



Mitsubishi Electric Corporation

Green Bond Framework

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1. Introduction

Mitsubishi Electric Corporation has formulated "Green Bond Framework" (the Framework), in line with the Green Bond Principles 2021 administered by the International Capital Market Association (ICMA) and Green Bond Guidelines 2022 established by Japan's Ministry of the Environment. We obtained a Second Opinion from Ratings & Investment Information, Inc (R&I). Based on the Framework, we issue green bonds.

1.1 Overview of Mitsubishi Electric Corporation

Mitsubishi Electric Corporation is a general electronics manufacturer established in 1921. Based on our Purpose of contributing to the realization of a vibrant and sustainable society through continuous technological innovation and ceaseless creativity, we work on providing products, systems and solutions in a broad range of business areas consisting of "Infrastructure", "Industry and Mobility", "Life", "Business Platform", and "Semiconductor and Device" by drawing on internal and external strengths.

Purpose

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

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."

1.2 Management Policy and Sustainability Management

We set our management policy as follows.

"In addition to realizing well-balanced corporate management from the three perspectives of growth, profitability/efficiency, and soundness, 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.

Under this management policy, considering our Sustainability Vision formulated in 2022, "Creating Harmony with People and the Planet", and our goal for 2050, "a Sustainable Society Full of Prosperity", we identified the five challenge areas as follows:

“Carbon neutrality”, “Circular economy”, “Safety/Security”, “Inclusion”, and “Well-being”.

“Carbon neutrality”: A decarbonized society fewer CO₂ emissions from our company and society itself, and with mitigations against climate change.

“Circular economy”: A society that effectively uses and sustainably circulates resources.

“Safety/Security”: A resilient society that can respond to various environmental changes and risks.

“Inclusion”: A society in which all kinds of people are respected and anyone can live freely, fairly, and in a lively manner.

“Well-being”: Comfortable lives and physical and mental well-being for each and every individual.

Across these challenge areas, we contribute to a sustainable society by addressing social problems through our businesses. In addition, we fulfill our responsibility to sustainable society by, for example, reinforcing our activity to reduce greenhouse gas emissions. Going forward, we enhance both our social and economic value through casting our management resource on human capital development and technological development.



1.3 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 Executive Officers’ meeting. 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.

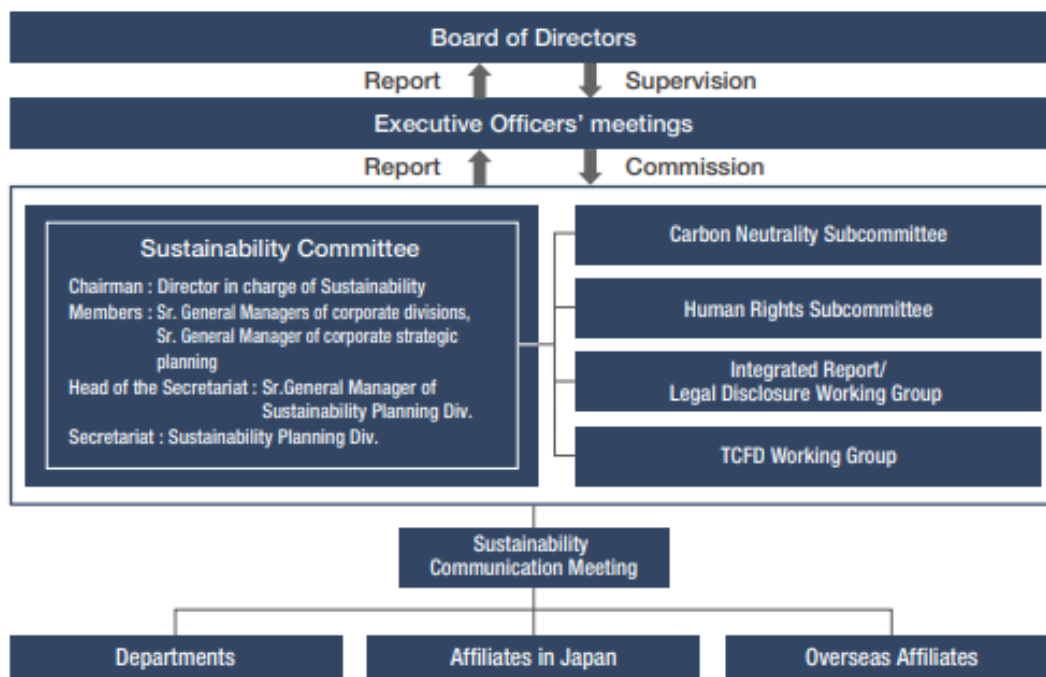
The Sustainability Committee generally holds meetings at least three times a year, and the details of the discussion are reported to the senior executives during the Executive Officers’ Meeting. From fiscal 2022,

the details of the discussion are also reported to the Board of Directors. The Board of Directors regards the status of sustainability initiatives as one of "main agenda items" for the Mitsubishi Electric Group, 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.

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 'Projects' as temporary meetings under the Sustainability Committee.

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.

Promotional Systems for Sustainability



1.4 Materiality

The Mitsubishi Electric Group has positioned the realization of sustainability at the cornerstone of our management based on the principle of "Providing solutions to social challenges through our businesses". To address sustainability at the management level and to promote it over the long term, we have identified five areas as materiality to "Provide solutions to social challenges through our businesses" and as part of our "Strengthen our business foundation to enable sustainable growth". Through these materiality initiatives, we will create economic and social value and contribute to solving social challenges, starting with contributing to achieving the SDGs. In our materiality-related initiatives, we promote continuous activities for improvement by implementing the PDCA cycle for mid-to long-term goals as

well as for targets/Key Performance Indicators (KPIs).

With regard to the SDGs, we believe that they are in line with our Purpose of contributing to solving social challenges, and we will contribute to the achievement of the 17 Sustainable Development Goals (SDGs) through all of our corporate activities.

Mitsubishi Electric Group's Materiality

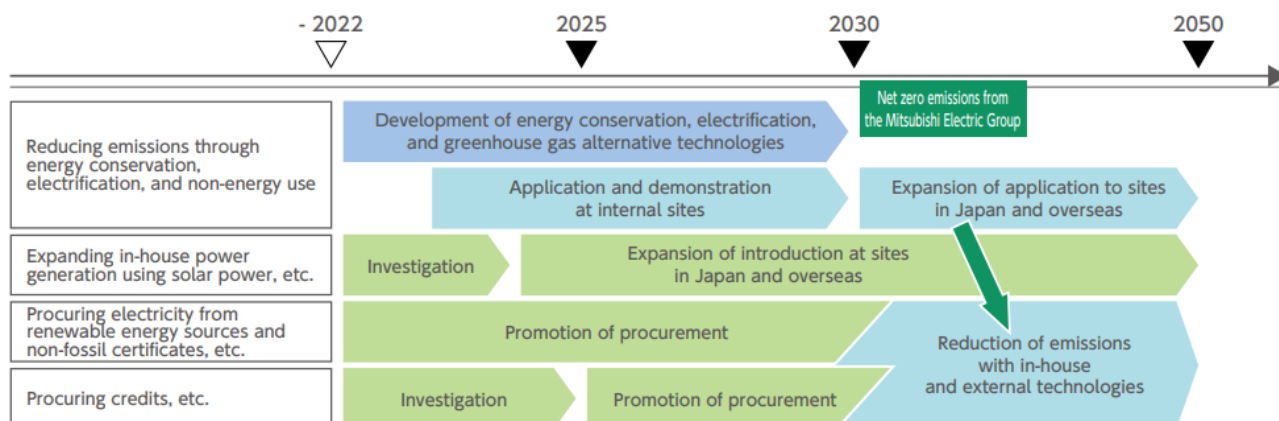
	Materiality	Initiative items	Long-term target	Priority SDGs initiatives
Provide solutions to social challenges through our business	 Realize a sustainable global environment	Carbon neutrality	FY2051 : Aiming for net zero greenhouse gas emissions in the entire value chain Achieving a decarbonized society through innovation and integrated solutions	
		Circular economy	Contributing to the realization of a circular economy	
	 Realize a safe, secure, and comfortable society	Safety/security, inclusion, well-being	Achieving safety/security, inclusion, and well-being through our business activities	
Strengthen our business foundation to enable sustainable growth	 Respect for all people	Human rights	Establishing human rights initiatives based on international norms and implementing responsible supply chains	
		Human capital	Realize workplace where diverse and versatile human capital gathers and works together	
	 Strengthen corporate governance and compliance on a sustainable basis	Governance	Increase effectiveness of the Board of Directors	
		Quality	Prevent the recurrence of improper quality control practices	
		Compliance	True understanding and practices of a compliance motto "Always Act with Integrity"	
 Create a sustainability-oriented corporate culture	Information security	Improve the Cybersecurity maturity level		
	Understanding and practices of sustainability	Understanding and practices of sustainability by employees		
		Communication	Promote communication with stakeholders both inside and outside the company	

For the achievement of carbon neutrality, an initiative item of one of the materiality "Realize a sustainable global environment", the Mitsubishi Electric Group is working to it from two aspects; "Responsibility" and "Contribution". We aim to achieve zero greenhouse gas emissions throughout our entire value chain as "Responsibility" and create/expand carbon neutral businesses as "Contribution" based on the following roadmap.

Basic policy of promoting Carbon Neutrality

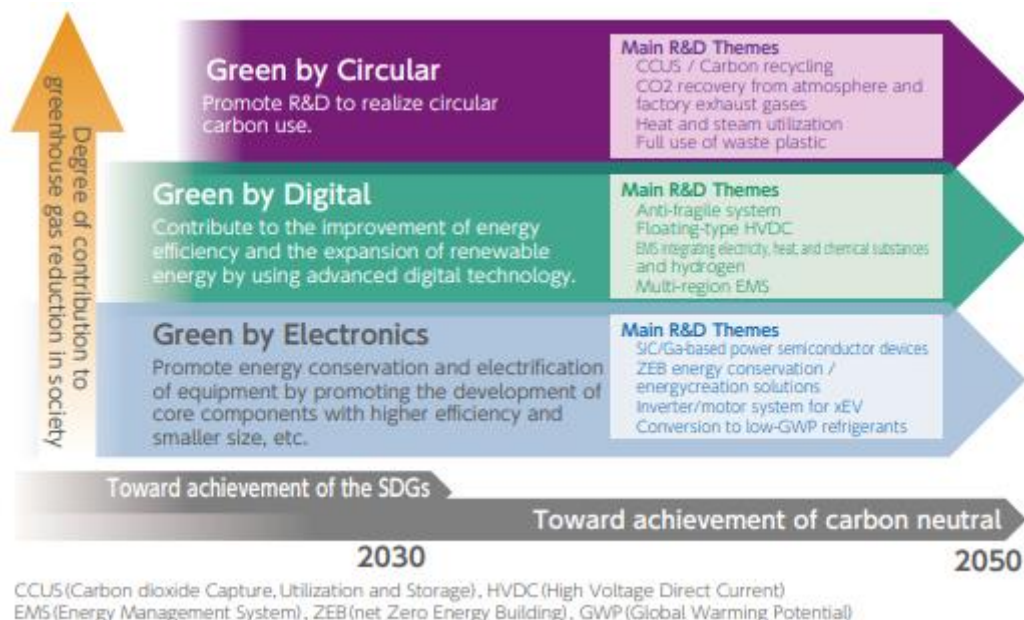


Roadmap for reducing emissions from factories and offices



Roadmap for reducing emissions from factories and offices

Development roadmap towards the achievement of carbon neutral



1.5 Significance of Formulating the Framework

Regarding the promotion of carbon neutrality to realize a sustainable global environment, Mitsubishi Electric formulated the Framework to accelerate our effort further from the aspect of “Contribution”, looking ahead to announce Mitsubishi Electric group’s effort about sustainability to all of our stakeholders extensively.

2. Green Bond Framework

The Framework provides policies for the following four elements based on Green Bond Principles 2021 administered by ICMA and Green Bond Guidelines 2022 established by Japan's Ministry of the Environment.

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

2.1 Use of Proceeds

The proceeds raised under the Framework will be used to finance or refinance projects that meet the following eligible projects. If we use the proceeds to refinance, the projects must have been financed within 36 months prior to the issuance of green bonds.

ICMA Green Bond Principles categories	Eligible Projects
Circular economy adapted products, production technologies and processes and/or certified eco-efficient products	<ul style="list-style-type: none">● Capital investment, R&D, investments & financing related to the manufacture of silicon carbide (SiC) power semiconductors.

2.2 Process for Project Evaluation and Selection

The Finance Division selects projects that meet the requirements for eligible projects set forth above and are to be funded by green bonds, with the support of the related divisions. The final decision is made by the CFO with comprehensive analysis and examination.

When selecting a project, we confirm that the following measures have been taken to reduce environmental and social risks.

- Compliance with environmental laws and regulations required by the nations or local governments where the project is located; implementation of surveys to identify environmental impact as necessary
- Providing information to local residents and hearing opinions from residents and relevant local governments as necessary before implementing a project

2.3 Management of Proceeds

The Finance Division will allocate and manage the proceeds of green bonds to eligible projects. The Finance Division will also track and manage the allocation of the proceeds on a yearly basis using internal management materials.

The proceeds will be allocated to eligible projects after the issuance of the green bonds. If any unallocated

funds are generated, the amount equal to that will be held in cash or cash equivalents, and they will be reallocated to eligible projects timely.

2.4 Reporting

Mitsubishi Electric Corporation plans to disclose on its website the status of allocation of the funds procured and the details of the environmental improvement impact specified by Mitsubishi Electric Corporation as long as it is reasonably practicable.

We will report timely in the event of a significant change in the allocation of proceeds.

(i) Allocation Reporting

We plan to disclose the following information annually until all proceeds are allocated.

- ① Overviews of eligible projects
- ② Amounts of proceeds allocated and unallocated to each eligible project. The expected allocation timing for any unallocated proceeds.
- ③ Approximate amount of funds or proportion in case we allocate to refinance.

(ii) Impact Reporting

We plan to disclose the following information annually until all proceeds are allocated and to the extent practicable after the full allocation.

ICMA Green Bond Principles categories	Eligible Projects	Reporting Item
Circular economy adapted products, production technologies and processes and/or certified eco-efficient products	<ul style="list-style-type: none"> ● Capital investment, R&D, investments & financing related to the manufacture of silicon carbide (SiC) power semiconductors 	<p>(In case of capital investment)</p> <ul style="list-style-type: none"> ● Either of transition of SiC sales portion in power device revenue or cases of product adoption <p>(In case of R&D)</p> <ul style="list-style-type: none"> ● Overview or progress of R&D