, food service, and health promotion (massage) businesses, and employs 122 people with disabilities as of March 15, 2023. The company plans to gradually expand its operations and further promote the employment of people with disabilities by opening a cookie factory in fiscal 2018, the Nagoya Works in fiscal 2021, the Himeji Works in fiscal 2023, and the Itami Works in fiscal 2024.

■ Changes in the Ratio of Hired People with Disabilities



LGBTQ

Mitsubishi Electric respects diversity and promotes initiatives that deepens the understanding of sexual diversity (LGBTQ), with the aim of realizing a workplace environment in which all individuals can fully utilize their own abilities and work actively. Since 2021, we have designated June as the Mitsubishi Electric Pride Month and have been conducting initiatives to promote the understanding of sexual diversity (seminars for the management and human resources divisions to understand LGBTQ issues and e-learning for employees) as well as releasing the President's message. We have established an external consultation contact point for use not only by LGBTQ employees but also by their superiors and colleagues in the workplace. In "Mitsubishi Electric Ally Community*", we invite external lecturers, teach the meaning of the ally activities, and deepen understanding by exchanging views.

In March 2022, we reviewed the Work Regulations to recognize same-sex marriage partners as spouses and to apply the same systems to those couples as those that are applied to legally married people.

*An internal community for anyone wanting to understand and support LGBTQ people.

Individual Fulfillment: Organizational Culture Reform

The Mitsubishi Electric Group takes the multiple work-related issues that it experienced until fiscal 2020 within the Group seriously, and has been working on the Mitsubishi Electric Workplace Reform Program that aims at creating a workplace where employees can openly communicate with one another, thorough and appropriate care of employees with mental health issues, and other goals. Regarding this program, we completed the application of short-term priority measures in fiscal 2022 and implemented long-term measures focusing on "improvement of work engagement," "active communication," and "fostering of organizational culture and mindset" in fiscal 2023. Going forward, we will integrate these efforts with "organizational culture reform," which is one of the three reforms, and we will more vigorously pursue their implementation. To create a workplace environment where employees can thrive and engage more easily, Mitsubishi Electric has set key performance indicators (KPIs) related to a "rewarding work" and "work life balance." We will regularly monitor these indicators, thereby continuing to work to further improve and entrench our organizational culture and workplace environment.

Robust Policies

Measures to reform the negative corporate culture

Promote positive, interactive communication as part of our culture
Prioritize productivity by eliminating unproductive work
Trust each other and share information transparently

Measures to create an even better tomorrow

Facilitate self-initiative among individuals and units through clarification and delegation
Collaborate across divisions to maximize Group strength
Increase opportunities to learn from each other and grow spontaneously

Implement the policies and related measures

- Team members and Executive Officers will hold briefings at nationwide business sites and conduct direct dialogues with employees to deepen their understanding.
- Establish specialized organizations for reform in each business group to strengthen the structure for promotion and execution of the initiatives
- In FY2023, the focus will be communication transformation (Measures such as addressing everyone by the neutral honorific "san")

Changes for the Better start with ME

"Employees feel that they can consult with their superiors," "failures are tolerated," and "problems are solved together"

■ Changes in effort evaluation indicators

KPI	Result for FY2021	Result for 1H FY2022	Result for 2H FY2022	Result for 1H FY2023	Result for 2H FY2023	FY2026 Goal
Employee Engagement Score (percentage of employees who are proud and motivated to work for the Company) *	63%	61%	54%	54%	54%	70% or higher
Percentage of employees who responded that they had a good work-life balance	66%	66%	65%	65%	66%	70% or higher

* Average percentage of positive responses to the five questions in the annual employee attitude survey: "Pride in working for the Company," "Willingness to contribute," "Desire to change jobs," "Encouraging others to join the Company," and "Sense of achievement through work"

Our Roadmap for the Three Key Reforms

We give serious weight to the findings and recommendations of the Investigative Committee and the Governance Review Committee with regard to the improper quality control practices that have come to light, and the entire Group is working to prevent recurrence. In October 2021, we formulated Three Key Reforms (quality assurance, organizational culture, and governance), including measures to prevent recurrence, and the entire company is working to implement fundamental reform initiatives while deepening and developing the Three Key Reforms to restore confidence in the company.

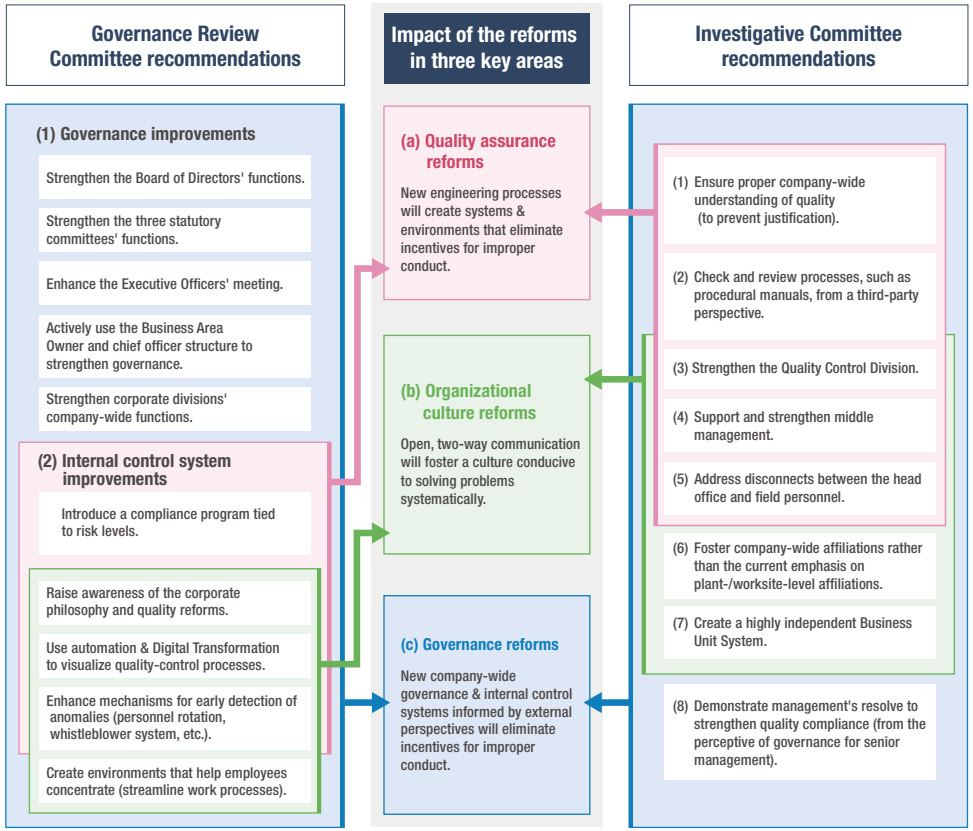
Regarding the progress of the Three Key Reforms and other efforts, we established the "Monitoring Committee for the Three Key Reforms" under the Board of Directors in December 2022 and started monitoring on the supervisory side with the participation of outside experts.

We continue to announce the progress of measures to prevent recurrence on our website.

web Restoring trust: Our roadmap for reform

Overall Concept of Recurrence Prevention Measures

Based on the surface causes, true causes, and proposed countermeasures brought to attention by the Investigation Committee and the Governance Review Committee to date, we will steadily promote reforms in the three areas of quality assurance, organizational culture, and governance at the company-wide level to prevent recurrence.



Enhancement and Development of the Three Key Reforms

Prevent the recurrence of improper quality control practices and restore trust

Quality assurance reforms
- Revising engineering processes -

- Creation of a manufacturing management environment (optimization of resources, control span and health diagnosis for plants, etc.)
- New design review method, designer training program
- Data-driven quality control, development of rules, and monitoring

Organizational culture reforms
- Facilitating two-way communication -

- Coaching for executives, town meetings, and communication via internal social media
- Rotation, 1-on-1 meetings, psychological safety, "On-Site Capabilities and Cultural Reform" workshops
- Behavioral changes initiated by management that lead to organizational solutions

Governance reforms
- Building a compliance system focused on preventive measures -

- Enhancement of the management monitoring function of the Board of Directors (making the majority outside directors)
- Establishment of an internal control system that emphasizes predictive and preventive measures, and enhancement of the company-wide risk control function
- Monitoring of the implementation of the Three Key Reforms by the Board of Directors

Discussions among employees

Internal social media community

Progress

Generally, we are making progress as planned with respect to system building and implementation of activities for each item. We have also confirmed progress in spreading quality compliance awareness through the employee awareness surveys, and we will continue to work to get quality compliance activities to take root and spread.

In addition, since December 2021, the Quality Governance Subcommittee (chaired by the General Manager of the Corporate Legal & Compliance Division) has been monitoring and checking the effectiveness of each initiative carried out under the quality assurance reform on a regular basis with the advice of outside experts.

Progress

With regard to strengthening communication skills, we are actively providing a variety of training programs for employees and increasing opportunities for executives to deliver messages directly to employees.

While we will continue our efforts to review the control span and authorities of middle managers, we have already established a framework for the personnel system as planned, including implementation of the rotation system among offices and positions as well as the establishment of an internal recruitment system and a career consulting office, and we will continue to make efforts to get these activities to take root.

Progress

Regarding the monitoring of the Board reforms and company-wide reforms, we have completed the construction of the framework, and the implementation phase commenced from FY2024. We have already started a variety of studies to improve the internal control system, and in FY2024, we will formulate the details of compliance strategies.

Investigation status of improper quality control practices

Mitsubishi Electric would like to reiterate its sincere apologies to all customers, valued stakeholders, and broader society for the impact of these incidents. At Mitsubishi Electric, we take these incidents seriously and ensure that thorough measures are taken to prevent the relevant factors.

Results of Investigative Committee's investigation

Mitsubishi Electric has commissioned a quality-related investigation by the Investigative Committee of outside experts in June 2021, and its investigation of improper quality control practices was completed in October 2022.

Investigation Method：

Target ： Mitsubishi Electric

Method ：
- Questionnaire survey
- Information brought to a dedicated email address of the Investigative Committee or Nishimura & Asahi separately
- Forensic investigation and interview survey

Investigative Committee members

Chairman **Hiroshi Kimeda**
(Attorney-at-law, Nishimura & Asahi)

Member **Mitsuhiro Umezu**
(Professor at Keio University, specializing in corporate ethics)

Member **Masahiko Munechika**
(Professor at Waseda University, specializing in quality management)

Summary of the number of cases of improper quality control practices

	Results of the investigation
Survey respondent / Response rate	55,502 / 93%
Number of cases necessary to investigate	2,362
Number of cases of improper quality control practices	197
Number of sites to investigate	22 sites in Japan

Results of quality assessments at Group affiliates

Mitsubishi Electric has been leading the investigation into the improper quality control practices at its affiliated companies in Japan. The results of this investigation were reviewed for validity and appropriateness by the Nishimura & Asahi, which participated in the Investigative Committee. All reported cases of improper quality control practices from this investigation involved misconduct that impacted contractual requirements.

Investigation Method:

Target ：16 affiliated companies of Mitsubishi Electric in Japan

Method ：・Questionnaire and interview

Summary of the number of cases of improper quality control practices

	Results of the investigation
Survey respondent / Response rate	7,271 / 89%
Number of cases necessary to investigate	384
Number of cases of improper quality control practices	12
Number of sites to investigate	16 affiliated companies in Japan

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Dialogue with Outside Directors

Realize transformation and move to the next stage of growth by continuously enhancing governance

Mitsubishi Electric has strengthened its corporate governance since fiscal 2023 by ensuring that over 50% of its directors are outside directors, aiming to enhance the effectiveness of the Board of Director.
Against this backdrop, we welcomed Tatsuro Kosaka and Hiroyuki Yanagi as outside directors, both of whom possess deep insights into business management from their backgrounds in the manufacturing industry.
A year after their appointments, we interviewed them regarding Mitsubishi Electric's business challenges, their perspectives on the operation of the Board of Directors' meetings, and their aspirations for the future, among other matters.

Q. It has been a year since you were appointed as outside directors. What are your thoughts on the management of the Board of Directors and the content of their discussions?

Kosaka I was appointed when Mitsubishi Electric was confronting significant challenges due to improper quality control practices and labor issues. However, over the last few years, we have seen significant developments in governance. In fiscal 2023, for the first time, outside directors became the majority on the Board, with outside directors also chairing the Board of Directors and the three statutory committees. We commission third parties to evaluate the effectiveness of the Board of Directors, ensuring objectivity. We are now focused on further enhancing both the monitoring function and the effectiveness of the Board of Directors. In fiscal 2024, we will ceaselessly continue our efforts toward transformation.

Yanagi I share this sentiment. The Board indeed need further transformation, including of the composition of the Board of Directors. Although the Board have increased female representation and achieved a better balance of expertise among the directors, a gap still remains in view of the absence of any non-Japanese directors. Diversity on the Board of Directors is essential for the Company to broaden its global perspectives. The Board should also delve deeper into discussions about enhancing cross-organizational collaboration and competitiveness, especially considering the current challenges with regard to collaboration within our business groups and between those groups and other corporate divisions.

Q. How do you assess Mitsubishi Electric's sustainability management? As directors, which areas of sustainability management are you focusing on?

Yanagi In sustainability management, many companies seem to not fully

express their unique characters and values. How a company presents its story is crucial. Mitsubishi Electric has a commendable purpose, which is to contribute to the realization of a vibrant and sustainable society through continuous technological innovation and ceaseless creativity. The starting point of this narrative should be to describe the social model as proposed by the "vibrant and sustainable society." I hope the overarching vision will be to contribute to such a society with our diverse technologies.

Kosaka Mitsubishi Electric is well-positioned to leverage its business strengths in areas such as climate change measures, economic security including for energy and semiconductor supply chains, as well as defense and space for national security. I expect the Company to contribute to solving social challenges in these domains and, by doing so, create a positive cycle of improving profits simultaneously. As we are a corporate group with approximately 150,000 employees worldwide, it is also a paramount mission for us to enhance human capital measures and contribute to the well-being and happiness of a diverse range of people, including our employees. The Company also need to thoroughly promote investment in GX (green transformation), DX (digital transformation), human capital development, diversity, and so forth.

Outside Director
Tatsuro Kosaka

Q. How do you view the initiatives toward becoming a "Circular Digital-Engineering Company"?

Kosaka The concept is clear. The Company will collect and analyze data from customers and society to identify their needs and apply our superior engineering prowess to provide solutions and services that will be useful to customers and society. This concept aligns with current global trends. Going forward, we will need further discussions to describe the concept in more detail.

Yanagi On delving deeper into this concept, one can see that specificity is a key point. Ideally we should rigorously develop several company locations as showcases while also refining our technologies to customers, and establish solid business models. As an outside director, I'm particularly interested in observing the extent to which the Company is amassing foundational technologies for digital analysis and simulation, as well as the essential features that the associated systems and components should possess.

Kosaka Recently, other companies have showcased case studies of advanced digital usage. The challenge for the Company is determining how the Company can develop solutions and services that are unique to the Company. I am also looking forward to the roles that the DX Innovation Center, which opened in April 2023, will play in this endeavor.

Yanagi The introduction of the Business Area (BA) system in fiscal 2023 marks the foundational step in our transformation towards becoming the "Circular Digital-Engineering Company." This system, which merges several domains, allows Mitsubishi Electric's wide-ranging business fields to showcase their distinctiveness and excellence. Instead of just being seen as parts of a conglomerate, these domains are now poised to capitalize on the increased opportunities that highlight their synergies.

Q. When promoting the human capital strategy, which areas do you think you should focus on?

Kosaka For many years in Japan, the seniority system and lifetime

Out Directo
Hiroyu anag

employment were the mainstream. However, we are now witnessing a paradigm shift, where supporting each person's flexible work style and career development is seen as a key driver to enhance company performance. In the labor market, there is an accelerated movement of labor towards growing industries and domains. With these significant changes in mind, it is essential for Mitsubishi Electric to boldly shift resources to growing businesses by assessing the businesses within its business portfolio strategy.

Yanagi As our overseas sales ratio now accounts for more than 50%, it is important that we globalize our human capital to cater to overseas needs. As the basis for this, we aim to provide young employees with extensive overseas experience and to actively recruit non-Japanese talent. We are also currently considering the implementation of a global job grading system, which I believe can be effectively used for personnel transfers and successor development across countries.

Kosaka Today, the belief that diversity drives innovation is widely accepted, and we need to enhance initiatives for this area. In terms of nationality, a non-Japanese national was appointed as a executive officer for the first time in fiscal 2024. We are also evaluating the introduction of non-Japanese outside directors, which we consider to be important. Regarding gender

diversity, we have significant room for improvement. The ratio of female managers is only 2.6% as of fiscal 2023. Building a more diverse talent pipeline is essential and such change will not occur overnight. Thus, the Company is also considering recruiting experienced professionals from outside the Group.

Q. How do you see the progress of the Three Key Reforms?

Yanagi We have now established a clear operation schedule for the Three Key Reforms, which are the quality assurance reform, organizational culture reform, and governance reform. I view them positively, as they pave the way for us to acquire and analyze the data we need, with field workers taking the initiative to explore matters more deeply. Regarding the organizational culture reform, we, the outside directors, have engaged in dialogues with employees. Their enthusiasm is palpable, and they, along with members of the Team Sousei, will be the key players in driving these reforms forward.

Kosaka The reforms are being steadily progressed. These include creating a culture where employees feel empowered to express their views to their managers, fostering cross-organizational collaborations, and facilitating personnel rotations between locations. Under the leadership of President Uruma, the executive side has been rigorously pursuing these reforms with a firm belief that there's no turning back. We are beginning to see the results of these efforts. The monitoring side has also been working hard. It has been diligently checking details and has engaged in in-depth discussions at meetings of the Board of Directors. For the quality assurance reform, President Uruma has taken a hands-on approach. Over the past two years since 2021, he has organized about 100 town hall meetings, communicating directly with employees about the importance of quality. The management is evidently leaving no stone unturned. Such reforms take time and it is extremely important to keep going.

Yanagi That's right. I would like every employee to take ownership of the reforms, to work on them to the end, and to continue to inform their successors of what progress has been made so that these matters will not be forgotten. Adopting an actualism-based approach (actual job site, actual products, actual conditions, and actual people), the monitoring committee for the Three Key Reforms is staying closely connected with employees who are the drivers of the reforms. The committee continues to gather feedback by visiting offices and through regular reports, always keeps an ear to the ground for concerns and challenges in the field.

Q. Could you share your primary focus in dialogues with stakeholders and within Mitsubishi Electric's governance? Additionally, what are your plans as an outside director?

Yanagi In the context of the Three Key Reforms, there are challenges about how the Board of Directors' monitoring is functioning properly. We need to clearly demonstrate our progress on this matter to our stakeholders. Further, I would like to continue advising Mitsubishi Electric on how to integrate domains under the BA system. This will pave the way for the next growth phase beyond the reforms, harnessing the company's diverse technological and business strengths into unique and superior advantages.

Kosaka We are committed to continually monitoring the reforms and supporting the transition towards increasing corporate value over the medium- to long-term. To do this, we will actively support appropriate risk-taking measures, including intensively investing in growing businesses, restructuring businesses with issues, and conducting M&A that generate significant synergies. In the Board of Directors' meetings, while we ensure that the company invests for growth, we will also keep an eye on shareholder returns, including dividends and buybacks of treasury shares simultaneously. We will not only have these discussions in the meetings. We will also visit various locations to listen to employees directly about their views and issues so that we can further enhance discussions in the Board of Directors' meetings.

Topics

Roundtable discussion with Outside Directors and members involved with the reform project for the purpose of monitoring the Three Key Reforms

The Mitsubishi Electric Group is implementing the Three Key Reforms in response to a series of improper quality control practices. One of these, the governance reforms, include efforts to strengthen directors' monitoring function with respect to business execution.

Recently, as part of this project, a roundtable discussion was held among all seven outside directors and six members involved with the reform project. By sharing not only what has changed in Mitsubishi Electric as a result of the reform project's efforts but also the challenges that must be overcome, opinions were exchanged from diverse perspectives regarding the progress of organizational culture reform. The discussion concluded with a confirmation that the Board of Directors will continue to provide advice and support as well as to closely monitor the reform.

Key Topics

- **How to improve employees' understanding of the need for change**
- **The current situation of working at the manager level**
- **Employee engagement, including job satisfaction**

Roundtable discussion between outside directors and members involved with the reform project (May 2023, Information Technology R&D Center)

Corporate Governance

Basic Views on Corporate Governance

As a part of our initiatives to strengthen our business foundation to enable sustainable growth, the Mitsubishi Electric Group recognizes the importance of corporate governance as a fundamental precondition for our continued existence. The Group's fundamental policy is to further enhance its corporate value by constructing, maintaining, and sustainably strengthening a corporate governance system that more accurately meets the expectations of society, our customers, shareholders, employees, and all other stakeholders.

As a company with a three-committee system, Mitsubishi Electric segregates the supervisory and executive functions; the Board of Directors plays a supervisory decision-making role, and the Executive Officers handle the day-to-day running of the Company. This system maintains the flexibility of its operations and promotes management transparency, leading to swift and decisive management decision-making. Through this system, the Company aims to promote sustainable growth in corporate value and shareholders' value. To this end, the Company recognizes the importance of a highly independent Board of Directors adequately fulfilling its roles and responsibilities in corporate governance as a supervisory function.

The Board of Directors formulates and publishes "Mitsubishi Electric Corporation Corporate Governance Guidelines" based on the views outlined above. The purpose of the Guidelines is to promote a clear understanding of the fundamental approach and framework of corporate governance and to build long-lasting, mutually trusting relationships through constructive dialogue with shareholders. The Board will inspect and review the Guidelines on an ongoing basis to ensure that the basic policy is effectively implemented and enhance our corporate governance practices.

Corporate Governance Framework

To promote the segregation of supervisory and executive functions, the Mitsubishi Electric's Board of Directors is dedicated to supervising management with specific details of deliberations stipulated as the Board of Directors' deliberation criteria. By delegating to the Executive Officers, the authority to make all business execution decisions within the limits permitted by the Companies Act, the Company ensure swift and decisive decision-making and appropriate risk-taking in business execution.
Both the Board of Directors and the three statutory committees are chaired by independent outside directors, and a majority of their members are independent outside directors as well, thereby improving the effectiveness of the supervisory function.
In addition, the Executive Officers' Meeting has been established as a voluntary body to deliberate and make decisions on important business matters from the perspective of pursuing synergy and multifaceted risk management, in addition to sharing information among Executive Officers.

Mitsubishi Electric's Board of Directors (June 29, 2023)

Back row: from the left, Kuniaki Masuda, Hiroyuki Yanagi, Hiroko Koide, Kazunori Watanabe, Tatsuro Kosaka, Tadashi Kawagoishi, Jun Nagasawa
Front row: from the left, Satoshi Takeda, Kei Uruma, Mitoji Yabunaka, Masako Egawa, Haruka Matsuyama

Corporate Governance Framework

Board of Directors

Because the Board of Directors is dedicated to supervising management, the Board is able to fully discuss critical decisions that form the foundation of management, such as the Group's basic management policies (Purpose, Our Values, Commitment, Management Policy, and Corporate Strategy) and the Group's key agenda items set by the Board. From July 2023 to June 2024, the key agenda items includes medium- to long-term management strategy, sustainability management, human resources strategy, DX, three key reforms, etc. The Board of Directors sufficiently discuss based on reports on the status of execution, and monitors as needed whether initiatives are being addressed in line with the basic policies and Corporate Strategy, and strives to improve corporate value sustainably over the medium- to long-term. The Board also strive to support swift and decisive decision-making and to appropriately evaluate business execution so that Executive Officers are encouraged to take appropriate risks.

Activities of the Board of Directors (Fiscal 2023)

In fiscal 2023, the Company held Board of Directors meetings thirteen times (three special meetings). Each meeting took about three hours. The main content of each discussion is as follows. In addition to the regular meetings, other meetings are held to exchange opinions among outside directors and with employees.

Agenda	Discussion content	Time Allocated
Key agenda items	In order to promote the medium- to long-term sustainable improvement of the corporate value of the Mitsubishi Electric Group, we established and discussed "key agenda items" for the Group (medium- to long-term management plan, organizational culture reform, sustainability initiatives, and human capital strategy from July 2022 to June 2023). The "Three Key Reforms Monitoring Committee," established under the Board of Directors continuously supervised the progress and effectiveness of the three key reforms (quality assurance, organizational culture, and governance), which were aimed at restoring trust in the Company in response to a series of improper quality control practices that had been identified since June 2021.	Approx. 34%
Statutory resolution items	Matters required by the Companies Act, including basic policies of management, matters necessary for the execution of duties by the Audit Committee, the establishment of systems necessary to ensure the legality of duties executed by the Executive Officers and the properness of other corporate operations, the business report and its supplementary schedules, the financial statements, and their supplementary schedule, the consolidated financial statements, dividends of surplus, convocation of the General Meeting of Shareholders and appointment of Executive Officers	Approx. 7%
Execution status report	Received reports from Executive Officers on the progress and results of business operations etc., and held sufficient discussions	Approx. 31%
Other	Financial results, schedule of Board of Directors' meetings, evaluation of effectiveness of the Board of Directors, reports on status of holding cross-shareholdings, reports on interviews with investors, etc.	Approx. 28%

Information Gathering by the Directors

Mitsubishi Electric establishes the bureaus for the Board of Directors and the three statutory committees responsible for communication and coordination with the Directors including independent outside directors and Executive Officers (management). The Directors will request information necessary to supervise management from the bureaus and related departments, and the bureaus and departments in charge will provide such information in a timely and appropriate manner.

The independent outside directors will actively seek a wide range of necessary information, not only from the Executive Officers and the bureaus, but also through direct dialogue with other employees.

The Board of Directors will conduct regular reviews to ensure that information if provided appropriately, giving particular attention to the opinions of independent outside directors.

Evaluation of Effectiveness of the Board of Directors

In order to continue the evaluation of the effectiveness of the Board of Directors' composition and operations and pursue sustainable improvements in the monitoring board functions, the Board of Directors conducts an annual third-party evaluation of the effectiveness of the Board of Directors, and discusses the issues identified and initiatives for improvement. The Company requested Board Advisors, Inc., a third-party organization, to assess the effectiveness of the Board of Directors of the Company from July to September 2022. The assessment results have been delivered to the Company, along with suggestions for how to address issues that need to be improved.

Based on these results of evaluations and suggestions, the Board of Directors will improve its operations, including setting more appropriate key agenda items and further strengthen its management monitoring functions based on external perspectives.

Assessment methods/processes by the third-party organization

Assessment methods	(a) Review the minutes of the Board of Directors meetings and other documents (b) Survey of all Directors* (c) Interviews with all Directors (d) Evaluation based on the expertise of the third-party organization	
Target items of assessment	(a) Overall assessment (b) Composition of the Board of Directors (c) Support system of the Board of Directors (d) Agenda for Meetings of the Board of Directors	(e) Status of Deliberations at Meetings of the Board of Directors (f) Contribution of Directors (g) Activities of the three statutory committees (h) Monitoring system of the Executives

*Excluding two newly appointed independent outside directors

Fiscal 2023 Summary of the assessment results on the Board of Directors' effectiveness

Efforts have been made to address the issues identified by the examination of the effectiveness of the Board of Directors in fiscal 2022, and the following improvements in the effectiveness of the Board of Directors have been achieved.

Issues identified by the examination of the effectiveness of the Board of Directors in fiscal 2022	The following improvements in the effectiveness of the Board of Directors have been achieved: "The supervisory functions of the Board of Directors have been strengthened by having a majority of the Board composed of independent Outside Directors" "The composition of the Board of Directors has been improved through the appointment of two new Outside Directors with management experience in the manufacturing industry" "Discussions at the Board of Directors have been elevated by setting relevant agendas and facilitating the Board's proceedings under the new chairperson" "The operation of the Board of Directors has shown some improvements through the advance delivery of materials, the provision of information, etc."
Issues expected to be addressed	The following four issues are expected to be addressed in order to further improve the effectiveness of the Board of Directors: "Enhanced monitoring" "Elevating discussions at the Board of Directors meetings with relevant agendas" "Further strengthening the functions of the Board of Directors Secretariat" "Strengthening the functions of the Nomination Committee"

Nomination Committee

The Nomination Committee has authority over the appointment and dismissal of Directors and the decision on proposals regarding the appointment and dismissal of the President & CEO to be submitted to the Board of Directors. The Committee is also responsible for leading the succession planning of independent outside directors, discussing the personnel requirements for the President & CEO and the content and operational status of succession planning (the appointment and training of candidates), and reporting back to the Board of Directors.

Under this authority and role, the Nomination Committee recognizes the value of diverse perspectives, such as gender, internationality, work experience, and age, in fostering business development. As such, the Committee has established criteria for selecting Directors that prioritize a balanced mix of knowledge, experience, and abilities for the Board as a whole. Candidates are carefully chosen in accordance with these criteria.

Proposals regarding the appointment of the candidates for Directors and dismissal of Directors submitted to the General Meeting of Shareholders are comprehensively judged and decided by the Nomination Committee, and the appointment and dismissal of the Executive Officer by the Board of Directors.

The Nomination Committee is chaired by independent outside directors, and a majority of the members are also independent outside directors to ensure sufficient independence and objectivity.

Activities of Nomination Committee (Fiscal 2023)

Based on the objectives and authority of the Companies Act, the Nomination Committee determined the candidates for Directors to be submitted to the General Meeting of Shareholders.

In addition, in order to ensure objectivity and transparency in the selection and dismissal of the President and CEO, the committee also has the authority on decisions regarding proposals to be submitted to the Board of Directors regarding the selection and dismissal of the President and CEO. The committee also led the succession of Independent Outside Directors, discussed personnel requirements for the President and CEO and the contents and status of operation of succession planning (appointment and training of successor candidates), and submitted its recommendations to the Board of Directors.

The Company held nine Nomination Committee meetings during the fiscal 2023. Each meeting took about 40 minutes.

Audit Committee

The Audit Committee is chaired by an independent outside director and the full-time internal audit committee members also assist the Audit Committee's ability to collect information.

The Audit Committee members recognize that they owe fiduciary duty to shareholders, which include contributing to sustainable growth and enhancing corporate value.

To achieve this, the Committee will not limit itself to conducting defensive audits, such as operational and accounting audits. Rather, for enhanced information sharing, it will also attend important meetings such as Executive Officers' Meetings and Corporate Compliance Committee Meetings, hold meetings with senior management as appropriate, and assess the management policy and the progress of business execution in each division and base. This will help investigate any potential management issues and risks from the perspectives of legality, appropriateness, and efficiency.

When conducting such investigations, the Audit Committee will properly confirm the development and operation status of the internal control system and provide its opinions, in collaboration with the internal auditors for internal audits and the external accounting auditors for external audits.

The Audit Committee is chaired by independent outside directors, and a majority of the members are also independent outside directors to ensure sufficient independence and objectivity.

Activities of Audit Committee (Fiscal 2023)

The Audit Committee members, mainly those responsible for investigation (full-time Audit Committee members), attended Executive Officers' meetings and other such important conferences, and conducted investigations such as interviews with Executive Officers and the executive staff of the Company's offices and subsidiaries in accordance with the policies and assignments agreed upon the Committee.

Divisions in charge of internal control, including the Corporate Auditing Div. submitted internal audit reports to the Audit Committee members, who hold meetings such as those to discuss internal audit policies and periodic report meetings to exchange opinions. Outside Audit Committee members visited our offices, affiliates, and other locations with the members responsible for investigation as needed and offered their opinions based on their expert knowledge at the Audit Committee meeting and other occasions.

In addition, the Audit Committee members discussed policies and methods of auditing with accounting auditors, who furnished them with reports on the status and results of the audits of the Company that they themselves conducted, and exchanged opinions with them.

The Company held fifteen Audit Committee meetings during the fiscal 2023. Each meeting took about two hours.

Compensation Committee

The Compensation Committee has the authority to determine the policies for determining compensation for Directors, Executive Officers, etc.; the details of compensation for individual Directors and Executive Officers; and the Company-wide performance evaluations and individual assessment of compensation, etc., related to the incentive compensation of Executive Officers.

Under this authority and role, the Compensation Committee deliberates on matters relating to compensation, giving due consideration to the diversity and skills perspective. In addition, the compensation system for Executive Officers was reviewed in fiscal 2023, and discussions is held on how to ensure that the system is fully operational.

The compensation scheme for Directors and the compensation scheme for the Executive Officers are set differently, corresponding to the contents and responsibilities of each duty and position. The compensation is determined based on the basic policies set by the Compensation Committee. Please refer to "Compensation for Directors and Executive Officers" for the details.

The Compensation Committee is chaired by independent outside directors, and a majority of the members are also independent outside directors to ensure sufficient independence and objectivity.

▶ Compensation for Directors and Executive Officers

Activities of Compensation Committee (Fiscal 2023)

The Compensation Committee executed its duties based on the objectives and authority stipulated under the Companies Act. Specifically, the Committee discussed and decided on the policy regarding the determination of compensation for Directors and Executive Officers, the details of individual compensation for Directors and Executive Officers, performance evaluation regarding incentive compensation for Executive Officers, and compensation for each individual.

In addition, the Compensation Committee, at its meeting held in May 2022, decided to revise the compensation system for the Company's Executive Officers and to apply this system from fiscal 2023. Please refer to the Annual Securities Report for the details concerning the said system.

The Company held eleven Compensation Committee meetings during the fiscal 2023. Each meeting took about one hour.

Criteria for Election to Board of Directors

Mitsubishi Electric recognizes the importance of ensuring that the Board of Directors is competent in various areas of corporate management and corporate strategies, ESG, finance and accounting, legal affairs and compliance, human resources and human resources development, global affairs, engineering, DX and R&D, and business development and investment. Therefore, the Company has identified these as skills that should be possessed by the Board of Directors.

The outside directors, in particular, are chosen after consideration to ensure a well-balanced Board composition. For instance, the Board includes individuals with extensive experience in corporate management and in-depth knowledge of international affairs, lawyers with expertise in compliance and other internal controls, as well as certified public accountants and tax accountants with extensive expertise in accounting and tax practices.

The specific skills possessed by individual Directors are disclosed through a skills matrix that describes the capabilities that the Board of Directors as a whole should possess and the status of securing such capabilities.

Independency Guideline for Outside Directors

Mitsubishi Electric has specified the independence standards for outside directors.

The outside directors are expected to supervise management from a high-level perspective based on their abundant experience. Those who are comprehensively judged to possess the character, acumen, and business and professional experience suited to fulfill that role, and who satisfy the requirements of independent executives specified by the Tokyo Stock Exchange and the requirements specified in Mitsubishi Electric's Independency Guideline for Outside Directors and thus possess no risk of giving rise to any conflict of interest with the general shareholders of the Company, are nominated as the outside director candidates by the Nomination Committee.

In the Independency Guideline for Outside Directors defined by the Company, the independence of candidates is more strictly judged by setting specific numerical criteria, such as the amount of transactions, etc., as well as by the standard of the Financial Instruments Exchange.

Mitsubishi Electric Corporation Independency Guideline for Outside Directors

The Company nominates persons with experience in company management in the business world, attorneys and academics, among other specialists, who are appropriate to oversee the Company's business operations and not falling under any of the following cases, as candidates for outside directors.
Each of the following (a), (b), (d), and (e) includes a case in any fiscal year during the past three fiscal years.

(a) Persons who serve as Executive Directors, Executive Officers, managers or other employees (hereinafter "business executers") at a company whose amount of transactions with the Company accounts for more than 2% of the consolidated revenue of the Company or the counterparty
(b) Persons who serve as business executers at a company to which the Company has borrowings that exceed 2% of the consolidated total assets
(c) Persons who are related parties of the Company's accounting auditor
(d) Persons who receive more than ¥10 million of compensation from the Company as specialists or consultants
(e) Persons who serve as Executive Officers (Directors, etc.) of an organization to which the Company offers contribution that exceeds ¥10 million and 2% of the total revenue of the organization
(f) Persons who are the Company's major shareholders (holding more than 10% of voting rights) or who serve as their business executers
(g) Persons who are related parties of a person or company that have material conflict of interest with the Company

Training for Directors and Executive Officers

Mitsubishi Electric recognizes the importance of Directors and Executive Officers having a thorough understanding of the business characteristics, finances, and organizational structure of each of our businesses, as well as the general roles and responsibilities expected of corporate officers, and being able to supervise, advise, and make business decisions from a company-wide perspective.

Based on this recognition, training is provided on the new roles, responsibilities, and actions, etc., expected of Directors and Executive Officers prior to their taking office. To continue to fulfill their roles and responsibilities as Directors and Executive Officers after their appointment, the Company provides compliance education and updated training materials for them. The Company also provides the Directors and Executive Officers with sufficient information about the characteristics and latest status of Business Areas and Business Groups to promote understanding as well as opportunities to gain an understanding of the business and listen to the voices of on-site managers and employees by visiting Works.

Succession Planning/Training of Successor Candidates

The Nomination Committee deliberates on the contents regarding the personnel requirements of the President & CEO and succession planning (appointment and training of successor candidates) based on proposals drafted by the President & CEO, monitors the status of appointment and training of successor candidates, and reports to the Board of Directors.

The personnel requirements for the President & CEO are positioned as criteria for training of successor candidates, and the Committee is promoting the succession plan under the monitoring of the Nomination Committee so that successor candidates meet these criteria.

The Nomination Committee and the Board of Directors supervise the systematic training of successor candidates by sufficiently deliberating on these matters.

Compensation for Directors and Executive Officers

Process for Determining Compensation

In order to ensure the independence of judgment and enhance the effectiveness of the roles and authority of the Compensation Committee, the Committee gathers information and receives advice from compensation consultants of an external professional organization with abundant global experience and knowledge. The Committee deliberates and makes decisions about the policies for determining compensation for Directors, Executive Officers, etc. based on such information, giving due consideration to the surrounding environment and general trends in managerial compensation.

Policy on Determining Compensation Amounts

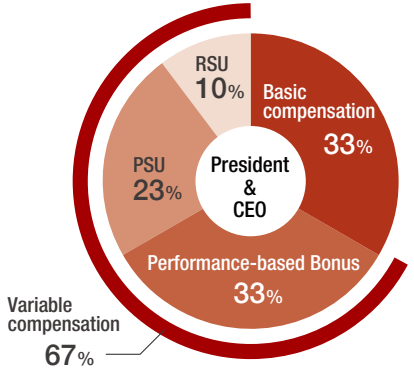
Mitsubishi Electric segregates the supervisory function and the execution function of management. The supervisory function of management is assigned to the Directors and the Board of Directors and the execution function of management is assigned to the Executive Officers. The compensation scheme for the Directors and the compensation scheme for the Executive Officers are set differently, corresponding to the contents and responsibilities of each duty and position.

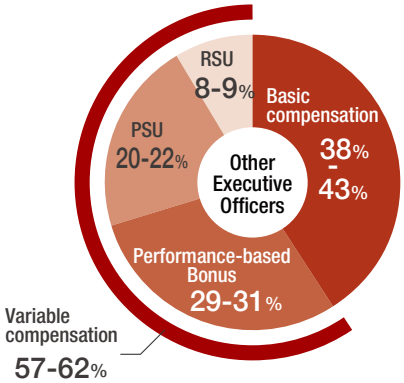
	Directors	Executive Officers
Basic Policy	• The compensation scheme should encourage the Directors to demonstrate their supervisory function of management. • The compensation should be the amount necessary to secure suitable talent to fulfill responsibilities of the Company's Directors.	• The compensation scheme should observe the Purpose of the Group, and be fully accountable to all stakeholders including society, customers, shareholders, and employees. • The compensation scheme should encourage the execution of duties in line with management strategies and provide strong incentives to achieve management goals. • The compensation scheme should function as an incentive for sustained performance growth and the improvement of corporate value. • The compensation scheme should reflect a fair and impartial evaluation of the achievements and contributions toward their respective roles and responsibilities.
The System for Determining Compensation	The compensation scheme for Directors consists exclusively of basic compensation (fixed compensation), in light of the Directors' role to provide advice and supervise management from an objective and independent perspective.	The compensation scheme for Executive Officers consists of basic compensation, performance-based bonus, performance-based stock compensation and restricted stock unit, with an emphasis on the improvement of medium-term corporate value and shareholder value.
Compensation Levels	The compensation levels and compensation ratios of Directors and Executive Officers are set each year according to their roles and responsibilities based on a comparison with market compensation levels using compensation survey data of external professional organizations. When comparing with market compensation levels, major domestic manufacturers similar to the Company in terms of scale, type of business, global expansion, etc., are selected as the compensation benchmark group.	

*Please refer to Annual Securities Report for the details.

web Annual Securities Report

Composition of standard compensation for fiscal 2023





*PSU: Acronym for Performance Share Unit
*RSU: Acronym for Restricted Stock Unit
*The ratio of "Basic compensation: Performance-based bonus: Stock compensation (PSU + RSU)" is "1: 1: 1" for the President & CEO, and within the range of "1: (0.67 to 0.8): (0.67 to 0.8)" for the other Executive Officers. The ratio has been set so that the higher the position of the Executive Officer, the greater the ratio of variable compensation.
The weight of short-term and medium- to long-term are considered to be the same, and the ratios of performance-based bonus and stock compensation have been equally set.

Stock Ownership Guidelines

Mitsubishi Electric believes it is important to ensure that our Executive Officers share the same value with our shareholders on a long-term and sustainable basis. To this end, the Company requires its Executive Officers to continuously hold its stock during their term of office, even after the target amount has been reached.

Malus and Clawback Provisions

According to "Malus and Clawback Provisions," in the event of any material misconduct or violation by an Executive Officer, or in the event of any material revision to the financial results of prior fiscal years, the Compensation Committee may, by resolution, demand that such Executive Officer forfeit their right to receive incentive compensation (malus) or return their paid compensation (clawback). The compensation that may be subject to those provisions is performance-based bonuses to be paid or already paid, points granted before the delivery of shares and shares before the lifting of transfer restrictions, and some or all of the shares already delivered.

Sustainability Initiatives Reflected in Compensation for Directors, Executive Officers, etc.

The promotion of sustainability initiatives is one of the indicators of compensation for Executive Officers, and is reflected in incentive compensation for achievement of performance indicators in non-financial items such as sustainability and ESG areas.

Internal Audit

An internal audit is intended to contribute to the sound management and strengthened management structure of Mitsubishi Electric and its affiliates in Japan and overseas by improving management efficiency, strengthening risk management, thoroughly observing the code of corporate ethics and ensuring compliance, and enhancing internal control.

With approximately 60 members acting independently in Japan and overseas, the Corporate Auditing Div. conducts internal audits of the Company from a fair and impartial standpoint. In addition, the division's activities are supported by auditors with extensive knowledge of their particular fields, assigned from relevant business units.

Relationship with the divisions in charge of internal control

Mitsubishi Electric's Corporate Management Divisions and Corporate Staff Groups, such as the Corporate Strategic Planning Div., the Corporate Accounting Div., the Corporate Legal & Compliance Div., and the Corporate Export Control Div. inspect the establishment and operation of the internal control system and regulations, etc. under their scope of responsibility for internal control. In addition, each Business Area or Business Group has its own compliance department, which reliably spreads company-wide compliance policies and inspects the compliance status in each Business Area or Business Group.

The Corporate Auditing Div. internally audits the operation and other aspects of the internal control system, evaluates the internal control related to the establishment of internal whistle-blower system and financial review, and mutually exchanges necessary information with each division in charge of internal control.

Mutual relationship among internal audit, the audit by the Audit Committee, and accounting audit

The Corporate Auditing Div. reports the internal audit policies and internal audit results to the Audit Committee and exchanges opinions with the Audit Committee members on a regular basis.

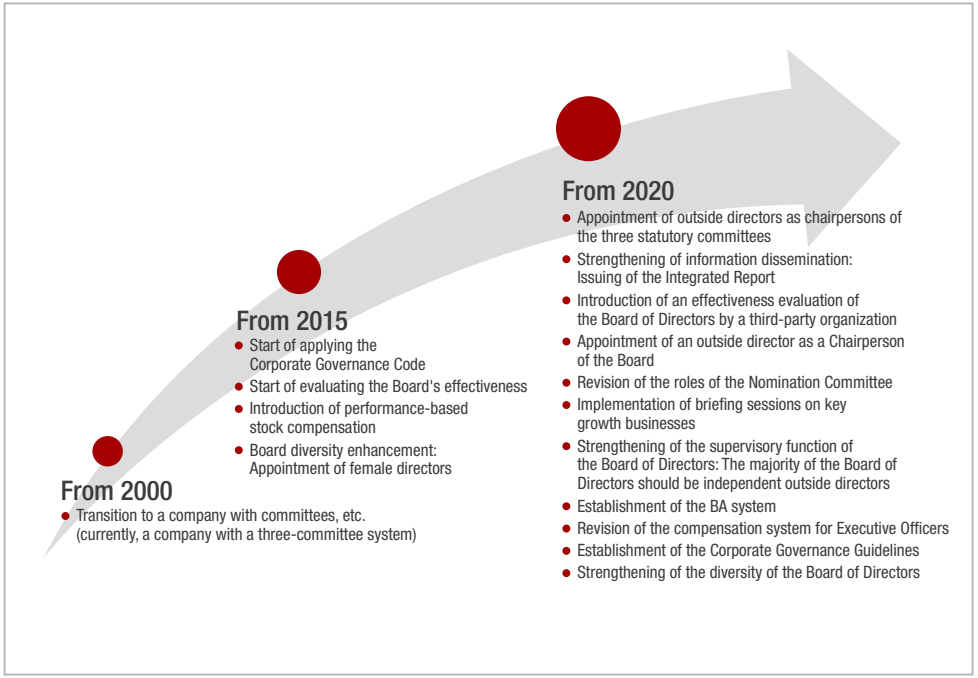
The Corporate Auditing Div. also reports internal audit results to the accounting auditors and continuously works with them, discussing the evaluation of the internal control related to financial review as needed.

Activities to ensure the effectiveness of internal audits

The Corporate Auditing Div. prepares and sends an audit report to the head of the audited department after the internal audit is conducted, and instructs the head of the audited department to formulate improvement measures as necessary. In order to ensure the effectiveness of internal audits, the Corporate Auditing Div. confirms the improvement measures developed by the audited department through the written responses submitted by the audited department, and conducts follow-up audits and evaluations to confirm the implementation progress as necessary.

In addition, the Corporate Auditing Div. prepares a report summarizing the internal audit for the first and second half of the year as a regular report, and report it, via the Executive Officers in charge, to the Audit Committee, and the President & CEO twice a year.

Initiatives to date to strengthen corporate governance



Mitsubishi Electric Corporation Corporate Governance Guidelines
Mitsubishi Electric Corporation Initiatives to Comply with the Corporate Governance Code
Corporate Governance Report

Communication with Shareholders and Investors

Basic Policy

The Mitsubishi Electric Group enthusiastically engages in IR and SR activities to gain the understanding and trust of its shareholders and investors, and makes it a point to disclose the appropriate information in a timely manner, in regard to management policies, strategies, and financial results. We also make every effort to incorporate into our management plans and practices the views of our shareholders and investors and the results of dialogue with them.

Status of Communication with Shareholders and Investors

Shareholders Meeting and Shareholder Communique

Mitsubishi Electric holds a General Meeting of Shareholders in late June every year. We regard shareholders' meetings as a precious opportunity for direct communication with our shareholders and implement the following measures:

- Providing the measures for electronic provision of notice of convocation in late May and mailing it in early June to ensure sufficient time for shareholders to examine the agenda;
- Sending a document containing excerpts from the notice of convocation to shareholders who have not requested a delivery of the document;
- Providing an environment for shareholders to exercise their voting rights via the Internet and the electronic voting platform;
- Providing an environment that enables shareholders who are unable to attend the meeting to follow the meeting and to ask questions in advance, such as livestreaming the meeting and accepting questions in advance;
- Providing easy-to-understand explanations to shareholders through visual presentations of business strategies, performance, etc.;
- Providing detailed answers to questions that our shareholder pose and striving for honest, constructive dialogue.

And furthermore, at the beginning of December every year, we send a "Shareholder Communique (Midterm Report, written in Japanese)" to all of our shareholders. The Shareholder Communique provides an overview of the second quarter cumulative period and looks at future initiatives. This report is another example of how we strive to deepen our shareholders' understanding of the Mitsubishi Electric Group.

Shareholder Communique
(In Japanese text)

IR and SR Activities

1. Framework for IR/SR Activities

Mitsubishi Electric recognizes that dialogue with stakeholders, including shareholders, is extremely important to promote initiatives to achieve sustainable growth and increase medium- to long-term corporate value. Based on this recognition, we believe it is crucial to give due consideration to their opinions and actively engage in dialogue to reflect their perspectives into management decisions. This is our basic approach to constructive dialogue with shareholders and investors.

Mitsubishi Electric has established the Corporate IR and SR Div., which is under the direct control of the president, with the CSO serving as the executive officer responsible for overall dialogue with shareholders and investors. Dialogue with shareholders and investors is led by top management, including the CEO and CFO, and conducted by the Corporate IR and SR Div. and other related departments.

Under this system, Mitsubishi Electric strives to enhance its communication tools with shareholders and investors by conducting enhanced dialogues and providing timely and appropriate information, as well as distributing various information sessions on demand and posting explanatory materials on its official website.

The responses and opinions obtained during the dialogue, investor trends, and results of individual interviews will be reported to the Board of Directors and the Executive Officers' meeting. Based on this, the Board of Directors will hold sufficient discussions and provide feedback to the relevant departments, taking into account diverse opinions from independent outside directors, as well as report on improvement measures based on their opinions.

2. Achievements in fiscal 2023

In fiscal 2023, opportunities for direct dialogue with shareholders and investors in Japan and overseas gradually returned, with the resumption of face-to-face meetings, including the overseas roadshow where management meets with foreign investors. During the meetings, the dialogue focused on management strategy and management plan, ESG, and improper quality control and three key reforms which includes measures to prevent its recurrence.

Key activities include:

- Online and face-to-face individual interviews in Japan and abroad (total of 661 person)
- Holding financial results briefings (four times a year), IR Day (once a year) and other various briefings, as well as small meetings with management
- Conducting overseas roadshows, participating in conferences for overseas investors

web Investor Relations website

Directors & Executive Officers

Directors (AS of June 29, 2023)

Mitoji Yabunaka

Outside Director | Independent Director

- Status of attendance at Board of Directors' meetings 100%
- The number of shares owned 15,600
- Period of Service 11 years

April 1969	Joined the Ministry of Foreign Affairs of Japan
January 2008	Vice-Minister, Ministry of Foreign Affairs of Japan (Retired in August 2010)
October 2010	Advisor, Nomura Research Institute, Ltd. (Retired in September 2017)
June 2012	Director, Member of the Nomination Committee and Member of the Compensation Committee, Mitsubishi Electric Corporation
June 2020	Director, Chairman of the Nomination Committee and Member of the Compensation Committee, Mitsubishi Electric Corporation
October 2021	Chairman of the Board of Directors, Chairman of the Nomination Committee and Member of the Compensation Committee, Mitsubishi Electric Corporation
June 2023	Chairman of the Board of Directors, Member of the Nomination Committee and Member of the Compensation Committee, Mitsubishi Electric Corporation (current position)

Kazunori Watanabe

Outside Director | Independent Director

- Status of attendance at Board of Directors' meetings 100%
- The number of shares owned 9,700
- Period of Service 8 years

April 1975	Joined Showa Audit Corporation (currently Ernst & Young ShinNihon LLC)
September 1978	Registered as a certified public accountant (current position)
March 1980	Registered as a tax account (current position)
May 2002	Partner, Shin Nihon & Co. (currently Ernst & Young ShinNihon LLC)
August 2008	Executive Partner, Ernst & Young ShinNihon LLC (Retired in March 2010)
March 2010	Chief, Kazunori Watanabe Certified Public Accountant & Tax Account Office (current position)
June 2015	Directors, Member of the Audit Committee and Member of the Compensation Committee, Mitsubishi Electric Corporation
June 2020	Directors, Chairman of the Compensation Committee and Member of the Audit Committee, Mitsubishi Electric Corporation (current position)

Hiroko Koide

Outside Director | Independent Director

- Status of attendance at Board of Directors' meetings 100%
- The number of shares owned 15,100
- Period of Service 7 years

May 1993	Joined Nippon Lever K.K. (currently Unilever Japan K.K.)
April 2001	Director Nippon Lever K.K. (Retired in March 2006)
April 2006	Joined Masterfoods Ltd. (currently Mars Japan Limited)
April 2008	Chief Operating Officer (COO), Mars Japan Limited (Retired in August 2010)
November 2010	President and Director, Parfums Christian Dior Japan K.K. (Retired in January 2012)
April 2013	Senior Vice President, Global Marketing, Newell Rubbermaid (U.S.) (currently Newell Brands Inc. (U.S.)) (Retired in February 2018)
June 2016	Director, Member of the Nomination Committee and Member of the Compensation Committee, Mitsubishi Electric Corporation (current position)
April 2018	Director Vicela Japan Co., Ltd. (Retired in March 2019)

Tatsuro Kosaka

Outside Director | Independent Director

- Status of attendance at Board of Directors' meetings 100%
- The number of shares owned 2,000
- Period of Service 1 years

April 1976	Joined Chugai Pharmaceutical Co., Ltd.
March 2012	Representative Director, President & COO of Chugai Pharmaceutical Co., Ltd.
March 2018	Representative Director, President & CEO of Chugai Pharmaceutical Co., Ltd.
March 2020	Representative Director, Chairman & CEO of Chugai Pharmaceutical Co., Ltd.
March 2021	Representative Director, Chairman of Chugai Pharmaceutical Co., Ltd.
March 2022	Senior Advisor of Chugai Pharmaceutical Co., Ltd. (current position)
June 2022	Director, Member of the Nomination Committee and Member of the Compensation Committee, Mitsubishi Electric Corporation
June 2023	Director, Chairman of the Nomination Committee and Member of the Compensation Committee, Mitsubishi Electric Corporation (current position)

Hiroyuki Yanagi

Outside Director | Independent Director

- Status of attendance at Board of Directors' meetings 90%
- The number of shares owned 5,000
- Period of Service 1 years

April 1978	Joined Yamaha Motor Co., Ltd.
March 2010	President, Chief Executive Officer and Representative Director of Yamaha Motor Co., Ltd.
January 2012	President, Chief Executive Officer, Representative Director, and Chief General Manager of Motorcycle Business Operation of Yamaha Motor Co., Ltd.
January 2018	Chairman and Representative Director of Yamaha Motor Co., Ltd.
March 2021	Chairman and Director of Yamaha Motor Co., Ltd.
January 2022	Director of Yamaha Motor Co., Ltd.
March 2022	Advisor of Yamaha Motor Co., Ltd. (current position)
June 2022	Director, Member of the Nomination Committee and Member of the Compensation Committee, Mitsubishi Electric Corporation
June 2023	Director, Chairman of the Audit Committee and Member of the Nomination Committee, Mitsubishi Electric Corporation (current position)

Masako Egawa

Outside Director | Independent Director

- The number of shares owned 0

April 1980	Joined Tokyo Branch, Citibank, N.A.
September 1986	Joined New York Headquarters, Salomon Brothers Inc.
June 1988	Joined Tokyo Branch, Salomon Brothers Asia Limited (currently Citigroup Global Markets Japan Inc.)
December 1993	Joined Tokyo Branch, S.G. Warburg Securities (currently UBS Securities Japan Co., Ltd.)
November 2001	Executive Director, Japan Research Center, Harvard Business School (Retired in March 2009)
April 2009	Executive Vice President, The University of Tokyo (Retired in March 2015)
September 2015	Professor, Graduate School of Commerce (currently Graduate School of Business Administration), Hitotsubashi University (Retired in March 2020).
July 2019	Vice-Chairperson, The Japan Securities Dealers Association (current position)
April 2020	Specially Appointed Professor, Graduate School of Commerce (currently Graduate School of Business Administration), Hitotsubashi University (Retired in March 2022)
April 2022	Chancellor, School Juridical Person Seikei Gakuen (current position)
June 2023	Director, Member of the Nomination Committee and Member of the Compensation Committee, Mitsubishi Electric Corporation (current position)

Directors (AS of June 29, 2023)

Haruka Matsuyama

Outside Director | Independent Director

- The number of shares owned 0

April 1995	Assistant Judge to the Tokyo Direct Court
July 2000	Attorney-at-law (current position)
July 2000	Joined Hibiya Park Law Offices
January 2002	Partner of Hibiya Park Law Offices (current position)
June 2023	Director, Member of the Audit Committee, Mitsubishi Electric Corporation (current position)

Kei Uruma

- Status of attendance at Board of Directors' meetings 100%
- The number of shares owned 99,223

April 1982	Joined Mitsubishi Electric Corporation
April 2017	Executive Officer, Public Utility Systems
April 2018	Senior Vice President, Public Utility Systems
April 2020	Representative Executive Officer, Senior Vice President, Corporate Strategic Planning and Operations of Associated Companies
June 2020	Director, Representative Executive Officer, Senior Vice President, Corporate Strategic Planning and Operations of Associated Companies
April 2021	Director, Representative Executive Officer, Senior Vice President, Export Control, Corporate Strategic Planning and Operations of Associated Companies, CSO
July 2021	Director, Representative Executive Officer, President & CEO
June 2023	Director, Member of the Nomination Committee, Representative Executive Officer, President & CEO (current position)

Tadashi Kawagoishi

- Status of attendance at Board of Directors' meetings 100%
- The number of shares owned 42,800

April 1983	Joined Mitsubishi Electric Corporation
April 2015	Senior General Manager, Corporate Finance Div.
April 2018	Executive Officer, Accounting and Finance
June 2018	Director, Member of the Compensation Committee, Executive Officer, Accounting and Finance
April 2021	Director, Member of the Compensation Committee, Executive Officer, Accounting and Finance, CFO
April 2022	Director, Member of the Compensation Committee
June 2022	Director, Member of the Audit Committee (current position)

Kuniaki Masuda

- Status of attendance at Board of Directors' meetings 100%
- The number of shares owned 23,440

April 1987	Joined Mitsubishi Electric Corporation
April 2015	Senior General Manager, Planning & Administration Div. of Semiconductor & Device Group
October 2020	Senior General Manager, Corporate Human Resources Div.
April 2021	Executive Officer, General Affairs and Human Resources
June 2021	Director, Member of the Nomination Committee and member of the Compensation Committee, Executive officer, General Affairs and Human Resources
April 2022	Director, Member of the Nomination Committee, Member of the Compensation Committee, Executive Officer, CFO (in charge of Accounting and Finance), CHRO (in charge of General Affairs and Human Resources)
April 2023	Director, Member of the Nomination Committee, Member of the Compensation Committee, Executive Officer, CFO (in charge of Accounting and Finance)
June 2023	Director, Member of the Compensation Committee, Executive Officer, CFO (in charge of Accounting and Finance) (current position)

Jun Nagasawa

- Status of attendance at Board of Directors' meetings 100%
- The number of shares owned 43,800

April 1983	Joined Mitsubishi Electric Corporation
April 2016	Senior General Manager, Kansai Branch Office
April 2018	Executive Officer, Advertising and Domestic Marketing
April 2021	Senior Vice President (in charge of Auditing, and Legal Affairs & Compliance, Corporate Communication (Sustainability, Public Relations and Advertising)), CCO
July 2021	Representative Executive Officer, Senior Vice President (in charge of Auditing, and Legal Affairs & Compliance, Corporate Communication (Sustainability, Public Relations and Advertising)), CCO
April 2022	Senior Adviser
June 2022	Director, Member of the Audit Committee (current position)

Satoshi Takeda

- The number of shares owned 16,740

April 1989	Joined Mitsubishi Electric Corporation
January 2018	Deputy Senior General Manager, Nagoya Works
April 2020	Senior General Manager, Overseas Marketing Div. of Factory Automation Systems Group
April 2021	Senior General Manager, Planning & Administration Dept. of Factory Automation Systems Group
April 2022	Executive Officer, Industry and Mobility Business Area Owner (Group President, Factory Automation Systems)
April 2023	Executive Officer, in charge of Auditing, CSO (in charge of Corporate Strategic Planning, Corporate IR and SR, Operations of Associated Companies, Three Key Reforms and Sustainability)
June 2023	Director, Executive Officer, in charge of Auditing, CSO (in charge of Corporate Strategic Planning, Corporate IR and SR, Operations of Associated Companies, Three Key Reforms and Sustainability) (current position)

List of Directors and skill matrix

Name	Independent Outside Director	Membership of Committee			Position	Skill matrix							
		Nomination Committee	Audit Committee	Compensation Committee		Corporate management and corporate strategies	ESG	Finance and accounting	Legal affairs and compliance	Human resources and human resources development	Global affairs	Engineering, DX and R&D	Business development and investment
Mitoji Yabunaka	○	○		○	Chairman of the Board, Member of the Nomination Committee, Member of the Compensation Committee		○			○	○		
Kazunori Watanabe	○		○	●	Director, Chairman of the Compensation Committee, Member of the Audit Committee		○	○		○			
Hiroko Koide	○	○		○	Director, Member of the Nomination Committee, Member of the Compensation Committee	○	○			○	○		○
Tatsuro Kosaka	○	●		○	Director, Chairman of the Nomination Committee, Member of the Compensation Committee	○	○			○	○	○	○
Hiroyuki Yanagi	○	○	●		Director, Chairman of the Audit Committee, Member of the Nomination Committee	○	○			○	○	○	○
Masako Egawa	○	○		○	Director, Member of the Nomination Committee, Member of the Compensation Committee	○	○	○			○		○
Haruka Matsuyama	○		○		Director, Member of the Audit Committee		○		○				
Kei Uruma		○			Director, Member of the Nomination Committee, President & CEO	○	○			○	○	○	○
Tadashi Kawagoishi			○		Director, Member of the Audit Committee	○	○	○					○
Kuniaki Masuda				○	Director, Member of the Compensation Committee, Executive Officer, CFO (in charge of Accounting and Finance)	○	○	○		○			○
Jun Nagasawa			○		Director, Member of the Audit Committee	○	○		○				○
Satoshi Takeda					Director, Executive Officer, in charge of Auditing, CSO (in charge of Corporate Strategic Planning, Corporate IR and SR, Operations of Associated Companies, Three Key Reforms and Sustainability)	○	○				○		○

*The Board of Directors is composed of twelve members (seven of whom are independent outside directors, three of whom are female directors). *● indicates the Chairperson.

Reference: Skill items required for Director

Skill item	Reason for selection of the skill item	Skill item	Reason for selection of the skill item
Corporate management and corporate strategies	The Group needs Directors with abundant management experience and achievements in corporate management at companies as well as experience, knowledges and skills for formulating a sustainable growth strategy, in order to sustainably increase corporate value amid a drastic change in the business environment surrounding the Group.	ESG	The Group needs Directors with experience, knowledge, and skills concerning ESG in order to realize “addressing social challenges through our businesses", positioning the realization of sustainability as the core of management, as well as to fulfill responsibilities to stakeholders including society, customers, shareholders, and employees.
Finance and accounting	The Group needs Directors with experience, knowledge, and skills concerning finance and accounting for building a strong financial base and realizing appropriate returns to shareholders as well as maintaining the discipline and governance of finance and accounting.	Legal affairs and compliance	The Group needs Directors with experience, knowledge, and skills concerning these items in order to globally develop the business, while thoroughly ensuring the legal and ethical compliance that forms the fundamentals of corporate activities.
Human resources and human resources development	The Group needs Directors with experience, knowledge, and skills concerning these items in order to promote human capital management, positioning human resource strategies as one of the important policies of business strategies.	Global affairs	The Group needs Directors with management experience from a global perspective and specialized knowledge and experience concerning international affairs in order to further grow in the global market.
Engineering, DX and R&D	The Group needs Directors with specialized knowledge and experience concerning engineering, DX and R&D in order to advance its "integrated solutions," strengthening core components, field knowledge, and advanced digital technologies that are the Group's advantages, as well as to promote open innovation and R&D strategies toward future growth.	Business development and investment	The Group needs Directors with experience, knowledge, and skills concerning these items as the implementation of growth strategies including promotion of business portfolio strategies, development of new businesses, and M&As is necessary for transforming itself into a “Circular Digital-Engineering” company and increasing corporate value in a sustainable way.

Representative Executive Officers and Executive Officers (AS of October 1, 2023)

Kei Uruma
Representative Executive Officer
President & CEO

Tadashi Matsumoto
Representative Executive Officer, Executive Vice President
Life Business Area Owner (Senior General Manager, Life BA Strategic Planning Office, Representative Director and President, Mitsubishi Electric Building Solutions Corporation), In charge of Export Control

Kunihiko Kaga
Representative Executive Officer, Senior Vice President
Industry and Mobility Business Area Owner (Senior General Manager, Industry and Mobility BA Strategic Planning Office), CTO (In charge of Technology Strategies)

Noriyuki Takazawa
Senior Vice President
Infrastructure Business Area Owner (Senior General Manager, Infrastructure BA Strategic Planning Office)

Atsuhiro Yabu
Executive Officer
Group President, Automotive Equipment

Satoshi Kusakabe
Executive Officer
CRO (In charge of Legal Affairs & Compliance, Risk Management, Economic Security and Export Control)

Yoji Saito
Executive Officer
CMO (In charge of Global Marketing and Advertising, Vice President, Corporate Marketing), In charge of Government & External Relations

Eiichiro Mitani
Executive Officer
Business Platform Business Area Owner (Senior General Manager, Business Platform BA Strategic Planning Office, Group President, Information Systems & Network Service), CIO (In charge of Information Security and IT, Vice President, Corporate Process & Operation Reengineering)

Kuniaki Masuda
Executive Officer
CFO (In charge of Accounting and Finance)

Tomonori Sato
Executive Officer
Group President, Defense & Space Systems

Yoshikazu Nakai
Executive Officer
CPO (In charge of Manufacturing, Vice President, Corporate Total Productivity Management & Environmental Programs), CQO (Vice President, Corporate Quality Assurance Reengineering)

Satoshi Takeda
Executive Officer
CSO (In charge of Corporate Strategic Planning, IR and SR, Operations of Associated Companies, Three Key Reforms, and Sustainability), CDO (In charge of DX, Vice President, Business Innovation)

Yasunari Abe
Executive Officer
CHRO (In charge of General Affairs and Human Resources, Senior General Manager, Corporate Human Resources Div.), In charge of Public Relations

Yasumichi Tazunoki
Executive Officer
Group President, Living Environment & Digital Media Equipment

Shigeki Kawaji
Executive Officer
In charge of Purchasing, Senior General Manager, Corporate Purchasing Div.

Kenichiro Fujimoto
Executive Officer
Overseeing Accounting and Finance, Senior General Manager, Corporate Accounting Div.

Masayoshi Takemi
Executive Officer
Group President, Semiconductor & Device

Hideto Negoro
Executive Officer
Group President, Public Utility Systems

Masahiro Oya
Executive Officer
Vice President, Global Strategic Planning & Marketing

Iwao Oda
Executive Officer
Group President, Building Systems, Representative Director and Vice President, Mitsubishi Electric Building Solutions Corporation

Hiroshi Tsuchimoto
Executive Officer
In charge of Auditing, Senior General Manager, Corporate Strategic Planning Div.

Toshie Takeuchi
Executive Officer
Group President, Factory Automation Systems

Soichi Hamamoto
Executive Officer
Group President, Energy & Industrial Systems

Toru Oka
Executive Officer
In charge of Intellectual Property, Vice President, Corporate Research and Development

Michael Corbo
Executive Officer
Representative of Americas, Global Strategic Planning & Marketing
President, Mitsubishi Electric US Holdings, Inc.
President & CEO, Mitsubishi Electric US, Inc.

Sustainability

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Basic Policy and Promotional System for Sustainability

Basic Policy on Sustainability

The Mitsubishi Electric Group implements sustainability-oriented initiatives in all corporate activities in accordance with its "Purpose," "Our Values," and "Commitment." Our management policy states, "we will return to our fundamental principle of 'addressing social challenges through our businesses' and position the realization of sustainability as the cornerstone of our management. From this approach, we will pursue a sustained enhancement of our corporate value and fulfill our responsibility to society, to our customers, shareholders and employees, and to all other stakeholders." We will pursue initiatives for achieving a sustainable society to incorporate the expectations, requests, and opinions from society into activities, and to minimize the negative impact on society and the environment.

Actions to promote the realization of sustainability

To realize sustainability, we have set the following four points as actions to advance:

Contribution to a sustainable society through our businesses	To contribute to the realization of a "vibrant and sustainable society" by solving social and environmental issues through our business activities
Responsibility for a sustainable society	To conduct business responsibly in a manner that does not cause or exacerbate social challenges or environmental issues
Risk management for long-term social and environmental changes	To adapt to changes in society and the environment not only in the short and medium terms but also in the long term. To create business opportunities and sustainable development. To predict risks and to control or minimize their impacts on business management
Communication with stakeholders	To communicate with society, customers, shareholders, employees, and other stakeholders through highly transparent disclosure of information in a way that reflects society's expectations, requests, and opinions in our corporate management

Promotional System for Sustainability

The policies and planning for the sustainability activities of the Mitsubishi Electric Group are decided by the Sustainability Committee, which is chaired by the Chief Strategy Officer (CSO), the Executive Officer in charge of corporate planning and sustainability, and appointed by Mitsubishi Electric's Executive Officers meeting. The Sustainability Committee comprises of the heads of Mitsubishi Electric's corporate divisions and corporate strategic planning divisions (as of April 1, 2023, there are 34 members in charge of environmental, social and governance aspects from divisions such as Corporate Strategic Planning and Corporate Human Resources). Based on the materiality, the Committee discusses monitoring the results of activities, decisions on future activity plans, and responses to law amendments, and promoting initiatives from a perspective that spans the entire Mitsubishi Electric Group. In addition, the corporate divisions are responsible for the promotion of specific initiatives such as ethics and legal compliance, quality assurance and improvement, environmental protection activities, social contribution activities, and stakeholder communication.

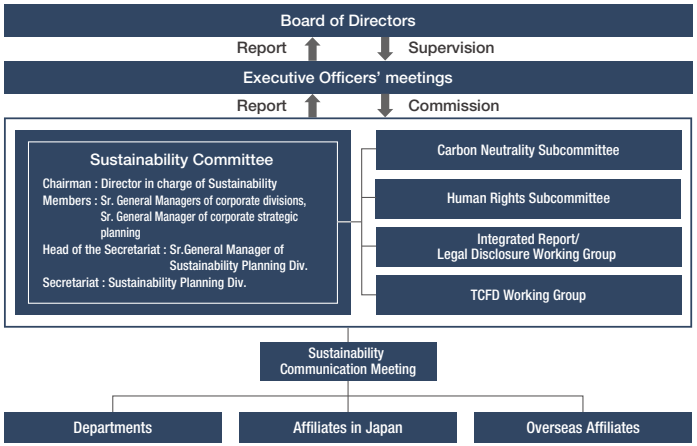
The Sustainability Planning Division provides the secretariat for the Sustainability Committee. We have established the Sustainability Planning Division under the direct control of the President as the core organization responsible for this task from fiscal 2024 in order to realize sustainability.

The Sustainability Committee generally holds meetings at least three times a year, and the details on the discussion are reported to the senior executives the Executive Officers' Meeting. From fiscal 2022, the details on the discussion are also reported to the Board of Directors. The Board of Directors regards the statuses of sustainability initiatives as one of "key agenda items" for the Mitsubishi Electric Group (medium- and long-term management plan, organizational culture reform, sustainability initiatives, and human capital strategy from July 2022 to June 2023), and it holds full discussions from the perspective of risk management and profit-generating opportunities, receiving diverse opinions from independent outside directors, as well as supervising the status of initiatives by Executive Officers.

The promotion of sustainability initiatives is one of the compensation indicators for Executive Officers, and the achievement of performance indicators in non-financial areas such as sustainability and ESG-related areas is reflected in incentive compensation.

In order to deal with sustainability challenges that involve multiple divisions in a cross-sectional manner, we also have established 'Sub-committees' as permanent meetings and 'Project' as temporary meetings under the Sustainability Committee. The two subcommittees, the "Carbon Neutrality Subcommittee" and the "Human Rights Subcommittee," promote initiatives in response to legal and social requirements. In addition, we have established the "Integrated Report/Legal Disclosure Working Group" and "TCFD Working Group" to consider the clarification of individual categories of activities and the roles of participating divisions, information disclosure in accordance with norms, and other matters. Subcommittees and projects are led by the relevant corporate division, and the progress of these subcommittees' initiatives is confirmed at each Sustainability Committee meeting.

Further, to share and execute the policies and plans established by the Sustainability Committee, we have established the "Sustainability Communication Meeting" aimed at collaboration between internal divisions and affiliates in Japan and overseas.



Sustainability Promotion Framework

Management Related to Materiality

FY2023 Targets and Results

For single-year goals ○: Goals achieved △: Partially not achieved or not achieved for reasonable causes (Excluding non-numerical goals) ×: Not achieved
For multiple-year goals ○: Expected to be achieved in the final fiscal year △: Slight delay for the final fiscal year ×: Delay for the final fiscal year

Materiality	Mid- to long-term initiatives	FY2023 targets/Key performance indicators (KPIs)	Target year	Quantitative targets	FY2023 Result	Scope	Evaluation
Realize a sustainable global environment	Realize a decarbonized society through innovation and Integrated Solutions	Reduce CO^2 emissions related to the usage of new products and improve the rate of "CO^2 emission reduction contribution by product use" compared to the previous model	FY2024	1.0% or higher	2.8%	Mitsubishi Electric Group	○
		Reduce CO^2 emissions from our company	FY2024	30% or higher vs. FY2014	27%		○※1
	Contribute to achieving a circular economy	Use recycled plastics (in terms of the volume of molding and packaging materials)	FY2024	10.0% or higher	8.1%	Mitsubishi Electric Group (Japan)	△
		Make effective use of waste plastics	FY2024	90.0% or higher	92.5%		○
		Rate of reduction in water usage at high-risk sites (per unit of sales)	FY2024	4% or higher vs. the FY2020 level	16%	Mitsubishi Electric Group (Overseas)	○
Realize a safe, secure, and comfortable society	Contribution through business activities in the areas of safety/security, inclusion, and well-being	Safety/security: ① Promotion of products, services, and solutions that contribute to minimizing damage due to natural threats, including prevention of natural disasters			• Next Generation Geostationary Meteorological Satellite (Himawari-10) • Water surface condition monitoring service MinaMonitor • Ecocute	Mitsubishi Electric Group	○
		Safety/security: ② Promotion of products, services, and solutions that contribute to avoidance, damage mitigation, and quick solutions regarding human-caused threats, including crime and accident suppression			• Developed a technology to automatically detect dangerous behaviors with high accuracy from camera images		
		Safety/security: ③ Promotion of products, services, and solutions that contribute to improving adaptability to urban and social challenges, including labor shortages, declining population, and depopulation			• Launched joint research on a cloud AI-operated road management system to streamline road maintenance and repair operations		
		Inclusion: Promotion of products, services, and solutions that reduce the impact of physical limitations (age, disability, etc.) and environmental limitations such as residential areas			• Service for watching over seniors MeAMOR • AI × watching over service for seniors kizkia-Knight		○
		Well-being: Promotion of products, services, and solutions that contribute to realizing more comfortable and healthy living			• Mitsubishi Electric and AIST established the Human-Centric system design collaboration laboratory • SUSTIE, a ZEB-related technology demonstration building, acquired Platinum WELL certification • Released the Emoco Eye Mitsubishi room air conditioner Kirigamine Z Series equipped with emoco eye		○
Respect for all people	Promote human rights initiatives that are based on international norms	Identify and improve priority initiative items based on the results of the FY2022 Human Rights Impact Assessment	FY2024	All items addressed	Developed improvement plans for items that had yet to be addressed	Mitsubishi Electric Group	△
		Grasp the improvement statuses of human rights initiatives based on the FY2023 Human Rights Impact Assessment	FY2023	100%	100%		○
		Enhance response for grievances on human rights			• Have established and run JaCER in addition to the contact points for inquiries regarding sustainability and harassment as well as the ethics and compliance hot line • Improved accessibility and transparency by improving the "Sustainability Inquiries" section of the official website and joining JaCER		○
		Provide education on human rights and e-learning sessions	FY2023	100%	100%	Mitsubishi Electric	○

*1 Rated as good because we achieved the target emissions for FY2023, which are equivalent to the quantitative targets for the target year.

For single-year goals ○: Goals achieved △: Partially not achieved or not achieved for reasonable causes (Excluding non-numerical goals) ×: Not achieved
For multiple-year goals ○: Expected to be achieved in the final fiscal year △: Slight delay for the final fiscal year ×: Delay for the final fiscal year

Materiality	Mid- to long-term initiatives	FY2023 targets/Key performance indicators (KPIs)	Target year	Quantitative targets	FY2023 Result	Scope	Evaluation
Respect for all people	Procurement that contributes to sustainability	Carry out CSR assessments of major suppliers to build a responsible supply chain, and identify and correct risks related to human rights violations			Conducted CSR Procurement surveys of 300 major business partners; confirmed that there are no serious human rights violations, such as forced labor or child labor	Mitsubishi Electric Group	○
		Establish a plan for sustainability procurement policy guidelines (Integrate the Green Procurement Standards Guide with the CSR Procurement Guidelines)			Reviewed plans to ensure that the procurement guidelines are developed in a manner that complies with the RBA process		
	Realize a workplace environment that helps all employees work actively	Carry out a transformation starting with the renewal of the personnel system based on the "Robust Policies" from the company-wide reform project "Team Sousei (Creation)"			Facilitated internal human resource mobility by updating the rules for operating the internal recruitment program and internal job search program	Mitsubishi Electric Group (Japan)	○
		Continue to promote the Mitsubishi Electric Workplace Reform Program. In particular, accelerate initiatives for improving employee engagement (Quantitative targets for Mitsubishi Electric only)			• Implemented a variety of measures from Mitsubishi Electric's Workplace Culture Reform Program • Promoted work style reforms at domestic affiliates		×
		Employee engagement score* (for Mitsubishi Electric only) * Percentage of employees with pride and motivation in their work	FY2023	70% or higher	54%		
		Work-life balance score* (for Mitsubishi Electric only) *Percentage of employees who respond that they feel that they have a good work-life balance in the employee awareness survey	FY2023	70% or higher	66%		
	Promote diversity	Increase the ratio of women among new recruits (Reference value: the average of the past five years, FY2017 to FY2021) *1	FY2026	1.2 or more times the baseline	1.3 times*1	Mitsubishi Electric	○
		Increase the ratio of women in managerial positions	FY2026	2.00 or more times the ratio of FY2021	1.38 times		○
		Encourage male employees to take child-care leave (including those taking leave when their spouse gives birth)	FY2026	70.0% or higher	76.1%		○
		Overseas actively appoint local national staff as executives for overseas bases			Promoted one local national staff member to Senior Executive Officer, and another to head of an overseas office	Mitsubishi Electric Group (Overseas)	○
		Promote the hiring of people with disabilities at more than the statutory employment rates and promote the development of a workplace environment that is comfortable for them (including special subsidiary companies; Mitsubishi Electric Life Service Corporation and Melco Tender Mates Corporation)	FY2024	2.50% or higher	2.47%	Mitsubishi Electric	△
	Promotion of occupational health and mental and physical health	Make improvements regarding the rate of lost worktime injuries*2	FY2023	0.25 or less	0.37	Mitsubishi Electric	×
		Realization of a workplace environment where people can work while maintaining their mental and physical health through the establishment of a health-conscious management by implementing Mitsubishi Electric Group Health Plan 21 activities and other initiatives.				Mitsubishi Electric Group (Japan)	×
		Percentage of employees who were classified as having high stress levels at stress checks	FY2023	Less than 9.0%	9.8% (Mitsubishi Electric)		

*1 Total number from FY2022
*2 Total number of accidents per 1 million hours Mitsubishi Electric

For single-year goals ○: Goals achieved △: Partially not achieved or not achieved for reasonable causes (Excluding non-numerical goals) ×: Not achieved
For multiple-year goals ○: Expected to be achieved in the final fiscal year △: Slight delay for the final fiscal year ×: Delay for the final fiscal year

Materiality	Mid- to long-term initiatives	FY2023 targets/Key performance indicators (KPIs)	Target year	Quantitative targets	FY2023 Result	Scope	Evaluation
Strengthen corporate governance and compliance on a sustainable basis	Improve the board of directors' effectiveness	Continue to strengthen the function of the board of directors and the three statutory committees based on the effectiveness assessment			Had a third-party evaluation of the effectiveness of the Board of Directors carried out in FY2023, and made improvements based on the evaluation results	Mitsubishi Electric	○
		Realize a highly independent composition in the board of directors	FY2023	Over 50%	58%		○
	Thorough compliance	Compliance training on a continuous basis			Conducted training by a variety of mean such as workshops, e-learning programs, and handouts	Mitsubishi Electric Group	○
		Rate of attendance in e-learning programs about the Code of Conduct	FY2023	100%	100%	Mitsubishi Electric	○
		Fair competition (prevention of antimonopoly violations) •Establish and thoroughly implement antimonopoly prevention measures: provide practical training on an ongoing basis, conduct monitoring with an eye toward establishing regulations and rules			Conducted training on antimonopoly laws (Mitsubishi Electric)	Mitsubishi Electric Group	○
		Major incidents of the violation of the prevention of antimonopoly violations	FY2023	0	0		○
		Corruption prevention (prevention of bribery) •Establish and thoroughly implement bribery prevention measures: provide bribery prevention education, and conduct monitoring with an eye toward establishing regulations and guidelines			Conducted anti-bribery training (Mitsubishi Electric)		○
		Number of major bribery incidents	FY2023	0	0		○
	Information security activities to protect important information	Number of major information leakage incidents	FY2023	0	0	Mitsubishi Electric Group	○
		Violation of information security related laws and regulations	FY2023	0	0		○
		Improve the information security maturity level*1	FY2026	Level 2 or higher	Made steady progress toward achievement in FY2026	Mitsubishi Electric Group (Japan)	○
	Complete reform in the area of quality assurance with an aim for zero quality-related fraud	Reconstruct functions for checks and balances •Conduct quality audits and promote improvements once a year at all manufacturing facilities and plants	FY2023	Implementation rate: 100%	100%	Mitsubishi Electric	○
		Measures for technology capability and resource issues •Build a system for compliance with quality-related laws, regulations and public standards; develop and implement an investment plan for infrastructure development, etc. related to the quality assurance system			•Developing an environment to confirm the latest standards by utilizing an online standard viewing system (accessed 23,470 times) •Establishing a consultation contact point related to product quality laws and regulations •Reorganizing check items and content for laws and regulations development/modification management	Mitsubishi Electric Group	○
		Renewed efforts to raise awareness on quality compliance •Improve quality compliance awareness and provide e-learning (Attendance rate of 100%) Survey the awareness of employees on quality	FY2023	Attendance rate: 100%	•E-learning attendance rate: 100% •Conducted a biannual employee awareness survey on quality •Comprehension level of the employee awareness survey related to quality philosophy rules and regulations: 86%	Mitsubishi Electric Group (Japan)	○

*1 Framework of the Cyber Security Maturity Model Certification (CMMC) issued by the U.S. Department of Defense.

For single-year goals ○: Goals achieved △: Partially not achieved or not achieved for reasonable causes (Excluding non-numerical goals) ×: Not achieved
For multiple-year goals ○: Expected to be achieved in the final fiscal year △: Slight delay for the final fiscal year ×: Delay for the final fiscal year

Materiality	Mid- to long-term initiatives	FY2023 targets/Key performance indicators (KPIs)		Target year	Quantitative targets	FY2023 Result	Scope	Evaluation
Create a sustainability-orientated corporate culture	Promote mid- to long-term initiatives for addressing social challenges	Strengthen the management system to realize sustainability management that integrates the promotion of sustainability •Report to the Executive Officers' Meeting and the Board of Directors at least three times •Business divisions participating in the Sustainability Committee				•Reported to executive officers and directors at least three times •Business units began participating, starting from the Sustainability Committee meeting in October 2022	Mitsubishi Electric Group	○
		Improve understanding on the relationship between business operation and sustainability	Rate of employees who understand the new management policy according to the results of an employee engagement survey	FY2023	80% or higher	71%		×
			Rate of employees who understand the operation of business in line with the management policy according to the results of an employee engagement survey	FY2023	75% or higher	67%		
		Promote activities aimed at realizing an inclusive society •Coexistence with the global environment: As an activity related to the Mitsubishi Electric Outdoor Classroom, contribute to biodiversity preservation activities by using BIOME, a living things collection application developed by Kyoto University's environmental venture company, Biome Inc. (1,000 participants) •Coexistence with the local community: Support organizations that contribute to solving social challenges including support for people with disabilities, based on the SOCIO-ROOTS Fund •Coexistence with all people: Promote the development of people in the next generation through support for science, technology, culture, art, and sports				Although the number of BIOME participants did not reach the target, the activities are making steady progress		△
		Promote organizational culture reform with focus on the Robust Policies Plan from "Team Sousei"				Promoted by encouraging employees to greet, express appreciation, and address one another with the "san" honorific, implementing the psychological safety guidelines, etc.		○
	Improve sensibility and adaptability to changes in values among society and individuals	Discuss social trends in Sustainability Committee meetings and respond to these trends				Conducted a survey of global laws and regulations, and discussed and considered responses at the Sustainability Committee meeting		○
	Promote active communication with stakeholders based on highly transparent information disclosure	•Issue the Sustainability Report and the Integrated Report, •Hold dialogues with experts, and conduct sustainability report questionnaires				•Issued the Sustainability Report and Integrated Report in FY2023 •Held dialogues with experts •Conducted a survey of 600 members of the general public		○

Please refer to page 22 for mid- to long-term initiatives and goals for FY2024 (17 items), and back issues of our Sustainability Report for results to date.

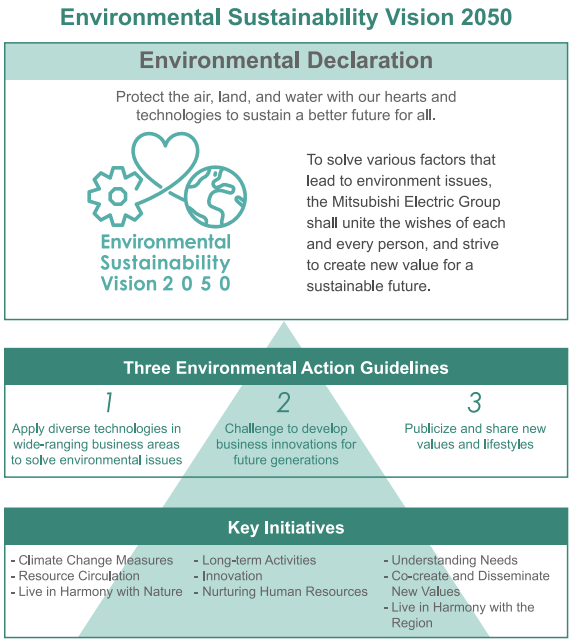
▶ Mid- to long-term initiatives and goals for FY2024 (17 items)

Download reports (Sustainability)

Environment

Environmental Sustainability Vision 2050

In recent years, corporations are expected to further continue their long-term efforts to solve global environmental issues. The Mitsubishi Electric Group's new Environmental Sustainability Vision 2050 defines environmental protection as an even greater corporate priority and stipulates increased initiatives toward this end. It establishes Mitsubishi Electric's future course toward 2050 in the form of the Environmental Declaration, Three Environmental Action Guidelines, and Key Initiatives.



Environmental Sustainability Vision 2050

Financial Information Based on Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

Task Force on Climate-related Financial Disclosures (TCFD) The Mitsubishi Electric Group has expressed its support for the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures), and as such, the Group promotes efforts and discloses information in line with these recommendations.

We view response to the TCFD as an activity to fulfill our "responsibility to a sustainable society" and "contribute to a sustainable society through our business" by addressing the global environmental challenge posed by climate change. Moreover, we view it as "risk management in response to long-term social and environmental changes" towards the realization of sustainability, and "communication with stakeholders" to promote the resolution of social issues.

Governance

TCFD Working Group

During fiscal 2023, the TCFD Working Group was established under the auspices of the Sustainability Committee with the aim of stepping up efforts to address risks and opportunities associated with climate change, both in terms of "risk management in response to long-term social and environmental changes" and "communication with stakeholders."

As a point of reinforcement, the project considered the financial impact assessment based on scenario analysis and the global environmental risks management in the risk management of the Mitsubishi Electric Group.

TCFD Working Group

Considering the financial impact assessment based on scenario analysis

We have identified and extracted the corporate divisions that are considered to be relatively highly sensitive to the impacts of climate change by examining the following documents and records as well as assessing them from a bird's-eye view: external assessments (ESG investment guidelines, various climate-related initiatives, etc.) of the magnitude and sensitivity of the effects that climate change has on industries; greenhouse gas emission amounts by division; and the business portfolio of each corporate division. We next estimated the financial impacts on our current business plans over the long-term in an uncertain future year based on the assumption of scenarios in which climate change is below 2°C and in which climate change is 4°C. We then verified the resilience of these businesses and examined the degree of impacts on the Mitsubishi Electric Group's overall business as well as the accuracy and validity of the information disclosed. In fiscal 2024, with the aim of conducting a financial impact assessment of the Mitsubishi Electric Group as a whole and disclosing the results in fiscal 2025, we will continue this study and expand it into a consistent analysis of all corporate divisions.

Examination of global environmental risk management in the risk management of the Mitsubishi Electric Group

With regard to risk management, we have established a risk management framework for the Mitsubishi Electric Group, positioned global environmental risks including climate change within this framework, and improved management processes for risks related to the global environment. In fiscal 2024, we aim to further contribute to the global environment by deepening and clarifying the identification, assessment, and management of risks and opportunities related to climate change.

Strategy

Climate Change Risks and Opportunities in the Short, Mid-to-Long Term

The Mitsubishi Electric Group has identified climate-related risks and opportunities.

Table 1 Examples of Climate-related Risks and Initiatives by the Mitsubishi Electric Group

Risks	Examples of the Group's Initiatives
Transition Risks	
Policy and Legal Risks (Short-to-Long Term) ● Increase in carbon pricing ● Strengthened obligation of emission reports ● Orders and regulations for existing products and services by relevant authorities ● Litigation	● Reduction of GHG[*1] emissions through promotion of environmental plans and setting and taking initiative on SBT[*2] ● Promotion of environmentally conscious design (global warming, resource conservation, recyclability, hazardous substances, packaging) ● Capital investment related to environmental activities, including energy saving and global warming countermeasures ● Implementation of supply chain management (formulation and implementation of green procurement standards) ● Reporting of Scope 1, 2 and 3 emissions and implementation of third-party certification ● Acquisition and maintenance of ISO 14001 certification ● Confirmation of legal compliance through environmental audits ● Disclosure of initiatives related to climate change and other environmental issues
Technology Risks (Mid-to-Long Term) ● Replacement of existing products and services with low-emission alternatives ● Failed investment in new technologies ● Cost of transition to low-emission technologies	● Development of new technologies through R&D investment ● Implementation of intellectual property activities ● Mobile capital investment mainly in key growth businesses ● Capital investment related to environmental activities, including energy saving and global warming countermeasures
Market Risks (Mid-to-Long Term) ● Changes in customer behavior ● Uncertainty in market signals ● Rise in raw material costs	● Promotion of environmentally conscious design ● Capital investment related to environmental activities, including energy saving and global warming countermeasures ● Market research and feedback on product development
Reputation Risks (Mid-to-Long Term) ● Changes in consumer preferences ● Criticisms of the industrial sector ● Increased concerns among stakeholders, or negative feedback from them	● Reduction of GHG emissions through promotion of environmental plans and setting and taking initiative on science based targets ● Capital investment related to environmental activities, including energy saving and global warming countermeasures ● Promotion of environmentally conscious design ● Response to environmental risk management ● Implementation of natural environment conservation activities, including the protection of local biodiversity ● Disclosure of initiatives related to climate change and other environmental issues
Physical Risks	
Acute Risks (Short-to-Long Term) Increased severity of extreme weather such as cyclones and floods	● Formulation and periodic review of BCPs[*3] ● Implementation of supply chain management (formulation and implementation of green procurement standards, decentralization of production sites by purchasing from multiple companies, etc.) ● A certain amount of investment every year in environmental activities, including initiatives against climate change ● Reduction of GHG emissions through promotion of environmental plans and setting and taking initiative on science based targets
Chronic Risks (Mid-to-Long Term) Changes in precipitation patterns and extreme variations in weather patterns	

*1 Greenhouse gas *2 Science Based Targets *3 Business continuity plan

Table 2 Examples of Climate change-related Opportunities and Initiatives by the Mitsubishi Electric Group

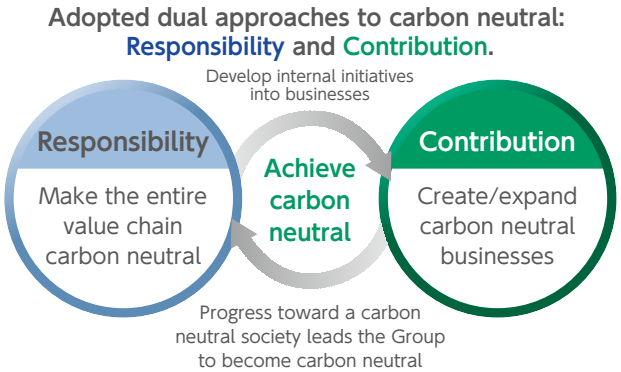
Social Challenges (Opportunities)	Examples of the Group's Initiatives
Resource Efficiency	
● Use of more efficient modes of transport (modal shift) ● Use of more efficient production and distribution processes ● Promotion of recycling ● Relocation to a more efficient building ● Reduction in water usage and consumption	● Development of products suitable for resource conservation, such as thinner materials and smaller tubes ● Promotion of plastic recycling ● Verification of plastic sorting technology in collaboration with other companies, joining the alliance "CLOMA[*1]" ● Energy conservation and reduction of operation costs for buildings as a whole through ZEB (net Zero Energy Building), etc. ● Development of Ville-feuille®[*2] and other linked control technologies for mobility and building equipment ● Provision of systems for water distribution management, water storage and discharge through dam management, and water intake management for agricultural water ● Promotion of reclaimed water use ● Strengthening of products and solutions that support e-F@ctory[*3] ● Promotion of a modal shift ● Localization of production and sales bases
Energy Source	
● Use energy sources that contribute to carbon neutrality ● Use of new technologies ● Shift toward decentralized energy generation	● Effective use of electricity and response to needs for system stabilization accompanying the expansion of renewable energy and decentralization of power sources - Large energy storage systems - VSC-based high-voltage direct current systems "HVDC-Diamond®[*4]" - Smart medium voltage DC distribution network system D-SMiree[*5] - Distributed power supply system/VPP system - Multi-region digital power supply system (multi-region EMS)[*5] - Heat pump technology[*6]
Products and Services	
● Development and/or expansion of goods and services that contribute to carbon neutrality ● Development of new products or services through R&D and innovation ● Ability to diversify business activities ● Shift in consumer preferences	● Development of energy-saving products optimized for local climate conditions and needs ● Development of innovative new products such as the Misola,[*7] a lighting fixture that imitates a deep blue sky and natural light in indoor spaces. ● Development for further improving evergy efficiency of railway vehicles and Railway LMS on INFOPRISM[*8], a solution for streamlining maintenance ● Demonstration of ZEB-related technologies, including the construction of demonstration facilities ● Development and supply of the EcoMBR[*9] filtration membrane cleaning system for water treatment ● Provision of smart meters ● Development and supply of energy conservation equipment that facilitates the measurement of energy consumption and the collection and analysis of energy consumption data ● Global supply of high-efficiency equipment, including electric power train systems ● Development and supply of low-loss SiC devices ● Centralized GHG emissions data management solution "cocono[*10]" ● Localization of production and sales sites ● Balanced promotion of short-, medium- and long-term research and development
Resilience	
● Participation in renewable energy programs and adoption of energy efficiency measures ● Resource substitutes/diversification	● Effective use of electricity and response to needs for system stabilization accompanying the expansion of renewable energy and decentralization of power sources ● Contribution to preventing global warming by using observation satellites, strengthening the monitoring of meteorological phenomena and the global environment, understanding of disaster situations, and promoting disaster prevention[*11] ● Meteorological radar system ● Field Edge® image-based water level measurement device ● Provision of BCP solutions, such as data centers, teleworking, and video conferencing services

*1 Contributing to Solving the Marine Plastic Waste Problems "Joining CLOMA"
*2 Smart city/building IoT platform "Ville-feuille®" <Japanese site>
*3 Introduction of e-F@ctory
*4 Topics: VSC-based high-voltage direct current systems "HVDC-Diamond®"
*5 Energy & Industrial Systems Group
*6 Topics: "ecodan" series
*7 "misola" blue sky lighting <Japanese site>
*8 Topics: Solution that supports safe, secure, and efficient railway operations
*9 Water treatment technology using membrane bioreactor with ozonated water <Japanese site>
*10 Centralized GHG emissions data management solution "cocono" <Japanese site>
*11 Observation Satellites

Promotion of carbon neutrality

The Mitsubishi Electric Group is working to achieve carbon neutrality from the aspects of responsibility and contribution. While continuing and growing our business, we aim to achieve net zero greenhouse gas emissions from our own operations and to achieve carbon neutrality throughout our value chain by 2050. In May 2022, we announced an interim target of "reducing our own emissions to 50% of the fiscal 2014 level by fiscal 2031," and in May 2023, we changed the interim target to "aiming for net zero greenhouse gas emissions from factories and offices by fiscal 2031" to proactively join in the international trend to limit the increase in global average temperature to 1.5°C or less. In Japan, we also participate in the GX League, a collaboration between industry, government, academia, and private citizens to achieve carbon neutrality by 2050, which is led by the Ministry of Economy, Trade and Industry (METI).

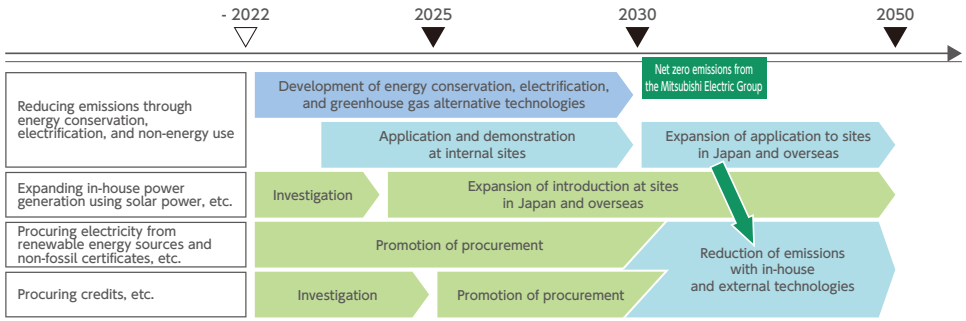
We will apply our internal initiatives to our business and return the positive impacts on the Mitsubishi Electric Group resulting from progress made in these initiatives throughout society to our business. In this way, we will work to achieve carbon neutrality by mutually reinforcing each other's efforts.



Basic policy for promoting carbon neutral

Responsibility: Carbon neutral initiatives in the entire value chain

The Mitsubishi Electric Group has set out to achieve net zero greenhouse gas emissions in the entire value chain by 2050. As initiatives to reduce such emissions at factories and offices, we aim to achieve net zero greenhouse gas emissions from factories and offices by fiscal 2031 by (1) reducing emissions through energy conservation, electrification, and non-energy use; (2) expanding in-house power generation using solar power, etc.; (3) procuring electricity from renewable energy sources and non-fossil certificates, etc.; and (4) procuring credits, etc.

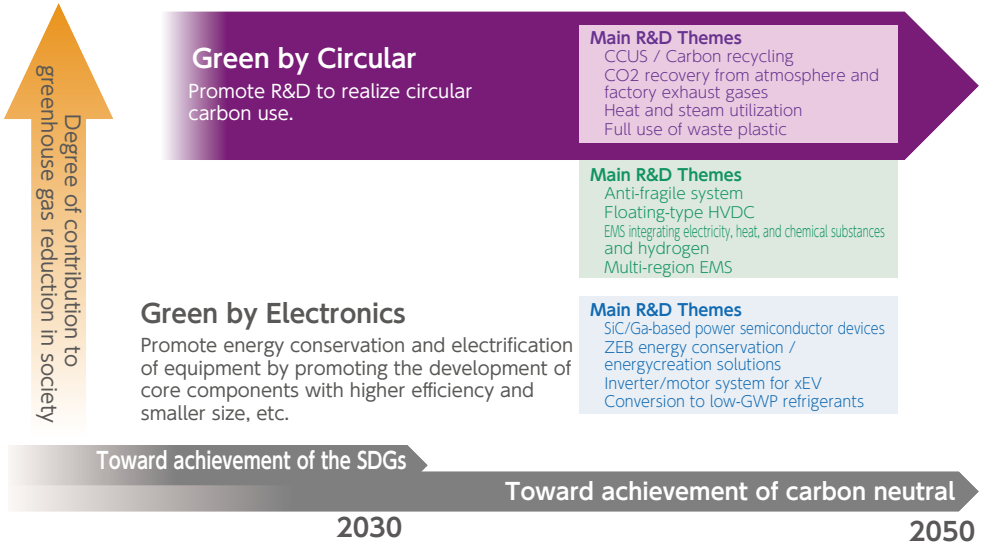


Roadmap for reducing emissions from factories and offices

Contribution: Create/expand businesses that contribute to carbon neutral

To make society as a whole carbon neutral, we have established a development roadmap up to 2050 and will accelerate R&D in three innovation areas: Green by Electronics, Green by Digital, and Green by Circular.

As an example of our efforts, we have established the Mitsubishi Electric Energy & Carbon Management Collaborative Research Center with Tokyo Institute of Technology to promote research and development of energy and carbon management technologies, including environmental value trading of electricity, heat, and chemical substances as well as carbon recycling technologies.



CCUS (Carbon dioxide Capture, Utilization and Storage), HVDC (High Voltage Direct Current)
EMS (Energy Management System), ZEB (net Zero Energy Building), GWP (Global Warming Potential)

Development roadmap for achieving carbon neutral

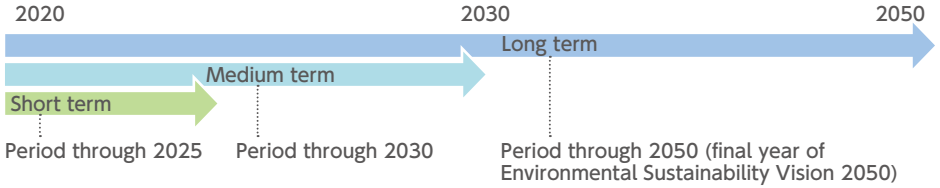
Scenario-based Analysis and Resilience

The corporate activities of the Mitsubishi Electric Group are assessed through scenario analysis based on IPCC* representative concentration pathway scenarios. The assessment is made based on two scenarios: a scenario that shows the state of transition (social trend) when keeping the global average temperature rise to below 2°C compared to pre-industrial levels (the 2°C scenario), and a scenario in which the temperature rises nearly 4°C as a result of continuing with conventional global warming countermeasures (the 4°C scenario).

* IPCC: Intergovernmental Panel on Climate Change

The scenario analysis forecasts up to 2050 with periods classified as shown below.

- Long-term: Period through 2050 (final year of Environmental Sustainability Vision 2050)
- Medium-term: Period through 2030
- Short-term: Period through 2025



Risks related to climate change and the Mitsubishi Electric Group's initiatives

Climate-related risks can be broadly divided into risks associated with the transition to a decarbonized society (transition risks) and risks associated with the physical impacts of global warming (physical risks). These risks can result in increased expenses (for production, internal administration, financing, etc.) and decreased revenues.

If the 2°C scenario progresses, social demand for reducing greenhouse gas emissions is expected to grow, raw material costs are expected to rise due to changes in the energy demand and supply balance, and the amount of generated power by renewable energy sources is expected to increase, in the transition to a decarbonized society. As a result of efforts to realize such a society, the likelihood of transition risks arising from the tightening of laws and regulations on greenhouse gas emissions and an increase in the burden of technological development will be relatively high (compared to physical risks).

If the 4°C scenario progresses, there is expected to be a significant increase in the frequency and severity of heavy rains and floods and a chronic rise in temperature. Physical risks such as the suspension of operations and disruption to supply chains due to disaster will be relatively high (compared to transition risks).

To address these risks, the Mitsubishi Electric Group is implementing the initiatives shown in "Table 1: Examples of Climate-related Risks and Initiatives by the Mitsubishi Electric Group."

For example, even if laws and regulations strengthen the curtailment of greenhouse gases under the 2°C scenario, the Group can mitigate the impacts of such a regulatory move, as it is already working to reduce its emissions through its Environmental Plan and participating in science-based targets. Similarly, the impact of rising raw material costs can be mitigated by further promoting environmentally conscious design, which is already being implemented with respect to tackling global warming, resources conservation, and improved recyclability. We are also making capital investments related to environmental activities, including energy saving and other measures to combat global warming. Additionally, we are investing in the research and development of new technologies in a well-balanced manner from the short, medium, and long-term perspectives.

In response to physical risks, such as flooding, which will materialize under the 4°C scenario, we have formulated a business continuity plan and review it once a year while moving ahead with the decentralization of production sites. We are also taking steps to prevent production problems in the supply chain, such as by purchasing from multiple companies and having our suppliers operate multiple production plants.

Examples of climate change-related opportunities and initiatives by the Mitsubishi Electric Group

As the 2°C or 4°C scenario progresses, social issues arising from climate change and the need to respond to them are expected to become more apparent.

For example, if the 2°C scenario progresses, it is predicted that the amount of power generated by renewable energy will increase. The Mitsubishi Electric Group is capable of contributing to addressing needs for effective use of electricity and system stabilization that stem from such expansion of renewable energy and the decentralization of power sources, by providing large energy storage systems, smart medium- and low-voltage direct current distribution network systems, distributed power source operation systems / virtual power plant (VPP) systems, and multi-region digital power delivery systems (multi-region EMS).

If the 4°C scenario progresses, frequent heavy rain and floods are expected. Using observation satellites, the Group is able to enhance the monitoring of meteorological phenomena and the global environment, understand disaster situations, and help prevent disasters.

The Mitsubishi Electric Group has a wide range of businesses. Our strength is our ability to provide a wide range of products, services, and solutions that contribute to solving social issues arising from climate change. We therefore believe that we have sustainable growth opportunities over the short to long term through our solutions to these social challenges as shown in Table 2 "Examples of Climate-related Opportunities and Initiatives by the Mitsubishi Electric Group."

Resilience of Climate change-related Strategies

As a result of this assessment of the risks and opportunities associated with climate change and our efforts to address them, we believe that the Mitsubishi Electric Group is resilient to the risks associated with climate change and can achieve sustainable growth by resolving social issues caused by climate change under both the 2°C or 4°C scenarios.

Risk Management

Processes for addressing climate change-related risks and opportunities

The Mitsubishi Electric Group uses a business strategy decision-making process and a comprehensive risk management process to identify, assess, and manage risks and opportunities related to the global environment, including climate change.

Each of Mitsubishi Electric's department (business groups, corporate divisions), and affiliated companies in Japan and overseas will identify climate change-related risks that are relevant to them, consider how to respond to such risks and turn them into opportunities, and proactively incorporate them into their business and divisional strategies. The CSO (Chief Strategy Officer) will also formulate an overall management strategy for the Mitsubishi Electric Group based on the formulated business and divisional strategies, the policies for seizing opportunities related to climate change, the return on investment of measures to achieve carbon neutrality, and the carbon costs estimated by ICP (Internal Carbon Pricing).

At the same time, as part of the Mitsubishi Electric Group's comprehensive risk management, we will identify, assess, and properly manage issues that have significant impacts on management in various risk areas, including risk management related to climate change.

Mitsubishi Electric Group risk management system and positioning of global environmental risks

The Mitsubishi Electric Group's global environmental and other risks, including risks related to climate change, are primarily managed by each corporate division of Mitsubishi Electric and its subsidiaries and affiliates in Japan and overseas. In addition, under the direction of the Chief Risk Management Officer (CRO), the corporate division (i.e., the division in charge of the risk) identifies, assesses, and manages risks based on its knowledge in each area of expertise.

Risks in each specialty area identified and assessed by the divisions in charge of such risks are consolidated by the Corporate Risk Management Division, and their impacts on group management are evaluated through relative comparisons among each risk, etc. The CRO determines their materiality, and all Executive Officers discuss the risks (comprehensive evaluation of risks/measures).

Risks comprehensively assessed through the above process are shared with relevant parties, including management. The Group considers global environmental risks, including climate change, to be highly material because they have significant impacts on the realization of a sustainable global environment, one of the Group's materialities.

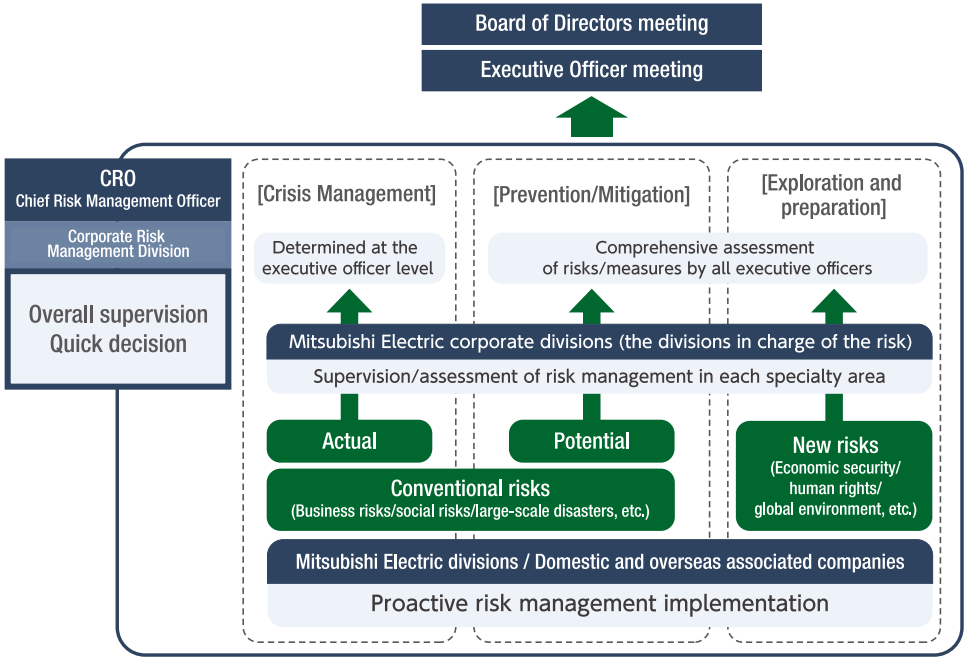
Management process for risks related to the global environment

Global environmental risks, including climate change, are identified, assessed, and managed by the Executive Officer in charge of Corporate Total Productivity Management & Environmental Programs and the Corporate Environmental Sustainability Department, the department in charge of risk, under the direction of the CRO, in accordance with the Mitsubishi Electric Group risk management system described above.

Based on the results of such comprehensive risk assessment, the Executive Officer in charge of Corporate Total Productivity Management & Environmental Programs and the Corporate Environmental Sustainability Department identify and assess risks by subdividing global environmental risks into smaller risks, taking into account legal trends, technological trends, market trends, external evaluations, and other factors. Based on the results, the Executive Officer and the Department formulate an environmental plan as a medium-term risk management measure and an environmental implementation plan as a one-year measure.

Each group organization (business groups, affiliated company, etc.) formulates its own annual environmental implementation plan based on these plans and reports the results to the Executive Officer in charge of Corporate Total Productivity Management & Environmental Programs and the Corporate Environmental Sustainability Department.

The Executive Officer in charge of Corporate Total Productivity Management & Environmental Programs and the Corporate Environmental Sustainability Department then review the results of the identifying and assessing of global environmental risks, taking into account the results of each organization and social trends, and in turn report the results to the Corporate Risk Management Division and, if necessary, revise the environmental plan and reflect the results in the environmental implementation plan for the following fiscal year.



Risk Management Framework

Indicators and Targets

Calculating and Understanding Greenhouse Gas Emissions in the Value Chain

The Mitsubishi Electric Group calculates and tracks greenhouse gas emissions (Scope 1, 2 and 3) in its value chain. For calculation and assessment, we refer to the GHG Protocol and the Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain published by Japan's Ministry of the Environment.

Long-Term Target

In our long-term environmental management vision up to 2050, the so-called Environmental Sustainability Vision 2050, the Mitsubishi Electric Group has set a target to reduce greenhouse gas emissions throughout the entire value chain to net-zero by 2050.

Mid-Term Targets

The Mitsubishi Electric Group has reviewed its Scope 1 and Scope 2 targets in order to strengthen its efforts towards reducing greenhouse gas emissions, and it has set a new target during fiscal 2024 of "Achieving net zero greenhouse gas emissions from factories and offices by fiscal 2031."

In addition, the following greenhouse gas emission reduction targets were approved by the Science Based Targets initiative in January 2020.

- Scope 1 and 2: Reduce greenhouse gas emissions by 18% by 2030 compared to fiscal 2017 levels
- Scope 3* : Reduce greenhouse gas emissions by 15% by 2030 compared to fiscal 2019 levels

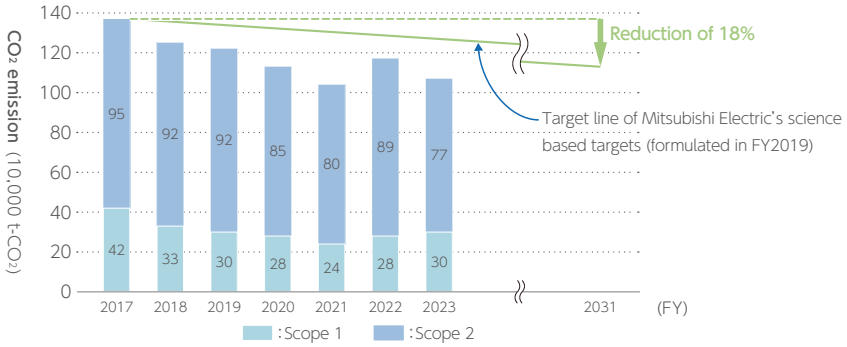
* Scope 3 emissions cover Category 11 (Use of sold products)

Short-Term Targets

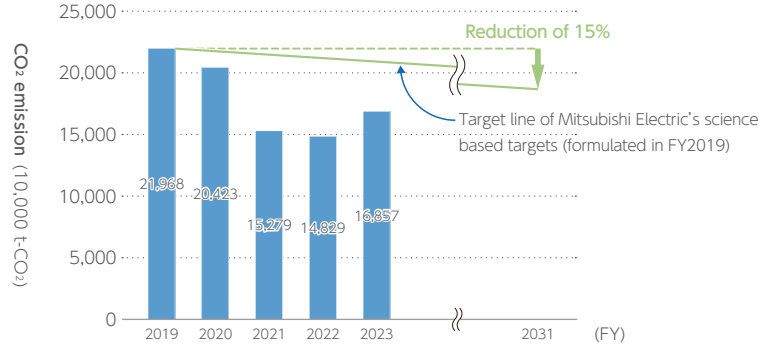
Since fiscal 1994, the Mitsubishi Electric Group has formulated an Environmental Plan every three years that sets out specific activity targets. We are presently pursuing various activities in line with the current Environmental Plan 2023 (fiscal 2022 to 2024) which sets out indicators and targets in four areas based on the action guidelines of the Environmental Sustainability Vision 2050, namely: "environmental contribution through products and services," "reducing the environmental impact of business activities," "pursuing business innovations," and "publicizing and sharing new values and lifestyles."

Progress

Initiatives to achieve greenhouse gas emission reduction targets are making steady progress.



Scope 1 and 2 emissions*1 (Mitsubishi Electric Group)



Scope 3 emissions*2 (Mitsubishi Electric Group)

*1 Scope 2 is location based. The CO2 emission coefficient for electricity is calculated in reference to the following: Japan—the latest figures published by The Electric Power Council for a Low Carbon Society (ELCS); Overseas—the latest figures published by International Energy Agency. The global warming potential for greenhouse gases is calculated in reference to figures published in the IPCC Fifth Evaluation Report.

*2 The scope of third-party verification for Scope 3 emissions includes Category 11 (Use of sold products).

Third-party Verification

The Mitsubishi Electric Group has set targets for its greenhouse gas emissions (Scopes 1, 2 and 3*) and amount of water intake and drainage. These targets have been verified by a third party in compliance with ISO 14064-3 to ensure reliability of the data.

* The scope of third-party verification for Scope 3 emissions includes Category 1 (Purchased goods and services), Category 6 (Business travel), Category 7 (Employee commuting), and Category 11 (Use of sold products).

For details, see "Third-party Verification Report (Environmental Disclosure of 5 items)"

web Third-party Verification Report (Environmental Disclosure of 5 items)

Social：
Quality

Basic Policy and Management

Basic Policy

The Mitsubishi Electric Group conducts business under the Purpose, "We, the Mitsubishi Electric Group, will contribute to the realization of a vibrant and sustainable society through continuous technological innovation and ceaseless creativity." This Purpose inherits the principles outlined in the Keys to Management (in Japanese, Keiei no Yotei) set out when Mitsubishi Electric was established with regard to "our contribution to social prosperity," "quality improvement," and "customer satisfaction," and forms the basic spirit of our relationship with society and our customers. To give concrete shape to this basic spirit, employees perform their work according to "Our Values," which teach us to develop relationships based on strong mutual trust, ensure products and services that satisfy standards provided in laws and regulations and the specifications agreed upon with customers are delivered in the best quality, and provide society with new value by enhancing our technology and onsite capabilities. Based on these values, we constantly strive to increase customer satisfaction and contribute to social prosperity in all aspects of our business, from the production of high quality, easy-to-use products to our after-purchase support, response to major issues, and product disposal.

Four Basic Quality Assurance Principles

The Four Basic Quality Assurance Principles reflect the spirit of "Service through Quality" adopted in 1952 and "Memorandum of Quality" issued in 1958. The spirit of serving society through steady quality continues to be upheld by each employee of the Mitsubishi Electric Group up to the present day.

Four Basic Quality Assurance Principles

1. Product quality is our top priority. It comes before price and on-time delivery.
2. Our commitment to the highest quality under any circumstances is unwavering.
3. Products must be safe to use, have a reasonable usage life, and have consistent performance.
4. Every manager and employee involved in manufacturing a product shares equal responsibility for product quality.

Product Safety-related Principles

Based on the "Purpose" and "Our Values," the Mitsubishi Electric Group promotes initiatives to ensure product safety under the following principles.

Particularly in regard to consumer products, Mitsubishi Electric is committed to preventing serious hazards that could result in death, injury, fire, or other damage, by subjecting all products to a quantitative risk assessment at the development stage, while also designing and developing products in consideration of their end-of-life management (to ensure safety even at the stage where products are prone to break or be discarded). At the same time, our Service Call Center and Customer Relations Center in Japan operates 24 hours a day, 365 days a year to gather information on product-related issues and enable prompt response. Furthermore, we disclose accident information, including information on the status of ongoing investigations, on our Japanese official website.

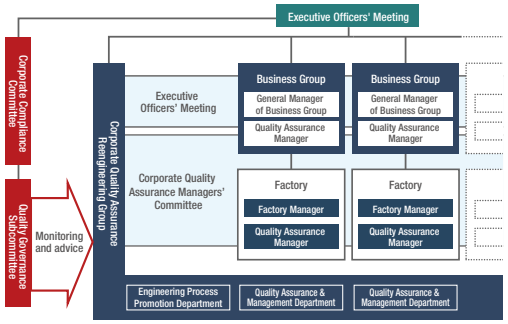
web Important information about our products (in Japanese text)

Product Safety-related Principles

1. We will not only comply with the laws related to product safety, but also work on offering safe and reliable products to our customers.
2. We will prevent product-related accidents by indicating cautions and warnings to help customers use our products safely.
3. We will work actively to collect information about product-related problems, disclose them appropriately to our customers, and report them quickly to the government and other bodies as required under the law.
4. If any serious accidents occur resulting from product-related problems, we will take appropriate measures to avoid further damage.
5. We will investigate the cause of product-related accidents and work to prevent any recurrence.
6. We will make continuous efforts to improve our product safety promotion system.

Management

The Corporate Quality Assurance Reengineering Group under the direct control of the president has been implementing company-wide measures to promote quality assurance reform and strengthen activities for improving quality. The Quality Assurance & Management Departments under the Corporate Quality Assurance Reengineering Group assigned to each manufacturing base assumes the function for checking, including shipping authority It is also responsible for acting as the contact point for consultation on issues in the field. In addition, the Engineering Process Promotion Dep. (QED) was newly established to implement realize a company-wide environment that enables designers to carry out their design work in a consistently manner, thereby promoting facilitating the realization of quality assurance reform. The Quality Governance Subcommittee has been established under the Corporate Compliance Committee, to which business execution has been delegated from the Executive Officers' Meeting, and the Corporate Quality Assurance Reengineering Group implements the PDCA cycle for improvement in response to the monitoring and advice from the Subcommittee. Our works in Japan and overseas are responsible for ensuring the quality of individual products, and implementing specific improvement activities for quality assurance activities in our business process, including market investigation and development and design, manufacturing, distribution, maintenance services following shipment, and product disposal.



Promotion of Quality Assurance and Improvement Activities (Mitsubishi Electric)

Social：
Occupational Safety & Health Management

Basic Policy

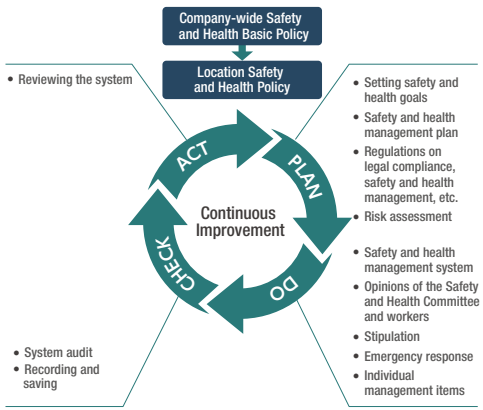
Adhering to the basic policy of prioritizing the safety and health of our employees above all else, the Mitsubishi Electric Group aims to establish a culture that places top priority on safety and health in all social and business environments based on the understanding that health and safety management form the foundation of business management. Furthermore, we aim to establish health management and create a workplace environment that allows everyone to maintain good health both mentally and physically and thrive in work as one of our core management policies for increasing employee engagement. This basic policy underlies our company-wide Safety and Health Five-year Plan (current plan covering the five years from FY2023 to FY2027), which defines priority measures in safety and health management, respectively, to annually create a company-wide safety and health management policy by which we implement specific activities toward achieving annual targets. This program has been rolled out to our group companies in Japan and overseas who also engage in health and safety management activities in line with relevant laws, national regulations and company-specific issues.

Occupational Safety and Health Management System

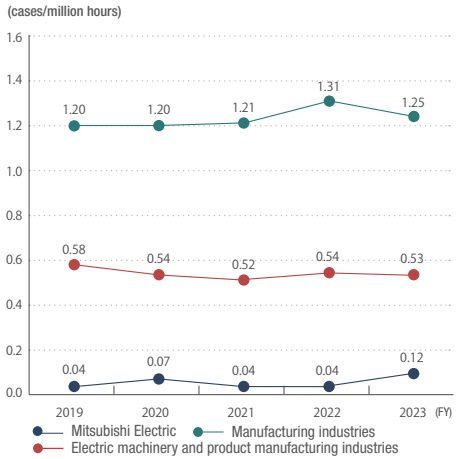
In 2009, Mitsubishi Electric introduced the Occupational Safety and Health Management System (OSHMS*). Under the program, each office runs PDCA cycles for safety and health activities by implementing internal audits based on the Mitsubishi Electric Group's requirements for safety and health management on foundation management and items to be individually managed. These requirements range from the development of policy and management frameworks in each office governed by a safety and health supervisor to the implementation of risk assessment and other accident prevention activities through education to improve employee awareness of safety and health management.

The goal is to raise the occupational safety and health management level of the company as a whole. As a result of this initiative, we have achieved one of the lowest frequency rates and severity rates of industrial accidents (number of people killed or injured in a fatal accident or an accident that requires time off from work per 1 million hours of work, and number of working days lost per 1,000 hours) in the industry.

* OSHMS: Occupational Safety and Health Management System



Occupational Safety and Health Management System



Frequency of Labor Accidents
(Number of accidents requiring a leave, per million hours)

Frequency of fatal accidents (Mitsubishi Electric Group (domestic/overseas), excluding worktime accidents in construction)

	FY 2020	FY 2021	FY 2022	FY 2023
Domestic	0	0	0	0
Overseas	3	0	0	0

Health Management Initiatives toward a Healthy Company

Since 2002, Mitsubishi Electric and its group companies in Japan have carried out the Mitsubishi Electric Group Health Plan 21 (MHP21) intended for their 100,000-some employees and their families, as a three-party cooperation project (Collaborative Health) with the labor union and health insurance society for 20 years, in an attempt to promote a review of lifestyle habits from an early stage, as a means for preventing lifestyle-related diseases and thereby improving Quality of Life (QOL), and for realizing a "health-oriented company."

In FY2023, MHP21 was renamed to the "Mitsubishi Electric Group Health Management Plan" and another five-year activity has started as "MHP 'Lively and Exciting Action.'" Under the activity principle, "We promote fitness activities for each one of us to be excited to spend time in a lively way," we are developing activities with the ultimate goal of achieving a subjective feeling of liveliness and excitement, that is to say, improved health satisfaction among each and every employee as well as

their family members.

Specifically, we have set "good appetite," "good sleep," and "good bowel movements" as three indexes to represent the daily level of health satisfaction (degree of liveliness and excitement) regarding the mental and physical health among each and every one of us, for the purpose of assessing the degree of achievement of the activity principle and objective. In addition, we have set "diet" "exercise" "smoking" "care for the teeth" "sleep" and "drinking" as six indexes for lifestyle habits that can lead to improved health satisfaction. We utilize these indexes in a system that is designed to visualize each person's health condition using ICT and other technologies, and that encourages changes in behavior according to lifestyle habits. We also use these indexes in a system that allows targets to be set according to the achievement status of each individual. In this way, we have been further stimulating activities across the Group.

Our group companies overseas are likewise taking initiatives to maintain and promote health among their employees, in consideration of the health situation in their respective countries.

Promoting Mental Health Care

Mental health care is a top priority for health management in the Mitsubishi Electric Group. By establishing a counseling program that includes an industrial physician and/or counselor and other such initiatives, active efforts are made to help employees cope with everyday worries related to work and family and other emotional issues.

Through conventional telephone and e-mail counseling and a newly introduced face-to-face counseling program as well as an online counseling program provided by an employee assistance program (EAP*), which covers domestic group companies as well, we have actively worked on the primary prevention of employee mental health disorders. As a place to check issues related to mental health and also for cooperation between parties developing a location (office) policy and measures, after formulating a Mental Health Development Plan, the Office Safety and Health Committee (Committee to Promote Mental Health) will further be effectively used. By disclosing through the Committee information such as the presence or absence of employees who had an injury/ sick leave or absences due to mental health, the status of implementation of measures to ensure health and welfare (the number of people eligible for long-term counseling, etc.), and the plans for and results of mental health-related training programs, continuous improvement activities are promoted.

With regard to a stress check system in line with legislation, efforts are being made to improve the workplace climate of organizations with issues in light of the results of organizational analysis.

Employees who return to work after taking a mental health leave are fully supported by the belonging department, human resource department, and industrial physician based on the Mitsubishi Electric Guidelines for Return-to-Work Support revised in 2021, and every effort is made to facilitate their return to their workplace and prevent any relapse. Specifically, inspection is carried out in order to ensure thorough operation regarding the periodic ascertainment of the situation of employees who are absent from work, compliance with giving consideration to employees who have returned to the workplace based on the opinions of an industrial physician (restricting work, etc.), such as creating an environment where the workplace as a whole can provide support for smoothly returning after a long leave.

Furthermore, by conducting stress checks and appointing dedicated counselors in the Mitsubishi Electric head office, focused care is also provided to employees posted outside of Japan, where working and living environments largely differ from Japan.

In terms of education, line-care and self-care training are repeatedly implemented through lectures, to provide sessions on mental health and strengthen responses to mental health among managers and employees, especially for mental health. As a common feature of the Group, Mitsubishi Electric and its group companies in Japan also provide safety and health education based on an internal e-learning system, which has been instrumental in promoting greater understanding of mental healthcare (line-care, self-care) to more than 100,000 employees, managers, and supervisors every year.

Starting fiscal 2021, these education programs will be strengthened by making mental healthcare education for new employees mandatory and enhancing the resilience training program.

* EAP (Employee Assistance Program): a program that provides support to employees, by providing a wide range of counseling covering physical health, relationships with family and colleagues, as well as mental health.

Creating Comfortable Workplace Environments

The Mitsubishi Electric Group recognizes that people spend a large part of their lives at their place of employment and is committed to creating a comfortable work environment where everyone can work actively that is designed with the elderly and people with disabilities in mind. By establishing own standards (workplace environment standards) for air, lighting, noise, and facilities, and by working to achieve each standard, Mitsubishi Electric pursues ongoing efforts to create comfortable workplace environments.

Social：
Human Rights

Concept of Respect for Human Rights

Policy on Respect for Human Rights

Protection of human rights and support for internationally agreed human rights are imperatives for the Mitsubishi Electric Group's business activities. Accordingly, as members of the Group, we recognize our duty to prevent any complicity with human rights violations. On that basis, the Mitsubishi Electric Group enacted its Corporate Ethics and Compliance Statement in 2001 and pledged that all executives and members of the Group "will conduct ourselves always with a respect for human rights, will not discriminate based on nationality, race, religion, gender, or any other reason." As the Mitsubishi Electric Group continues to expand its business globally, in accordance with the spirit of the Mitsubishi Electric Group's "Purpose" and "Our Values," it has established this Human Rights Policy and shall raise awareness of human rights among its members and make sure to properly deal with related incidents in order to ensure that its business activities do not have a negative impact on human rights.

Policy on Respect for Human Rights in the Supply Chain

In 2018, we established the CSR Procurement Guidelines to inform suppliers of the Mitsubishi Electric Group's approach to sustainability and the points that we expect suppliers to comply with, and we rolled the Guidelines out to our suppliers.

Based on the RBA Code of Conduct, the CSR Procurement Guidelines clearly prohibit forced labor, hazardous and harmful labor, and child labor; mandate a reduction in the number of excessive working hours; and ensure the right to a minimum wage, etc. We ask our suppliers to understand and comply with the Mitsubishi Electric Group's approach.

Management System Related to Respecting Human Rights

In order to undertake human rights due diligence and other measures based on the United Nations Guiding Principles on Business and Human Rights, etc., the Mitsubishi Electric Group has been implementing the Plan-Do-Check-Act (PDCA) cycle, in which the results of human rights initiatives are confirmed and policies and plans are considered and approved in a meeting of the Sustainability Committee held every year.

In fiscal 2023, a permanent Human Rights Subcommittee was established as a subordinate organization to the Sustainability Committee in order to respond promptly to improve human rights initiatives and to resolve issues.

Since human rights issues relate to a wide range of fields, the responsible division is identified first to work on specific issues, while the Human Rights Subcommittee discusses and decides which direction to take with respect to issues of concern to the entire company. A system is in place for reporting progress to the Sustainability Committee and the Executive Officers Meeting, and to have the Executive Officers and Directors provide guidance and oversight.

The Human Rights Subcommittee is chaired by the Senior General Manager of the Sustainability Planning Division and consists of the heads of the relevant divisions.

In addition, the Human Rights Working Group, which is composed of Section Manager-level members from the divisions that make up the Human Rights Subcommittee, examines the practical implementation of various human rights-related initiatives.

In fiscal 2023, the Human Rights Subcommittee met three times, while the Human Rights Working Group met eleven times.

Human Rights Management

Based on its "Human Rights Policy," the Mitsubishi Electric Group identifies "respect for all people" as materiality and promotes the following initiatives

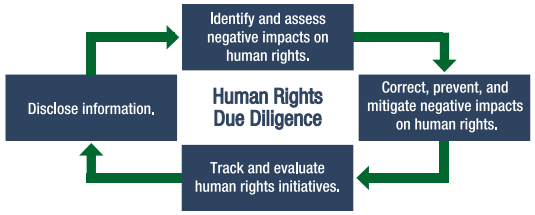
Mid- to Long-Term Goals and Roadmap for Human Rights Initiatives

The Human Rights Subcommittee discussed mid-to-long-term goals and the roadmap for respecting human rights since human rights initiatives are diverse and must be prioritized, and improvements must be ongoing rather than one-off activities. In the short term (one year), specific action items and KPIs are set, and the Human Rights Subcommittee and the Sustainability Committee follow up on the results.

Mid- to long-term goals and the roadmap for human rights initiatives (in brief)

Human Rights Due Diligence

The Mitsubishi Electric Group is committed to human rights due diligence in accordance with the United Nations Guiding Principles on Business and Human Rights.



1. Identification and assessment of negative impacts on human rights (Human Rights Impact Assessment)

The Mitsubishi Electric Group periodically carries out "Human Rights Impact Assessments" in order to assess the impact of the Group's business activities on human rights.

The human rights impact assessment conducted in fiscal 2022 at a total of 417 sites among Mitsubishi Electric, domestic affiliates, and overseas affiliates identified human rights issues for which the Mitsubishi Electric Group should strengthen its efforts and evaluated the statuses of efforts at each site.

2. Correcting, preventing, and mitigating negative impacts on human rights

The Mitsubishi Electric Group has taken the following actions to address the issues identified.

Human rights issues to be addressed and strengthened

Issue to be addressed / strengthened	Overview
Harassment prevention	We strengthened the following efforts: ・Awareness-raising activities, including the publication of a harassment prevention handbook ・Reduction in the number of long working hours by implementing organizational culture reform ・Partial acquisition of ISO 45001 certification
Working time management	
Occupational health and safety	
Human rights education	In addition to the harassment and diversity training that has been conducted, we explained business and human rights, the Mitsubishi Electric Group Human Rights Policy, and other topics in the new company-wide training course "Sustainability in the Mitsubishi Electric Group."
Supply chain human rights initiatives, addressing conflict minerals	・In addition to our existing CSR procurement activities, we are exploring the possibility of implementing the supply chain management process of the Responsible Business Alliance (RBA), which we joined in 2022 (we plan to start explaining the process to our suppliers in fiscal 2024).
Grievance handling	・We joined the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) primarily to strengthen the collection of human rights complaints across the supply chain. ・We have improved user accessibility by providing a separate "Human Rights Contact Desk" on our official website and by improving the homepage (landing and description) in the "Inquiries on Sustainability" section of the official website.

In addition, at any site where human rights efforts are deemed inadequate, improvement plans are developed to correct, prevent, or mitigate negative impacts on human rights.

3. Tracking and evaluating human rights initiatives

We review the progress of each site's plans and strive to achieve continuous improvement.

4. Identification and assessment of negative impacts on human rights in fiscal 2024 (Human Rights Impact Assessment)

To identify significant human rights issues in our operations, we plan to conduct a more objective human rights impact assessment based on global standards with the help of external human rights experts.

Initiatives Related to Employee Human Rights

We will respect the human rights of employees and implement initiatives, such as embracing diversity, maintaining a favorable working environment, and ensuring occupational safety and health and mental and physical health, in order to create a work environment where all employees can work actively with a sense of security.

Human Rights Initiatives in the Supply Chain; Joining the RBA

Since fiscal 2019, we have been seeking consent from suppliers to agreement on initiatives for social issues including human rights issues.

In order to enhance the objectivity and transparency of the Mitsubishi Electric Group's human rights initiatives, in February 2022 we jointed the Responsible Business Alliance (RBA), an alliance that promotes corporate social responsibility in the global supply chains. We commit to progressively align our own operations with the provisions of the RBA Code of Conduct, to promote continuous improvement of our sustainability efforts.

Responsible Business Alliance
Formerly the Electronic Industry Citizenship Coalition
Affiliate Member

Human Rights Education

The Mitsubishi Electric Group takes various opportunities to educate its employees on human rights, including “hierarchy-specific training," “company-wide training (e-learning)," and “harassment training."

Grievance Handling Mechanism

Primary contact point for human rights grievances

The Mitsubishi Electric Group has established several contact points to receive human rights inquiries from various stakeholders as listed in the table below.

In fiscal 2023, to further strengthen prompt identification of information on human rights violations in the supply chain and remediation activities, as well as to improve transparency in complaint handling, we joined the Japan Center for Engagement and Remedy on Business and Human Rights ("JaCER") as a founding member (regular member) in October 2022. This enables Mitsubishi Electric stakeholders to report grievances to JaCER, a non-judicial grievance platform in accordance with the UN Guiding Principles on Business and Human Rights.

In addition, JaCER participants, including Mitsubishi Electric, can obtain third-party investigations, advisory mediation, and other services through JaCER as needed.

Furthermore, we have improved user accessibility by providing a separate "Human Rights Contact Desk" on our official website and by improving the homepage (landing and description) in the "Inquiries on Sustainability" section of the official website.

Responding to human rights grievances

In response to individual reports on human rights risks, the responsible division shall promptly confirm the facts of the case in accordance with the consultation content.

In the event that a human rights violation or other problem is identified to have resulted from the Mitsubishi Electric Group's business activities, we shall promptly implement corrective and remedial measures as well as take appropriate actions, including responding to victims and considering disciplinary measures for those who committed such violations, etc.

The Mitsubishi Electric Group's main point of contact shall share the details of each consultation with the division in charge of resolving the problem. Nevertheless, efforts shall be made to minimize information sharing among the parties concerned.

No whistleblower shall be retaliated against by any company or individual for making a report.

Mitsubishi Electric's main points of contact for whistleblowing/consultation

Service available to	Name of point of contact for whistleblowing/consultation	Matters to be consulted	Contact
Various stakeholders (customers, people in the community)	"Inquiries on sustainability" and "Other Inquiries" on the Mitsubishi Electric Group official website	● Inquiries regarding the Mitsubishi Electric Group's sustainability ● Other various inquiries regarding the Mitsubishi Electric Group's business activities	<Japanese> Inquiries on sustainability Other Inquiries <Global (English)> Inquiries on sustainability Other Inquiries
	Japan Center for Engagement and Remedy on Business and Human Rights (JaCER)*1	Whistleblowing or consultations on human rights violations within the Mitsubishi Electric Group, especially those in the supply chain.	JaCER
Mitsubishi Electric employees, family companies employees*2, suppliers to Mitsubishi Electric*2	Ethics observance hotline	Whistleblowing or consultation regarding organized or individual employees' fraud, legal violation, act of breach of ethics	Internal points of contact/external points of contact (lawyers) *3*4
Mitsubishi Electric employees	Points of contact for consultation on sexual harassment, power harassment, etc.	Whistleblowing or consultation on various types of harassment in Mitsubishi Electric's workplace	Human Resource Div. at each office of Mitsubishi Electric

*1 The Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) provides a non-judicial "Engagement and Remedy Platform," in accordance with the UN Guiding Principles on Business and Human Rights. The "Engagement and Remedy Platform" receives grievances and reports of violations or alleged violations of international and national codes of conduct as well as assists member companies in addressing grievances.

*2 Limited to whistleblowing that is relevant to Mitsubishi Electric in personal and business aspects.
*3 The points of contact are listed on Mitsubishi Electric's intranet, internal posters, "Code of Corporate Ethics and Compliance," etc.
*4 A whistleblowing system has been established at each domestic and overseas family companies of the Mitsubishi Electric Group.

Social：

Supply Chain Management (Procurement)

Procurement Policy and Supplier Criteria

The Mitsubishi Electric Group ensures fair and impartial selection and evaluation of business partners in Japan and overseas by providing an explanation of the Group's Purchasing Policy and CSR Procurement Policy (Sustainability Procurement Policy), and requesting business partners' understanding of these policies. By ensuring proper evaluation of suppliers based on selection and evaluation criteria established by the Group, procurement risks are also mitigated along the supply chain.

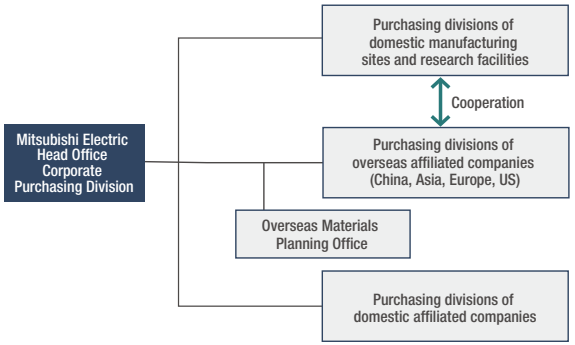
The Group's criteria for evaluating business partners include not only quality, cost, delivery schedules and services, but also initiatives in response to environmental regulations and sustainability initiatives. As a basic policy, the Group preferentially procures materials from suppliers who rank high in a comprehensive evaluation.

In order to enhance the objectivity and transparency of the Mitsubishi Electric Group's human rights initiatives, in February 2022, we joined the Responsible Business Alliance (RBA), an alliance that promotes corporate social responsibility in global supply chains. We commit to progressively align our own operations with the provisions of the RBA Code of Conduct, a global standard, to promote continuous improvement of our sustainability efforts.

Framework for Promotion of Procurement Supply Chain Management

Under globally sustainable procurement, target costing and cost co-creation by enhancement of partnership (G-STEP) strategy toward strengthening the purchasing structure, the Mitsubishi Electric Group aims to achieve the lowest cost ratio ever starting in fiscal 2021. In this effort, we developed and promoted the measures with the following aim: "We will contribute to the realization of sustainability through all corporate activities. By doing so, we will make further efforts to enhance economic and social value so as to raise our corporate value," which is the Group's business goal, through sustainable and stable procurement. In cooperation with the Materials Planning Office in regional corporate offices in China, Asia, Europe and the Americas, we implement purchasing strategies through conferences of procurement officers and other such meetings to promote optimal procurement activities suited to each region.

In addition to this initiative, we will also promote activities to mitigate any perceived risks regarding a range of issues related to labor practices and environmental problems in the procurement supply chain and thereby strengthen our business continuity plan (BCP).



■Framework for promotion of procurement supply chain management

Mid- to Long-Term Priority Activity Objectives

Continuing activities to identify and address risks involving major human rights violations (forced labor, hazardous or dangerous labor, and child labor) in the supply chain

The Mitsubishi Electric Group verifies the progress of suppliers' initiatives to respond to the requirements outlined in the Green Accreditation Guideline and CSR Procurement Guidelines by requesting principal suppliers who fall within the top 80% in terms of purchase amounts to complete a survey form once every three years. We identify high risk business partners through the survey and by confirming survey questionnaire answers by individually determining the presence of especially major human rights violations risks, such as forced labor, dangerous or hazardous labor, and child labor. In the case that a risk is identified, we will continue to request corrections through communication with the applicable business partners. Note that we have not identified any business partners who are cause for concern about such major human rights violations risks based on the survey in fiscal 2023. In the guidelines, we will also include reduction of the number of excessive working hours and the right to a minimum wage, and we will continue to confirm this by means of the survey form.

In addition, we have conducted a survey of 390 main subcontract factories in the Mitsubishi Electric Group's production activity on foreign technical intern trainees in 2019. Although there were no suppliers who are at risk of infringing on the Technical Intern Training Act, we will continue promoting activities for preventing the violation of human rights of foreign technical intern trainees.

web Survey on Foreign Technical Intern Trainees (Sustainability Report 2023)

Transitioning to RBA-compliant initiatives

We joined the RBA in February 2022. In fiscal 2023, we organized our thinking on how to align the current CSR Procurement Guidelines and the Green Accreditation Guideline with the RBA Code of Conduct. Going forward, we will prepare specific guidelines and explain them to suppliers.

web Procurement Activities

Establishing a grievance mechanism for the entire supply chain

We joined the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) to strengthen our "grievance mechanism" for receiving and resolving grievances in the supply chain, and we have added a grievance point of contact.

Initiatives to decarbonize procurement supply chain activities

The Environmental Sustainability Vision 2050 aims to achieve decarbonization in the entire value chain. We will grasp the level of reduction in CO2 emissions generated during production by suppliers and call for further reductions. In fiscal 2023, we conducted a survey on the status of carbon neutral initiatives and greenhouse gas emissions of our major suppliers. Based on the survey results, we will improve the accuracy of "greenhouse gas emissions in the value chain."

web Environmental Sustainability Vision 2050

Social：

Philanthropic Activities

Our Philosophy on Philanthropic Activities

As a corporate citizen committed to meeting societal needs and expectations, the Mitsubishi Electric Group will make full use of the resources it has at hand to contribute to creating an affluent society in partnership with its employees.

"Three forms of coexistence" that the Mitsubishi Electric Group Aims for

To realize an inclusive society, the Mitsubishi Electric Group has been promoting activities at the level of people with a focus on each and every individual, the level of society as an aggregate of local communities, and the level of the Earth, which is the foundation for all individuals and communities. The Mitsubishi Electric Group will continue to strive to achieve “coexistence” at each of these levels.

Employees and the company shall work together to promote the "three forms of coexistence" and realize an inclusive society

Global Environment	Coexistence with the Global Environment	Promote activities that remind us how much we appreciate nature, which nurtures a diversity of life and provides us with many blessings, and encourage environmentally conscious behavior, through activities to protect and nurture nature.	Satoyama Woodland Preservation Project Mitsubishi Electric Outdoor Classroom
Social	Coexistence with Local Communities	Collaborate with NPOs and other organizations in the field of social welfare, education and other basic infrastructure for daily life to promote activities that focus on realizing sustainable and vibrant local communities where all people, including people with disabilities, can live their life in their own way.	Mitsubishi Electric SOCIO-ROOTS Fund Mitsubishi Electric Science Workshops
People	Coexistence with All People	Create opportunities and environments where all people, from adults to children, with or without disabilities, can respect and recognize each other and improve their physical and mental health.	Para-sports support Sports promotion Culture & arts support

Main Activities in FY2023

- Donations from the Mitsubishi Electric SOCIO-ROOTS Fund to support social welfare facilities and children at disaster areas
- Satoyama Woodland Preservation Project, Mitsubishi Electric Outdoor Classroom, and Mitsubishi Electric Science Workshop
- Support for developing the next generation of human resources through donations to organizations related to culture, the arts, and sports
- Employment assistance for young people with disabilities from the Mitsubishi Electric America Foundation
- Support for educational institutions from the Mitsubishi Electric Thai Foundation
- Holding Soccer clinics in Asia

Fundraising activities at each business location

Forest preservation activities (Fukuoka Prefecture)

Presentation ceremony for competition wheelchairs at the “Odaiba Challengers,” wheelchair basketball player discovery support program

The American Association of People with Disabilities (AAPD) Internship Program, which is supported by the Mitsubishi Electric America Foundation, in Washington, DC

Scholarship program by Mitsubishi Electric Thai Foundation: Ceremony held at Thammasat University

Soccer clinic in Singapore

Governance：
Compliance

Our Concept of Compliance

The Mitsubishi Electric Group regards "ethics and compliance" as the foundation of corporate management, and issues the message to all officers and employees as part of its efforts to establish even stronger relationships of trust with customers, stakeholders and society.

Compliance Motto – "Always Act with Integrity"

Always Act with Integrity
いかなるときも「誠実さ」を貫く

The Mitsubishi Electric Group established a compliance motto "Always Act with Integrity" for all Mitsubishi Electric Company's officers and employees on June 1, 2021."Integrity" means the strong will and attitude to persist in doing the right thing and having character traits such as "being fair," "being honest," "being sincere," "taking responsibility for one's behavior" and "respecting others."

At the same time of the establishment of the compliance motto, we established "Questions to test for Integrity" as a hint for officers of employees to ask themselves whether their action or decision is right if they are at a loss as to whether their action or decision is right.

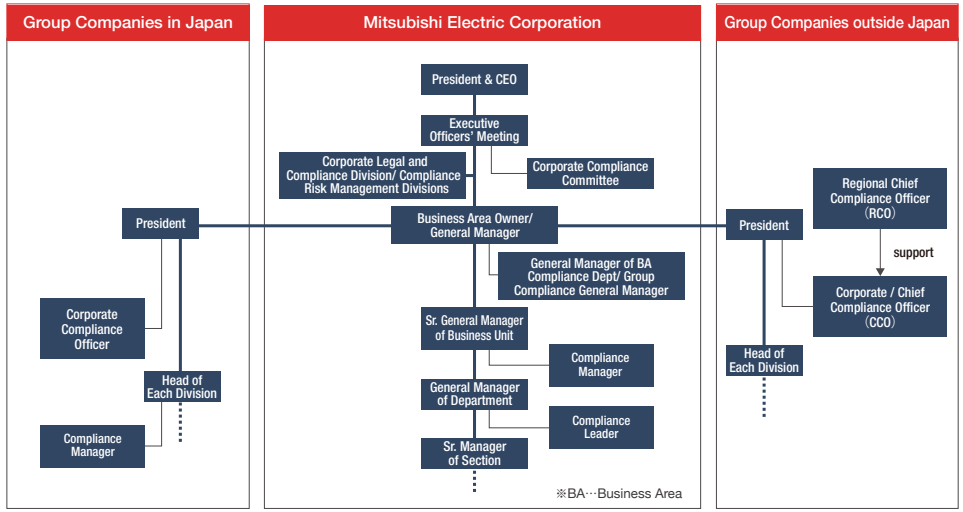
Questions to test for Integrity

1	Is your action or decision in line with laws and regulations, internal rules, contractual terms or this Code of Conduct?
2	Can you tell your family and friends about your action or decision without feeling ashamed?
3	Will you be proud of your action or decision if it is reported in the mass media or social media?
4	Does your action or decision give priority to compliance over other considerations, e.g., profit, efficiency, etc.?
5	Can you rationally and honestly defend your action or decision without having to give excuses such as, "It is just a small thing, there will be no problem"; "It will not be found out "; "I need to do this for the company"; "It has been done this way for a long time"; "My senior colleague also did that" or "I was instructed by my superior"?
6	Do you first assess if your superior's instructions are right in light of this Code of Conduct before acting upon the instructions?

Mitsubishi Electric Group Compliance Promotion Structure

The Mitsubishi Electric Group's compliance promotion structure is based on the recognition that the promotion of compliance is inseparably linked with business promotion. Based on this structure, the President and CEO of Mitsubishi Electric Corporation is the chief compliance promotion officer, and each Mitsubishi Electric business division as well as each affiliate in Japan and overseas proactively promotes compliance.

The Corporate Compliance Committee has been established as a company-wide organization in order to formulate overall compliance policies for the Mitsubishi Electric Group, to develop measures to maintain and strengthen the systems necessary to promote compliance, and to share information.



■Mitsubishi Electric Group compliance promotion structure

Meeting of compliance managers in the Europe region

Meeting of compliance managers in the Korea region

Governance：

Risk Management

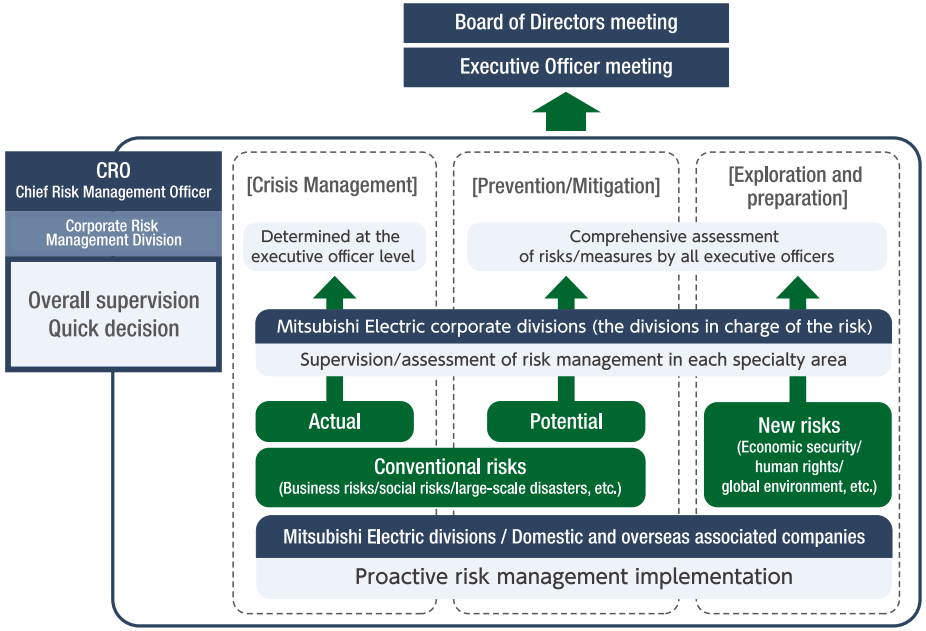
Basic Policy

With overseas revenue accounting for over 50%, the Mitsubishi Electric Group aims to transform into a “Circular Digital-Engineering Company” in a wide range of business areas. We also take the various compliance incidents that came to light seriously and have been working to improve our internal control system and others. To fulfil its responsibility to all stakeholders beginning with society, customers, shareholders, and employees, and to realize sustainability, the Group appropriately manages risks associated with the conduct of its business while strengthening its internal control system with an emphasis on prevention. Specifically, the framework incorporates risk management into business activities whereby risks are managed according to the size and characteristics of each business. Significant risks common to the entire Group are managed and prioritized according to their impact on the management of the Group as a whole. For new risks, such as human rights, demand for decarbonization, geopolitical risks, and game-changing trends in the future, we will respond in an effective manner through cross organizational and flexible team behavior.

Risk Management Framework

Risk management is implemented independently by each division and by domestic and overseas associated companies. In addition, the Group has built a framework to enable appropriate and quick decision making where Mitsubishi Electric's each corporate division (division in charge of risk management) supervises and assesses each division and domestic and overseas associated companies in their respective specialized areas, and a CRO (Chief Risk Management Officer) and a Corporate Risk Management Division supervise the entire Group.

We will focus on a wide variety of risks according to their degree of impact on the management of the entire Group, and will not only respond to conventional risks such as large-scale disasters and social risks, but also flexibly and strategically investigate and prepare for new risks in areas such as economic security, human rights, and the global environment. In particular, important matters related to management supervision and execution are deliberated upon and decided at the Board of Directors meetings and the Executive Officer meetings.



■Risk management framework (Mitsubishi Electric Group)

Economic Security

Against the backdrop of the recent competition for dominance in technology between the U.S. and China, more countries are introducing their unique systems that are beyond the traditional export controls based on international agreements within investment, procurement, development, human resources, network, data management, and so on. As tensions rise in the international community due to the global economic turmoil caused by the COVID-19 pandemic, Russia's invasion of Ukraine, and other events, risk management should go beyond the status quo of individual compliance in order to decipher the background and intent of policies and regulations from a bird's-eye view and the necessary control measures should be implemented accordingly.

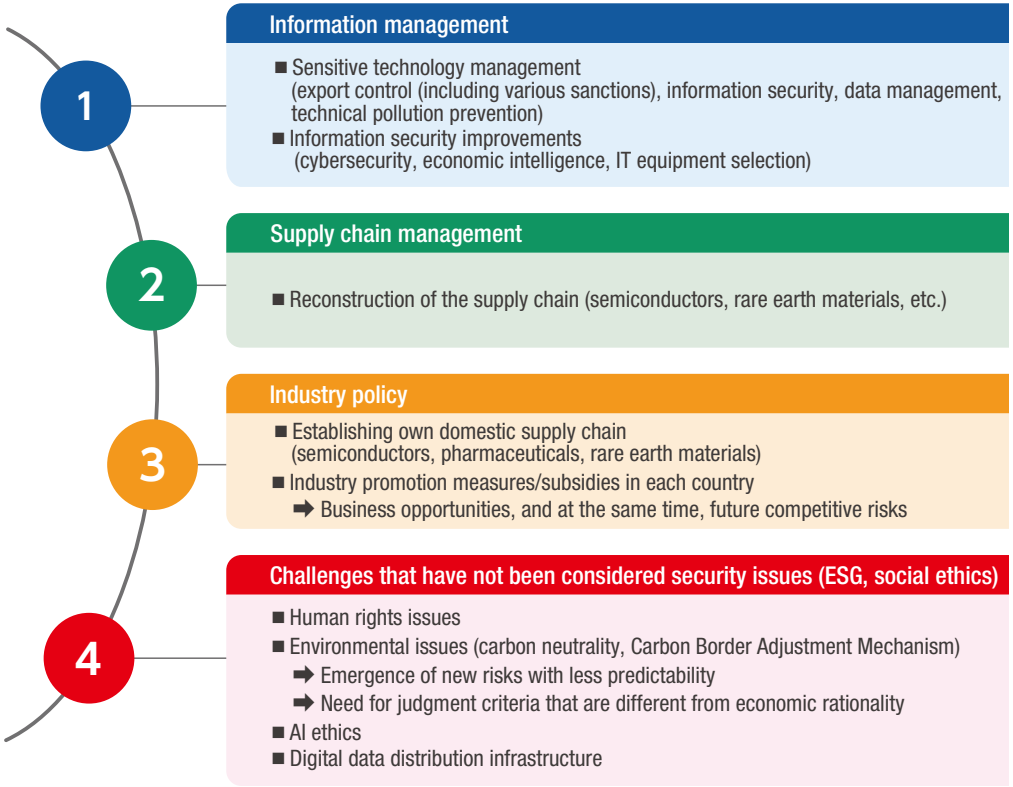
Meanwhile, there is growing concern about forced labor and environmental issues in supply chains. With respect to the former in particular, the U.S. has enacted the Uyghur Forced Labor Prevention Act, and Japan has issued "Guidelines for Respecting Human Rights in Responsible Supply Chains, etc." In these areas, there is a steady shift from soft law norms created by NGOs and NPOs to hard law, and the EU is also preparing the EU Corporate Sustainability Due Diligence Directive (CSDDD). It is important for risk management to properly identify trends and respond to them at as early a stage as possible, including by participating in rulemaking.

In addition, the geopolitical risks that have arisen as a result of Russia's invasion of Ukraine are directly related to supply chain disruptions and the risk of supply disruptions for critical commodities. To ensure business continuity, it is essential to identify vulnerable items and commercial distribution channels as well as to strengthen supply chains through appropriate risk control.

In addition to compliance with individual regulations as we have been thus far, in order to keep up with the dynamic changes in the economic security environment, we have set up the Corporate Economic Security Division directly under the president. This division investigates and analyzes technologies, policy trends and legal systems related to security as well as implements integrated management from a perspective of comprehensive economic security as it relates to company-wide information management, supply chains, industry policies, ESG, and social ethics.

We have also created a groupwide economic security system by setting up the Economic Security Secretariat in each department, the Economic Security Office in affiliated companies in Japan, and the Economic Security Administrator in affiliated companies overseas.

The four aspects of economic security considered by Mitsubishi Electric



Governance：

Information Security

Basic Policy

In order to prevent the recurrence of a data leak incident caused by unauthorized system access, the Mitsubishi Electric Group will continue to strengthen its information management and utilization systems and other functions, and it will strengthen its security measures for cyberattacks. As a specific target, we will aim to achieve level 2 or higher in the Cybersecurity Maturity Model Certification (CMMC ver. 2).*

Mitsubishi Electric manages information entrusted to the company by its customers and stakeholders and confidential corporate information relating to sales, engineering, intellectual property, and other areas. This management is carried out based on the Declaration of Confidential Corporate Information Security Management established in February 2005. In light of past events, we will once again work to increase awareness of this declaration further within the Mitsubishi Electric Group and strive to protect and manage information even more carefully.

* Framework for Cybersecurity Maturity Model Certification set forth by the U.S. Department of Defense. Level 2 or higher means that excellent security measures and management systems are put in place.

web Declaration of Confidential Corporate Information Security Management

Framework and Guidelines

A new "Corporate Information Security Division" was established under the direct control of the president, to oversee all the Group's information security management. Since April 2020, it has integrated three functions that were previously separate: management of confidential corporate information and personal data protection, information system security, and product security. Since April 2021, we have enhanced the structure and add members of Corporate Information Security Division. In addition, we will invest more than ¥50 billion to implement cybersecurity measures and establish sustainable information security management system so that we can achieve Level 2 or higher of the Cybersecurity Maturity Model.

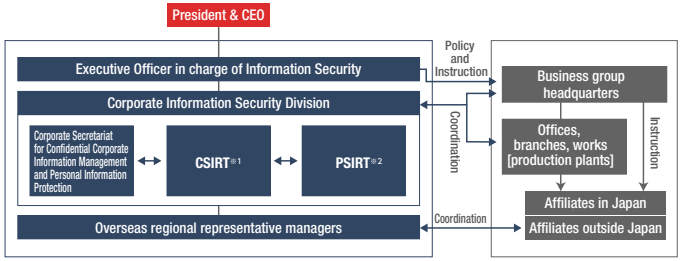
The Executive Officer in charge of Information Security is responsible for the Group's overall information security management. Under this officer's direction, the Corporate Information Security Division is in charge of planning and implementing the Group's information security management structure and rules as well as activities to ensure the security of information systems. The Division is striving to ensure information security by working closely with the Computer Security Incident Response Team (CSIRT) established in each business group and office that utilizes and manages the data and systems.

As other companies suffered cyberattacks that affected their factory productivity, Mitsubishi Electric also formed a section to ensure factory security, thereby bolstering preparedness.

In addition, as part of PSIRT activities*1 to promote product security measures, we were accredited as a CNA*2 in November 2020 and we now assign CVE IDs*3 to vulnerabilities that affect Mitsubishi Electric products and publish them by ourselves. This has strengthened a framework to practice efficient vulnerability handling with external stakeholders. Identified vulnerabilities are reported, instructions are given in keeping with this framework, and appropriate response is taken to prevent secondary damage.

Business groups and offices (offices, branches, works [production plants]) issue instructions and guidance on information security to affiliates in and outside Japan. Paying special attention to the circumstances and special characteristics of overseas affiliates, the Corporate Information Security Division will build close cooperative relations with overseas regional representative managers at sites in the Americas, Europe, and Asian countries to ensure information security.

*1 PSIRT is an abbreviation for Product Security Incident Response Team, which works on the security quality of products and services.
*2 CVE Numbering Authority. CVE is an abbreviation for Common Vulnerabilities and Exposures.
*3 Internationally used vulnerability identifiers



※1 CSIRT: Computer Security Incident Response Team
※2 PSIRT: Product Security Incident Response Team

Control and Planning
Units responsible for promoting information security

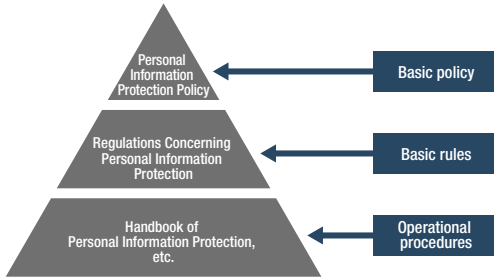
■Information security organization structure (Mitsubishi Electric Group)

Personal Information Protection

In efforts to protect personal information, Mitsubishi Electric first created company rules on personal information protection in October 2001, and since then it has required all employees and affiliated persons to obey those rules strictly. Mitsubishi Electric issued a personal information protection policy in 2004, complying with the requirements of JIS Q 15001:2006 Personal Information Protection Management Systems. In January 2008, we were granted the right to use the "PrivacyMark," which certifies the establishment of management systems that ensure proper measures for personal information protection. We have maintained our "PrivacyMark" certification until the present.

We have also conducted a review of our internal regulations to ensure a proper response to Japan's amended Act on the Protection of Personal Information, which went into force in April 2022.

web Privacy Policy



■System of rules for personal information protection

Cyber-Attack Countermeasures

Cyber-attacks have become a major threat for businesses as they are growing increasingly sophisticated and diverse year-by-year. The Mitsubishi Electric Group is centrally managing the network, devices, and servers (cloud) and working to implement a multilayered defense which is based on the concept of zero-trust security* as countermeasures for cyber-attacks that are growing increasingly sophisticated and diverse, along with the wider use of cloud services and the wider adoption of teleworking. A multilayered defense lets us protect ourselves from cyber-attacks, detect suspicious signs and intrusions, and put in place a system to respond immediately should an incident occur, to prevent or minimize damage.

In addition, we have implemented multi-factor authentication that supports operations being conducted through access from offices, teleworking sites, and business trip destinations, and we manage authentication in a centralized manner. Internet websites are constantly exposed to many external threats, and so we only launch websites that are approved by Mitsubishi Electric in order to maintain a high security level.

* Concept of not giving trust to anything either inside or outside of the company, and testing and authorizing all communication attempts.

Finance & Company Data

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10-Year Summary

Mitsubishi Electric Corporation and Subsidiaries

(Millions of yen)

For the Fiscal Year		U.S. GAAP					IFRS					
		FY2014	FY2015	FY2016	FY2017	FY2018	FY2018	FY2019	FY2020	FY2021	FY2022	**FY2023**
Revenue		4,054,359	4,323,041	4,394,353	4,238,666	4,431,198	4,444,424	4,519,921	4,462,509	4,191,433	4,476,758	**5,003,694**
Operating profit		235,172	317,604	301,172	270,104	318,637	327,444	290,477	259,661	230,195	252,051	**262,352**
Profit before income taxes		248,990	322,968	318,476	296,249	364,578	353,206	315,958	281,986	258,754	279,693	**292,179**
Net profit attributable to Mitsubishi Electric Corp. stockholders		153,473	234,694	228,494	210,493	271,880	255,755	226,648	221,834	193,132	203,482	**213,908**
Total assets		3,612,966	4,059,451	4,059,941	4,172,270	4,264,559	4,305,580	4,356,211	4,409,771	4,797,921	5,107,973	**5,582,519**
Cash and cash equivalents		418,049	568,517	574,170	662,469	599,199	599,199	514,224	537,559	767,406	727,179	**645,870**
Bonds and borrowings		373,478	381,994	404,039	352,124	311,485	311,950	298,438	267,008	248,897	217,171	**252,265**
Mitsubishi Electric Corp. stockholders' equity		1,524,322	1,842,203	1,838,773	2,039,627	2,259,355	2,294,174	2,399,946	2,429,743	2,754,293	2,975,941	**3,239,027**
Cash flows from operating activities		440,487	378,313	366,677	365,950	240,450	265,768	239,817	395,834	542,119	282,371	**166,711**
Cash flows from investing activities		(130,221)	(198,163)	(255,443)	(148,632)	(178,219)	(182,015)	(210,668)	(203,997)	(176,552)	(114,867)	**(148,533)**
Free cash flows		310,266	180,150	111,234	217,318	62,231	83,753	29,149	191,837	365,567	167,504	**18,178**
Cash flows from financing activities		(209,021)	(49,623)	(82,144)	(123,495)	(128,291)	(149,813)	(112,067)	(156,454)	(157,352)	(241,319)	**(119,568)**
Dividends paid		25,762	42,936	57,963	57,963	68,696	68,696	85,871	85,871	77,283	85,723	**84,524**
R&D expenditures		178,945	195,314	202,922	201,330	210,308	210,308	212,794	206,846	190,574	195,144	**212,386**
Capital expenditures (Based on the recognized value of property, plant and equipment)		173,968	194,458	177,801	175,542	181,513	181,513	198,442	227,450	180,033	167,772	**240,971**
Depreciation		132,956	156,205	145,249	141,584	154,559	153,161	152,315	184,842	186,983	181,116	**187,210**
Per Share Amounts:												
Earnings per share attributable to Mitsubishi Electric Corp. stockholders (Yen)	Basic	71.49	109.32	106.43	98.07	126.70	119.19	105.65	103.41	90.03	95.41	**101.30**
	Diluted	—	—	—	—	—	119.19	105.65	103.41	90.03	95.41	**101.30**
Cash dividends declared (Yen)		17	27	27	27	40	40	40	40	36	40	**40**
Mitsubishi Electric Corp. stockholders' equity (Yen)		710.03	858.11	856.52	950.37	1,052.96	1,069.19	1,118.83	1,132.69	1,283.88	1,409.08	**1,533.98**
Financial Ratios:												
Operating profit ratio (%)		5.8	7.3	6.9	6.4	7.2	7.4	6.4	5.8	5.5	5.6	**5.2**
Return on revenue (%)		3.8	5.4	5.2	5.0	6.1	5.8	5.0	5.0	4.6	4.5	**4.3**
Return on equity (ROE) (%)		10.9	13.9	12.4	10.9	12.6	11.7	9.7	9.2	7.5	7.1	**6.9**
Return on assets (ROA) (%)		4.4	6.1	5.6	5.1	6.4	6.0	5.2	5.1	4.2	4.1	**4.0**
Mitsubishi Electric Corp. stockholders' equity ratio (%)		42.2	45.4	45.3	48.9	53.0	53.3	55.1	55.1	57.4	58.3	**58.0**
Bonds and borrowings to total assets (%)		10.3	9.4	10.0	8.4	7.3	7.2	6.9	6.1	5.2	4.3	**4.5**
Employees (persons)		124,305	129,249	135,160	138,700	142,340	142,340	145,817	146,518	145,653	145,696	**149,655**

1. The consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRS) from FY2019 and also for FY2018 as comparative information.
2. The balance of bonds and borrowings and the ratio of bonds and borrowings to total assets include lease liabilities until FY2019.
3. R&D expenditures include elements spent on quality improvements which constitute manufacturing costs.
4. Diluted earnings per share attributable to Mitsubishi Electric Corp. stockholders is equal to Basic earnings per share attributable to Mitsubishi Electric Corp. stockholders under IFRS, as no dilutive securities existed.

Consolidated Statement of Financial Position

Mitsubishi Electric Corporation and Subsidiaries

(Millions of yen)

	FY2022	**FY2023**
Assets		
Cash and cash equivalents	727,179	**645,870**
Trade receivables	944,405	**1,051,641**
Contract assets	287,697	**295,291**
Other financial assets	62,135	**60,953**
Inventories	959,660	**1,209,254**
Other current assets	109,220	**125,178**
Current assets	3,090,296	**3,388,187**
Investments accounted for using the equity method	221,467	**236,785**
Other financial assets	321,056	**358,598**
Property, plant and equipment	855,746	**896,313**
Goodwill and intangible assets	161,494	**190,601**
Deferred tax assets	159,915	**154,441**
Other non-current assets	297,999	**357,594**
Non-current assets	2,017,677	**2,194,332**
Total assets	5,107,973	**5,582,519**

(Millions of yen)

	FY2022	**FY2023**
Liabilities		
Bonds, borrowings and lease liabilities	173,213	**186,304**
Trade payables	601,606	**644,456**
Contract liabilities	188,300	**239,228**
Other financial liabilities	167,687	**174,891**
Accrued expenses	326,703	**332,788**
Accrued income taxes	33,575	**46,617**
Provisions	106,112	**121,891**
Other current liabilities	49,526	**56,651**
Current liabilities	1,646,722	**1,802,826**
Bonds, borrowings and lease liabilities	156,248	**214,454**
Other financial liabilities	—	**930**
Net defined benefit liabilities	162,353	**153,821**
Provisions	4,921	**3,824**
Deferred tax liabilities	4,774	**7,762**
Other non-current liabilities	35,558	**35,678**
Non-current liabilities	363,854	**416,469**
Total liabilities	2,010,576	**2,219,295**
Equity		
Common stock	175,820	**175,820**
Capital surplus	202,695	**202,888**
Retained earnings	2,464,966	**2,636,136**
Accumulated other comprehensive income (loss)	184,528	**276,898**
Treasury stock, at cost	△52,068	**△52,715**
Mitsubishi Electric Corp. stockholders' equity	2,975,941	**3,239,027**
Non-controlling interests	121,456	**124,197**
Total equity	3,097,397	**3,363,224**
Total liabilities and equity	5,107,973	**5,582,519**

Consolidated Statement of Profit or Loss

Mitsubishi Electric Corporation and Subsidiaries

(Millions of yen)

	FY2022	**FY2023**
Revenue	4,476,758	**5,003,694**
Cost of sales	3,212,216	**3,596,781**
Selling, general and administrative expenses	1,013,674	**1,147,981**
Other profit (loss)	1,183	**3,420**
Operating profit	252,051	**262,352**
Financial income	11,910	**12,302**
Financial expenses	2,702	**4,296**
Share of profit of investments accounted for using the equity method	18,434	**21,821**
Profit before income taxes	279,693	**292,179**
Income taxes	61,808	**67,235**
Net profit	217,885	**224,944**
Net profit attributable to:		
Mitsubishi Electric Corp. stockholders	203,482	**213,908**
Non-controlling interests	14,403	**11,036**

(Millions of yen)

	FY2022	**FY2023**
Earnings per share (attributable to Mitsubishi Electric Corp. stockholders)		
Basic	95.41	**101.30**
Diluted	95.41	**101.30**

Consolidated Statement of Comprehensive Income

Mitsubishi Electric Corporation and Subsidiaries

(Millions of yen)

	FY2022	**FY2023**
Net profit	217,885	**224,944**
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to net profit		
Changes in fair value of financial assets measured at fair value through other comprehensive income	6,762	**28,963**
Remeasurements of defined benefit plans	64,720	**40,693**
Share of other comprehensive income of investments accounted for using the equity method	342	**549**
Total items that will not be reclassified to net profit	71,824	**70,205**
Items that may be reclassified to net profit		
Exchange differences on translating foreign operations	80,060	**62,866**
Net changes in the fair value of cash flow hedges	△2	**32**
Share of other comprehensive income of investments accounted for using the equity method	9,118	**5,538**
Total items that may be reclassified to net profit	89,176	**68,436**
Total other comprehensive income (loss)	161,000	**138,641**
Comprehensive income	378,885	**363,585**
Comprehensive income attributable to:		
Mitsubishi Electric Corp. stockholders	356,926	**348,064**
Non-controlling interests	21,959	**15,521**

Consolidated Statement of Changes in Equity

Mitsubishi Electric Corporation and Subsidiaries

FY2022

(Millions of yen)

	Mitsubishi Electric Corp. stockholders' equity					Total	Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost			
Balance at beginning of year	175,820	202,777	2,266,490	111,801	△2,595	2,754,293	116,318	2,870,611
Comprehensive income								
Net profit			203,482			203,482	14,403	217,885
Other comprehensive income (loss), net of tax				153,444		153,444	7,556	161,000
Comprehensive income	—	—	203,482	153,444	—	356,926	21,959	378,885
Reclassification to retained earnings			80,717	△80,717		—		—
Dividends			△85,723			△85,723	△13,673	△99,396
Purchase of treasury stock					△50,526	△50,526		△50,526
Disposal of treasury stock		△1,053			1,053	0		0
Transactions with non-controlling interests and others		971				971	△3,148	△2,177
Balance at end of year	**175,820**	**202,695**	**2,464,966**	**184,528**	**△52,068**	**2,975,941**	**121,456**	**3,097,397**

FY2023

(Millions of yen)

	Mitsubishi Electric Corp. stockholders' equity					Total	Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost			
Balance at beginning of year	175,820	202,695	2,464,966	184,528	△52,068	2,975,941	121,456	3,097,397
Comprehensive income								
Net profit			213,908			213,908	11,036	224,944
Other comprehensive income (loss), net of tax				134,156		134,156	4,485	138,641
Comprehensive income	—	—	213,908	134,156	—	348,064	15,521	363,585
Reclassification to retained earnings			41,786	△41,786		—		—
Dividends			△84,524			△84,524	△10,382	△94,906
Purchase of treasury stock					△1,575	△1,575		△1,575
Disposal of treasury stock		△928			928	0		0
Transactions with non-controlling interests and others		1,121				1,121	△2,398	△1,277
Balance at end of year	**175,820**	**202,888**	**2,636,136**	**276,898**	**△52,715**	**3,239,027**	**124,197**	**3,363,224**

Consolidated Statement of Cash Flows

Mitsubishi Electric Corporation and Subsidiaries

(Millions of yen)

	FY2022	**FY2023**
Cash flows from operating activities		
Net profit	217,885	**224,944**
Adjustments to cash flows from operating activities		
Depreciation and amortization	206,813	**213,843**
Impairment losses	4,080	**25,012**
Loss (gain) on sales and disposal of property, plant and equipment, net	1,142	**△21,783**
Income taxes	61,808	**67,235**
Share of profit of investments accounted for using the equity method	△18,434	**△21,821**
Financial income and financial expenses	△9,208	**△8,006**
Decrease (increase) in trade receivables	△7,319	**△82,851**
Decrease (increase) in contract assets	△12,145	**△6,610**
Decrease (increase) in inventories	△183,436	**△224,266**
Decrease (increase) in other assets	5,456	**△5,152**
Increase in trade payables	50,011	**35,587**
Increase (decrease) in net defined benefit liabilities	△7,859	**△8,905**
Increase in other liabilities	37,071	**51,491**
Others, net	△9,908	**△13,068**
Subtotal	335,957	**225,650**
Interest and dividends received	21,704	**21,920**
Interest paid	△2,477	**△3,826**
Income taxes paid	△72,813	**△77,033**
Cash flows from operating activities	282,371	**166,711**

(Millions of yen)

	FY2022	**FY2023**
Cash flows from investing activities		
Purchase of property, plant and equipment	△134,337	**△151,117**
Proceeds from sale of property, plant and equipment	3,122	**31,682**
Purchase of intangible assets	△21,725	**△24,439**
Purchase of investment securities and others, net of cash acquired	△13,558	**△28,345**
Proceeds from sale of investment securities and others, net of cash disposed	53,227	**20,669**
Others, net	△1,596	**3,017**
Cash flows from investing activities	△114,867	**△148,533**
Cash flows from financing activities		
Proceeds from bonds and long-term borrowings	825	**77,075**
Repayments of bonds and long-term borrowings	△35,514	**△54,594**
Increase in short-term borrowings, net	1,677	**14,340**
Repayments of lease liabilities	△55,896	**△57,959**
Dividends paid to Mitsubishi Electric Corp. stockholders	△85,723	**△84,524**
Purchase of treasury stock	△50,526	**△1,575**
Disposal of treasury stock	0	**0**
Dividends paid to non-controlling interests	△13,474	**△10,488**
Transactions with non-controlling interests	△2,688	**△1,843**
Cash flows from financing activities	△241,319	**△119,568**
Effect of exchange rate changes on cash and cash equivalents	33,588	**20,081**
Net increase (decrease) in cash and cash equivalents	△40,227	**△81,309**
Cash and cash equivalents at beginning of year	767,406	**727,179**
Cash and cash equivalents at end of year	727,179	**645,870**

Initiatives / External Evaluation

Initiatives

Participation in the UN Global Compact

In May 2018, the Mitsubishi Electric Group signed the UN Global Compact (UNGC) * aimed at promoting sustainability activities based on international norms.

By signing the UNGC, the Group pledges to make continued efforts to enhance sustainability activities by complying with the ten principles in the four areas of human rights, labor, environment, and anti-corruption to the extent that it can make an impact on society. Efforts will be made to enhance the Group's activities by maintaining close communication with UN organizations and relevant initiatives.

* A voluntary initiative to participate in creating a global framework to achieve sustainable growth.

web UN Global Compact

Obtaining certification from the SBT initiative

It is recognized that the Mitsubishi Electric Group's greenhouse gas reduction targets for 2030 are based on scientific grounds to "Holding the increase in the global average temperature to well below 2°C above preindustrial levels" as stipulated in the Paris Agreement. We have obtained certification from the SBT (Science Based Targets) initiative.

web Mitsubishi Electric Sets Ambitious Greenhouse Gas Reduction Targets

Expression of approval of the TCFD recommendations

The Mitsubishi Electric Group has expressed approval of the recommendations by TCFD (Task Force on Climate-related Financial Disclosures) and has been promoting initiatives and disclosing information according to its recommendations.

web Financial Information Based on Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

Joining CLOMA

On April 1, 2023, Mitsubishi Electric joined the Japan Clean Ocean Material Alliance (CLOMA) to help solve marine plastic waste problems. By accelerating our efforts toward solving waste plastic problems including those related to marine plastics through the use of our proprietary advanced plastic sorting technology, we will further contribute to realizing a circular society.

web Joining the Clean Ocean Material Alliance (CLOMA) (in Japanese text)

Participating in the GX League

Mitsubishi Electric is participating in the GX League announced by the Ministry of Economy, Trade and Industry (METI). The GX League has been established by companies which actively work on green transformation (GX) together with players who strive to achieve GX, including governments, academia, public research institutions, and financial institutions, as a forum for discussing the overall economic and social system and creating new markets accordingly. Mitsubishi Electric will promote efforts to achieve GX through the activities of the GX League.

web Participating in METI's GX League (in Japanese text)

Joining the RBA

In February 2022, Mitsubishi Electric joined the Responsible Business Alliance (RBA), an alliance that promotes corporate social responsibility in global supply chains. We commit to progressively align our own operations with the provisions of the RBA Code of Conduct, a global standard, to promote continuous improvement of our sustainability efforts.

web Mitsubishi Electric Joins the Responsible Business Alliance (RBA)

Joining JaCER as a Founding Member

Mitsubishi Electric has joined the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER), which was established in June 2022 with the aim of supporting and encouraging companies in handling complaints, as a founding member (regular member). Going forward, we will strengthen our mechanism for handling complaints and continue to contribute to realizing a society that respects human rights in society.

web Mitsubishi Electric Joins Japan Center for Engagement and Remedy on Business and Human Rights as a Founding Member

Main initiatives in which Mitsubishi Electric is participating

- Japan Business Federation (Keidanren)
- Ministry of the Environment (30by30 Alliance for Biodiversity)
- Japan Association of Corporate Executives
- The Japan Chamber of Commerce and Industry
- Japan Electronics and Information Technology Industries Association
- Communications and Information Network Association of Japan
- The Japan Electrical Manufacturers' Association
- The Japan Machinery Federation
- Council on Competitiveness-Nippon
- Japanese Standards Association
- Japan Intellectual Property Association
- Japan Institute of Invention and Innovation

External Evaluation

Positive Impact Finance

Mitsubishi Electric has entered into a Positive Impact Finance (PIF) financing agreement, which is intended to continuously support the activities of companies that comprehensively assess and monitor the impacts of their corporate activities on the environment, society, and the economy, thereby contributing to the achievement of the SDGs, with MUFG Bank, Ltd. Upon entering the agreement, we received qualitative and quantitative assessment from Mitsubishi UFJ Research and Consulting Co., Ltd. and obtained independent opinions from Japan Credit Rating Agency, Ltd.

Mitsubishi Electric Enters into a PIF Agreement with MUFG Bank (in Japanese text)

CDP

Mitsubishi Electric was selected as a "Supplier Engagement Leader" in the Supplier Engagement Rating from CDP. We also received "A-" (Leadership Level) ratings in the Climate Change and Water Security categories.

Mitsubishi Electric Named CDP Supplier Engagement Leader for Three Consecutive Years and Sixth Time

EcoVadis

Mitsubishi Electric has been awarded the Bronze Rating in corporate social responsibility (CSR) by EcoVadis, the global CSR assessment agency. The Bronze Rating places Mitsubishi Electric among the top 50 percent of all companies assessed by EcoVadis.

FTSE Index Series

FTSE Russell (UK) is a company that engages in the development of global investment indexes and the provision of financial data to investors. Mitsubishi Electric was selected as a constituent of the company's FTSE4Good Index Series.

Additionally, Mitsubishi Electric was selected as a constituent of the FTSE Blossom Japan Index and the FTSE Blossom Japan Sector Relative Index. These indexes have also been adopted as investment outlets by the Government Pension Investment Fund (GPIF).

MSCI Indexes

2023 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

MSCI (USA) is a company that calculates and announces various indexes of global constituents. Mitsubishi Electric was selected as a constituent for the MSCI Japan Empowering Women Index (WIN), consisting of select companies in Japan displaying excellent gender diversity. The index has also been adopted as an investment outlet by GPIF.

* THE INCLUSION OF Mitsubishi Electric Corporation IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF Mitsubishi Electric Corporation BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

S&P/JPX Carbon Efficient Index

Mitsubishi Electric was selected as a constituent of the S&P/JPX Carbon Efficient Index designed to measure the performance of companies by focusing on the level of carbon efficiency (carbon emissions per sales). The Index, which is constructed by S&P Dow Jones Indices, is based on carbon emission data by Trucost, which assesses risks relating to climate change, natural resource constraints, and broader environmental, social, and governance factors. The index has also been adopted as an investment outlet by GPIF.

PRIDE Index 2022

Mitsubishi Electric received the Gold award in the "PRIDE Index 2022," an index to evaluate initiatives for LGBTQ and other sexual minorities at workplaces in Japan. We were recognized for our continuing LGBTQ initiatives and received the Gold award for the first time following our receipt of the Silver award in 2021.

Mitsubishi Electric Receives "PRIDE Index 2022" Gold Award (in Japanese text)

Eruboshi

Mitsubishi Electric has received Eruboshi (Grade 2) from the Ministry of Health, Labour and Welfare as an outstanding enterprise in promoting women's participation and career advancement.

Organization (As of April 1, 2023)

- Board of Directors
  - Nomination Committee
  - Audit Committee
  - Compensation Committee
- Audit Committee Office
- Executive Officers' Meeting
  - Corporate Transformation Group
  - Three key Reforms Div.
  - Corporate Auditing Div.
  - Corporate Strategic Planning Div.
  - Corporate IR and SR Div.
  - Sustainability Planning Div.
  - Corporate Information Security Div.
  - Associated Companies Div.
  - Government & External Relations Div.
  - Corporate Administration Div.
  - Corporate Human Resources Div.
  - Corporate Accounting Div.
  - Corporate Finance Div.
  - Public Relations Div.
  - Corporate Advertising Div.
  - Corporate Purchasing Div.
  - Corporate Legal & Compliance Div.
  - Corporate Risk Management Div.
  - Corporate Economic Security Div.
  - Corporate Export Control Div.
  - Corporate Licensing Div.
  - Corporate Intellectual Property Div.
  - DX Innovation Center
  - Corporate Quality Assurance Reengineering Group
  - Process & Operation Reengineering Group
  - Corporate Marketing Group
  - Global Strategic Planning & Marketing Group
    - Regional Corporate Offices : Americas (U.S.A.) / Europe (U.K.)/ Asia (Singapore)/ China/ Taiwan
  - Corporate Total Productivity Management & Environmental Programs Group
  - Corporate Research and Development Group
  - Business Innovation Group
  - Information Systems & Network Service Group
  - Infrastructure Business Area
    - Strategic Planning Office
    - E&F Solution Dept.
    - Public Utility Systems Group
    - Energy & Industrial Systems Group
    - Defense & Space Systems Group
  - Industry & Mobility Business Area
    - Strategic Planning Office
    - OT Security Dept.
    - Factory Automation Systems Group
    - Automotive Equipment Group
  - Life Business Area
    - Strategic Planning Office
    - Building Systems Group
    - Living Environment & Digital Media Equipment Group
  - Business Platform Business Area
    - Strategic Planning Office
  - Semiconductor & Device Group

IR : Investor Relations
SR : Shareholder Relations
DX : Digital Transformation
BA : Business Area
E&F : Energy & Facility
OT : Operational Technology

Comparison Table for Guidance for Collaborative Value Creation 2.0

Guidance for Collaborative Value Creation 2.0	Values		Long-term strategies		Implementation strategies (e.g., medium-term management strategy)				Performance and key performance indicators (KPIs)		Governance	
Applicable sections in 2023 Integrated Report	Vision and Purpose	01	President's Message	07	CSO Message	14	CTO Message	40	Financial Highlights	19	Outside Directors Dialogue	59
	Our History	05	Initiatives to Create Value	18	Mitsubishi Electric Corporate Strategy	16	Research and Development Strategy	41	Non-Financial Highlights	20	Corporate Governance	62
	Materiality	21			Business Strategies	23	Intellectual Property Strategy	44	Management Related to Materiality	75	Directors & Executive Officers	69
					Infrastructure Business Area	24	DX Strategy	49	Financial Data	98		
					Industry & Mobility Business Area	27	CHRO Message	51				
					Life Business Area	30	Human Capital Strategy	52				
					Business Platform Business Area	33	Our Roadmap for Three Key Reforms	55				
					Semiconductor & Device Business	35	Sustainability	73				
					CFO Message	37	Environment	79				
					Financial Strategy	38	Social	85				
							Governance	93				

ESG Information Disclosure List (Sustainability website)

Management message	President's message
	Message from the Executive Officer Responsible for Sustainability
Sustainability management	Purpose
	Management policy/Corporate strategy
	Our roadmap for Three key reforms
	Mitsubishi Electric's business segments
	Initiatives that contribute to addressing social challenges
	Initiatives to create value
	Basic policy and promotional system for sustainability
	Materiality
	Initiatives to address the SDGs
	Initiatives / External evaluation
	Communication with stakeholders
Environment	Environmental Sustainability Vision 2050
	Basic policy
	Financial information based on recommendations of the task force on climate-related financial disclosures (TCFD)
	The structure of our environmental management system
	Environmental considerations for Value Chain Management
	Biodiversity preservation activities
	Environmental data
	Creating a society in tune with nature
	Recycling technologies
Social	Quality
	Human rights
	Human capital
	Supply chain management (Procurement)
	Philanthropic activities
	Social data
Governance	Corporate governance
	Compliance
	Tax initiatives
	Risk management
	Information security
	Communication with shareholders and investors
	Governance data
	R&D / technology
	Intellectual property
Policy on Sustainability Information Disclosure	
GRI Standards	

More information related to sustainability at Mitsubishi Electric Group is published on our website

web Sustainability

Corporate Data / Shareholder Information (As of March 31, 2023)

Corporate Data

Mitsubishi Electric Corporation

Tokyo Building, 2-7-3, Marunouchi, Chiyoda-ku, Tokyo 100-8310, Japan

Phone: +81(3)3218-2111

Established: January 15, 1921

Paid-in Capital: ¥175,820 million

Shares issued: 2,147,201,551 shares

Employees: 149,655

Shareholders' Meeting

The annual meeting of shareholders of the Corporation is regularly held in June each year. Additionally, special shareholders meetings may be held as necessary.

Stock Exchange Listings

Tokyo (Prime Market)

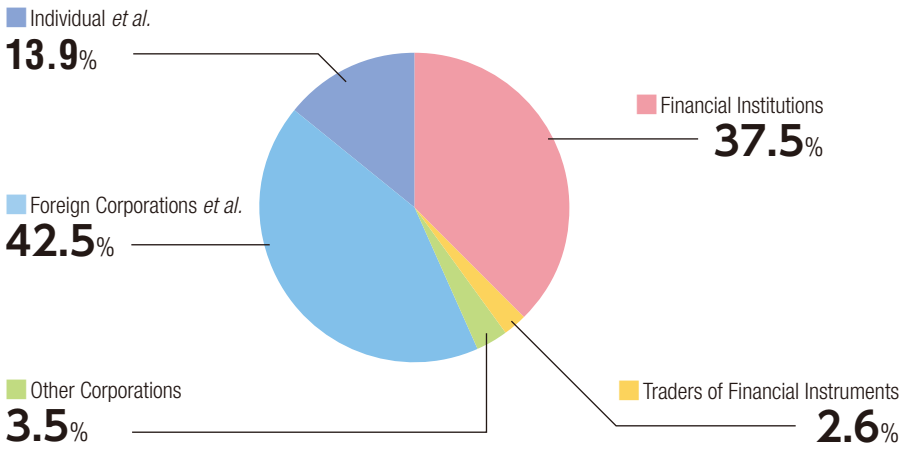
※Note: The Company applied to the London Stock Exchange for delisting on January 4, 2023 and was delisted on February 2, 2023.

Major Shareholders

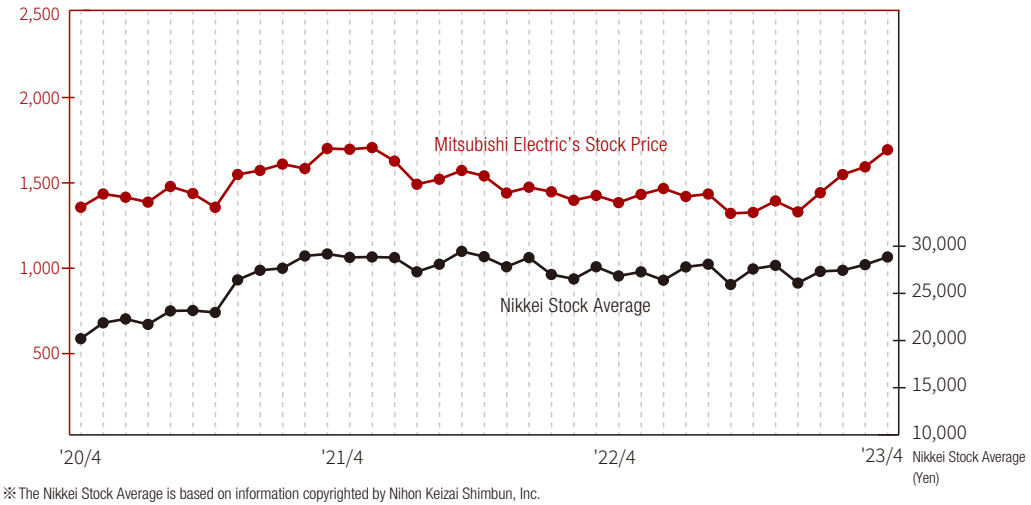
Shareholder	Holdings of the Company's Share	
	Number of Shares Held (Thousand Shares)	Percentage of Ownership
The Master Trust Bank of Japan, Ltd. (Trust Account)	332,483	15.7%
SSBTC CLIENT OMNIBUS ACCOUNT	117,992	5.6%
Custody Bank of Japan, Ltd. (Trust Account)	106,410	5.0%
Meiji Yasuda Life Insurance Company	81,862	3.9%
Mitsubishi Electric Group Employees Shareholding Union	45,979	2.2%
JP MORGAN CHASE BANK 380055	37,178	1.8%
Nippon Life Insurance Company	36,339	1.7%
STATE STREET BANK WEST CLIENT - TREATY 505234	33,373	1.6%
JP MORGAN CHASE BANK 385781	25,633	1.2%
THE BANK OF NEW YORK MELLON 140044	23,516	1.1%

※ Note: In addition to the above, the Company owns 34,098,941 company-owned shares.

Distribution of Shareholders



Stock Price (Yen)



※The Nikkei Stock Average is based on information copyrighted by Nihon Keizai Shimbun, Inc.

Cautionary Statement

While the statements herein, including the forecasts regarding the Mitsubishi Electric Group, are based on assumptions considered to be reasonable under the circumstances on the date of announcement, actual results may differ significantly from forecasts.

The main factors materially affecting the expectations expressed herein include but are not limited to the following:

(1) Changes in worldwide economic and social conditions, as well as regulations, taxation and other legislation
(2) Changes in foreign currency exchange rates
(3) Changes in stock markets
(4) Changes in the fund-raising environment
(5) Changes in the supply and demand of products, as well as the material procurement environment
(6) Establishment of important patents, status of significant licenses and disputes related to key patents
(7) Litigation and other legal proceedings
(8) Issues related to quality and defects in products or services
(9) Laws, regulations and issues related to the global environment, especially responses to climate change
(10) Laws, regulations and issues related to human rights
(11) Radical technological innovation, as well as the development, manufacturing and time-to-market of products using new technology
(12) Business restructuring
(13) Information security incidents
(14) Large-scale disasters, including earthquakes, tsunamis, typhoons, volcanic eruptions and fires
(15) Social, economic and political upheaval due to heightened geopolitical risks, war, conflict, terrorism or other factors
(16) Social, economic and political upheaval due to pandemics or other factors
(17) Important matters related to Mitsubishi Electric Corporation's directors and executive officers, major shareholders, affiliated companies and other stakeholders

MITSUBISHI ELECTRIC CORPORATION

https://www.MitsubishiElectric.co.jp
https://www.MitsubishiElectric.com

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