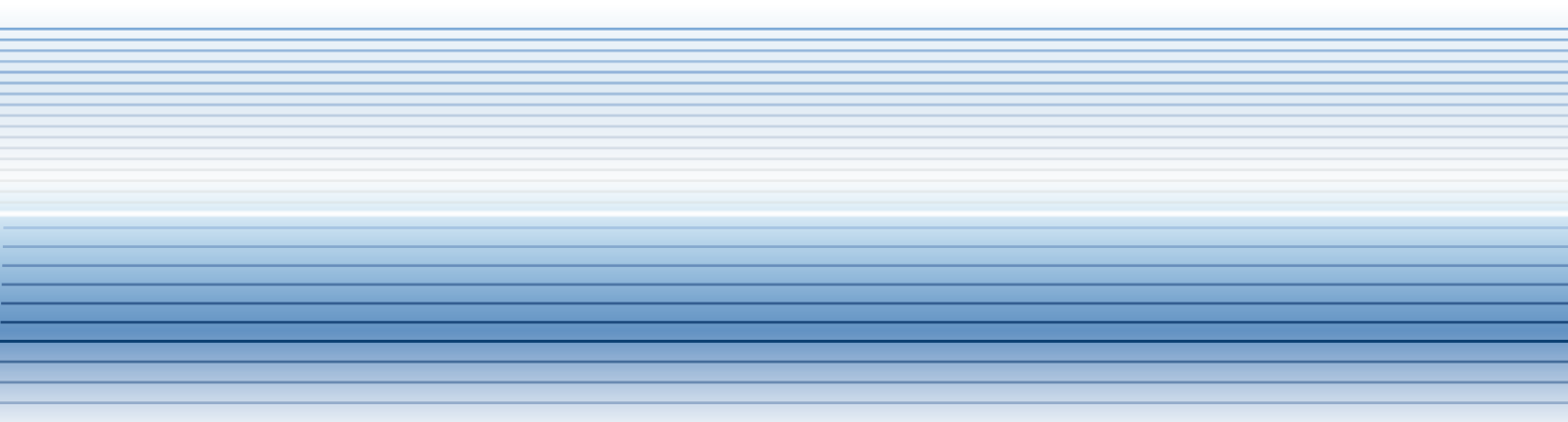


# **|** 2022 INTEGRATED REPORT

For the year ended March 31, 2022



**The Mitsubishi Electric Group aims to become a “Circular Digital-Engineering company” that always provides evolved Integrated Solutions through co-creation and by integrating knowledge within and outside the Group to solve diversifying social challenges through business with customers.**

Positioning the realization of sustainability as a cornerstone of our management to contribute to solving social challenges through business in five challenging areas: Carbon neutral; Circular economy; Safety/Security; Inclusion; and Well-being.

We will establish Business Area Owners, who are responsible for working on corporate strategy from a medium- to long-term perspective, with a bird's-eye view of a wide range of business fields as a new management structure to achieve sustainability management. By doing so, we will accelerate the solution of social challenges through our business and contribute to the realization of a vibrant and sustainable society.

## Contents

---

<b>03</b>	<b>President's Message</b>
<b>07</b>	<b>Dialogue between an Outside Director and the CEO</b>
<b>09</b>	<b>Improper Quality Control Practices and Three Reforms</b>
<b>11</b>	<b>Initiatives to Create Value</b>
<b>13</b>	<b>Mitsubishi Electric Corporate Strategy</b>
<b>19</b>	<b>Research and Development</b>
<b>20</b>	<b>Intellectual Property</b>
<b>21</b>	<b>At a Glance Fiscal 2022 Topics</b>
<b>23</b>	<b>Financial Highlights</b>
<b>24</b>	<b>Non-financial Highlights</b>
<b>25</b>	<b>Review of Operations</b>
<b>30</b>	<b>Sustainability at Mitsubishi Electric Group</b>
	<b>31 Sustainability Management</b>
	<b>34 E: Environment</b>
	<b>38 S: Social</b>
	<b>47 G: Governance</b>
	<b>54 ESG Information Disclosure List</b>
<b>55</b>	<b>Directors and Executive Officers</b>
<b>56</b>	<b>Organization</b>
<b>57</b>	<b>Major Subsidiaries and Affiliates</b>
<b>58</b>	<b>Financial Section</b>
<b>76</b>	<b>Corporate Data / Shareholder Information</b>



### We will strive to solve social challenges through our businesses

The Mitsubishi Electric Group will work to address diversified social challenges together with customers and business partners by transforming into a "Circular Digital-Engineering company" that provides advanced Integrated Solutions through co-creation and through integrating knowledge within and outside the Group, while positioning the realization of sustainability as the cornerstone of our corporate management.

### Reflection and achievements in fiscal 2022

In fiscal 2022 (April 1, 2021–March 31, 2022), the U.S., Europe, and Japan continued to see recovery in the corporate sector in general. The household sector continued to pick up in the U.S., Europe, and other regions. In Japan, the sector showed signs of a pick-up due to the normalization of economic activity, though there was downward pressure due to the impact of COVID-19. In China, exports and production continued to recover, but the pace of recovery remained slow, especially in the household sector. In addition, material prices and logistics costs increased and the balance between supply and demand for parts and materials remained strained for a prolonged period.

Under these circumstances, the Mitsubishi Electric Group has been working even harder to improve profitability by enhancing our business portfolio strategy to achieve sustainable growth, while continuously implementing initiatives to bolster our competitiveness and business structure.

As a result, revenue increased by 7% year on year to 4,476.7 billion yen and operating profit rose by 9% year on year to 252 billion yen (operating profit margin of 5.6%) in fiscal 2022.

Going forward, we will work to further create value for achieving the financial targets for fiscal 2026 under the medium-term management plan launched last fiscal year: consolidated revenue of 5 trillion yen, operating profit margin of 10%, return on equity (ROE) of 10%, and cash generation of 3.4 trillion yen in five years.

### Positioning the realization of sustainability as the cornerstone of our corporate management

At the Mitsubishi Electric Group, we define our Purpose, Our Values, and Commitment as follows.

In fiscal 2023, we reviewed our management policy that is grounded in our Purpose. Our new management policy positions the realization of sustainability as the cornerstone of our corporate management, and clearly reiterates our aim for "solving social challenges through our businesses." From this approach, we will pursue sustained enhancement of our corporate value and fulfill our responsibility to society, to our customers, shareholders and employees, and to all other stakeholders.

In line with this, we have also reviewed our corporate strategy in which we have defined our aim to transform into a "Circular Digital-Engineering company" that provides evolved Integrated Solutions by co-creation and by integrating knowledge within and outside the Group.

#### 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/Quality/Technology/Ethics and Compliance/Humanity/Environment/Society

#### 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."



#### Management policy

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.

#### Corporate strategy

Through co-creation and by integrating knowledge within and outside the Group, we will transform into a "Circular Digital-Engineering" company that provides evolved integrated solutions thereby contributing to solving various social issues.

### Five challenge areas



#### Carbon neutral

Achieve a decarbonized society to curb climate change by reducing CO2 emissions from the company and society



#### Circular economy

Achieve a society in which resources are effectively used and sustainably circulated



#### Safety / Security

Achieve a resilient society that can cope with various environmental changes and risks



#### Inclusion

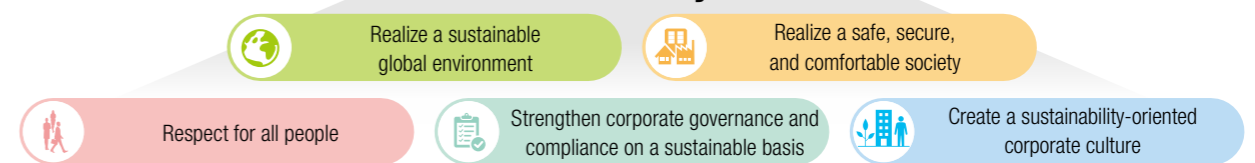
Achieve a society in which all people are respected and everyone can lead free, fair and vibrant lives



#### Well-being

Achieve a healthy and comfortable life for each individual, both mentally and physically

### Materiality



### Transforming into a "Circular Digital-Engineering company" to realize sustainability

The Mitsubishi Electric Group has identified five areas for our materiality, and has carried out activities to realize sustainability. Our materiality can be split up into two different perspectives, one of which is to "provide solutions to social challenges through our businesses." We have clarified five areas of focus as follows: (1) Carbon neutral, (2) Circular economy, (3) Safety/Security, (4) Inclusion, and (5) Well-being.

To realize sustainable growth, we aim to improve profitability by strengthening our business portfolio strategy. Specifically, we will strategically invest management resources in the five business areas\* that we position as Key Growth Businesses and shift our resources to profitable and high-growth businesses. In addition, with the aim to improve corporate value by solving social challenges through our businesses, we have designated Business Area (BA) Owners who will consider the ideal direction to take by taking an overall look at the four business areas (BAs). In addition, we will endeavor to create new businesses by promoting open innovation to respond to changes in social structure and customer value, while incor-

\* Factory Automation (FA) Control Systems Business, Air Conditioning & Refrigeration Systems Business, Building Systems Business, Automotive Equipment Business (xEV/ADAS: Advanced Driver Assistance System), and Power Semiconductor Devices Business

porating new fields and technologies and pursuing synergy as well as expanding solution businesses with an emphasis on high added-value businesses involving the integration and utilization of data.

The Mitsubishi Electric Group reviewed its corporate strategy in fiscal 2023. Going forward, under our new strategy of "transforming into a Circular Digital-Engineering company that provides evolved integrated solutions by co-creation and by integrating knowledge within and outside the Group," we will contribute to solutions for diversified social challenges.

"Circular Digital-Engineering company" may be an unfamiliar term. In our businesses, we start by looking at challenges among society and customers, then we consider measures to solve these challenges, and we go on to conduct research and development, manufacturing and sales, and provide maintenance services. In this process, we engage in manufacturing in which products and services are designed for long-term use, and we reuse these products by collecting materials from them instead of disposing of them after use. There is a circulation in the physical sense within our businesses.

When the sales division receives an order from a customer, we have a process in which the design and materials divisions start working, followed by the production and quality control divisions, and then the construction and service divisions. These operations also include the general affairs, accounting, legal, and other staff divisions. These connections represent the "engineering" part of this term. We want to grow in a circular manner by boosting efforts in engineering and interdepartmental communication, and we expressed this desire in the term "Circular Digital-Engineering company."

**Toward preventing the recurrence of improper quality control**

I would like to reiterate our sincere apologies to our many stakeholders for the impact of the improper quality control practices that we have been reporting since last year. At Mitsubishi Electric, we take the occurrence of these incidents extremely seriously, and have been making efforts to take exhaustive recurrence prevention measures by analyzing the contributing factors and pursuing the root

causes. As the CEO of the company, I will drive reforms in three areas—quality assurance, organizational culture, and governance—toward the restoration of public trust.

Based on reports submitted by the Investigative Committee, we have been pursuing reforms in three areas.

(1)Quality assurance reform : We have been strengthening the quality assurance system by establishing the Corporate Quality Assurance Reengineering Group as an organization under the direct control of the CEO, by inviting Mr. Yoshikazu Nakai from outside of the company to serve as the head of this Group and as the Chief Quality Officer (CQO), by reconstructing our control functions as we assign authority for shipments and other areas at each production site to this Group, and by having the Quality Governance Subcommittee periodically monitor activities. We also plan to invest more than 30 billion yen in two years to strengthen the infrastructure of the quality assurance system.

We have yet to be able to thoroughly find out why improper quality control practices continued for decades at certain plants and why no one could stop such practices. I believe, however, that our organizational culture prevented people from speaking out against improper practices, thereby leading them to lose their sense of conscientiousness for ensuring quality and ultimately causing them to engage in such practices.

(2)Organizational culture reform: I believe there is a need to change the awareness and behavior of both superiors and subordinates. When a subordinate seeks advice or shares information, their superior must always accept it at first and then try to solve the problem together. In this process, it is important that the superior fully understands the concept of managing an organization. At the same time, however, subordinates also need to actively speak out. To this end, our employees who volunteered launched a company-wide transformation project team called "Team Sousei (Creation)" in October 2021. All our employees were invited to apply for this team, and applications were received from 465 employees in two weeks. Of these applicants, 45 were selected to become team members and Team Sousei started with 300 other supporters. Some of them were uncertain as to whether reforms can really be achieved



through their own visions at the beginning, but the atmosphere changed after holding repeated discussions that fostered a sense of unity for team members to make changes themselves. When I talk with the positive and enthusiastic team members, I myself often feel energized too. Although reforms do involve difficulties, we will not be afraid to go ahead with a strong will to carry out actions through to the end.

Robust Policies announced in April 2022 are the guiding principles for organizational culture reform that Team Sousei proposed to the company. Members from Team Sousei and executive officers are currently visiting business sites in Japan to hold briefings so that they can spread the policies to each and every employee. We have also formed a transformation-project team in each business group or division to ensure the promotion and implementation of reforms.

In fiscal 2023, we will introduce several measures as part of our efforts to reform communication, including building human relationships irrespective of individuals' positions. These measures include addressing everyone by the neutral honorific "-san" rather than addressing them by their titles, and by gradually implementing one-on-one meetings to promote communication between superiors and subordinates. Since assuming the position of the CEO, I am currently on my second round of visiting all the sites of Mitsubishi Electric to engage in dialogues with employees. For this second round of visits, I aim to talk one-on-one, while gathering about 20 employees from each job level in groups to exchange opinions as a two-way meeting. I will listen to a variety of opinions through these dialogues and I will utilize them for various future reforms.

(3)Governance reform: We asked Mr. Mitoji Yabunaka, Outside Director, to chair the Board of Directors starting last year from the viewpoint of strengthening corporate governance. As we engage in business for an extended period, things that are viewed as common sense within the company may actually be abnormal in the eyes of an external party. I believe it is extremely important to incorporate the viewpoints of people outside of the company, hold discussions to revisit how to preserve quality and prevent improper quality control practices, and work swiftly to make all necessary changes. Based on this, the Company have appointed

seven Outside Directors among our 12 directors in total. The company have selected Mr. Tatsuro Kosaka and Mr. Hiroyuki Yanagi as Outside Directors owing to their expertise in manufacturing, the field at the foundation of the Mitsubishi Electric Group.

As for the Board of Directors, we will promote diversity, considering appointing more female directors.

**Creating a company where people can feel happy and motivated in their work**

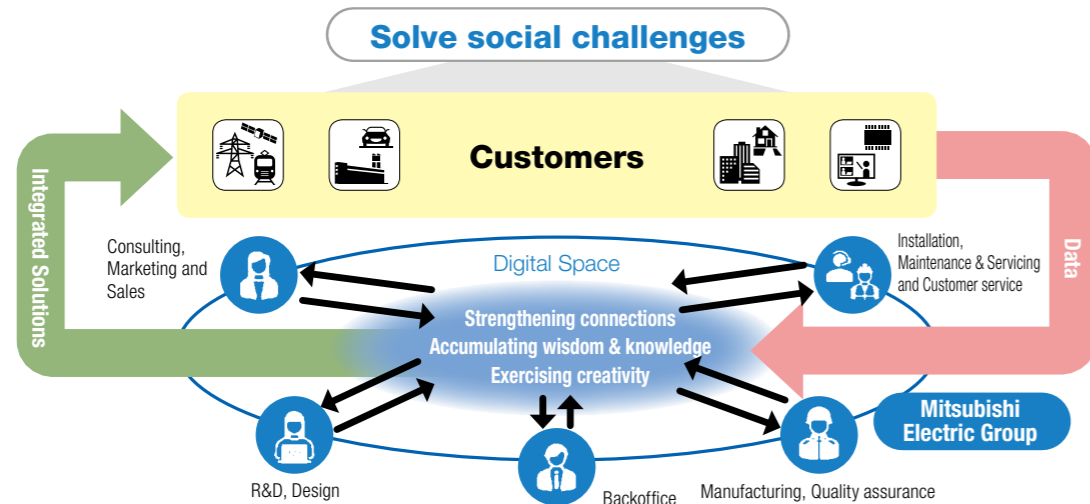
For us to continue existing as a company despite the dramatic changes of the times, I believe it is important for us to be able to quickly and nimbly shift in response to such changes. I feel that in the future, we will need to have a willingness to shift from our current state if this is determined to be necessary. What I really want to create is a company where employees can feel happy and motivated in their work. If employees can work in such an environment, they will seek to communicate with the people around them. They will become active in many different places, which will result in various teams forming spontaneously. Through this process, I want to create a workplace where people can realize what they really want to accomplish. As a result, we will start to see a strong overlap between our Purpose and the motivation of each employee. This will further boost the value that we can offer to customers.

The future direction that the Mitsubishi Electric Group should seek to realize is a company where employees feel secure and work happily as they deliver products and solutions that bring joy and smiles to customers, shareholders, and people in society. We will carry out reforms to create a new Mitsubishi Electric Group.

*Kei Uruma*  
**Kei Uruma**  
 President & CEO

▶ **Circular Digital-Engineering Company to solve social challenges**

We will transform into a "Circular Digital-Engineering company" that provides evolved Integrated Solutions through co-creation and by integrating knowledge within and outside the Group, thereby helping to solve various social challenges.



**Circular Digital-Engineering Company**

Contributes to solving social challenges by providing evolved Integrated Solutions at all times, through accumulating data from our customers, strengthening connections in the group, sharing wisdom and creating new value.

# What we need to work on now to improve the Mitsubishi Electric Group's corporate value



Representative Executive Officer  
President & CEO **Kei Uruma**

Outside Director  
Chairman of the Board of Directors **Mitoji Yabunaka**

In October 2021, Mr. Mitoji Yabunaka became the Chairman of the Board of Directors of Mitsubishi Electric. This was the first time an Outside Director had assumed this role, and this decision was made to strengthen governance. Based on the themes of restoring trust after improper quality control practices and promoting future sustainability, we held a dialogue between Mr. Yabunaka and President & CEO Kei Uruma.

## Expectations for the company-wide reform project "Team Sousei (Creation)"

**Yabunaka:** When I was asked to succeed the former Chairman of the Board of Directors, the first thing I felt was the weight of the responsibility involved. With this serious situation in which improper quality control practices have been identified, we are at a very important phase to change the entire company under the leadership of Mr. Uruma, who was elected as the new President by the Nomination Committee. As I have served as Chairman of the Nomination Committee, I accepted the offer, and I am willing to support the reforms to the best of my ability.

**Uruma:** Mr. Yabunaka and I have had discussions so far at the Board of Directors' meetings. After I assumed the position of President, we have had even more opportunities to discuss a wider range of topics. Your advice on how to change our organizational culture and other matters based on your experiences is very helpful.

**Yabunaka:** When I was working for the Ministry of Foreign Affairs, I had also

headed an organizational reform project after a problem occurred. From my experience there, I learned that for employees to be able to work with pride again, it is essential for the company as a whole to seriously deepen discussions and truly work together on reforms. I have high expectations for the "Team Sousei (Creation)" company-wide reform project led by young employees gathered through in-house recruitment.

**Uruma:** Team Sousei formulated and announced its Robust Policies both internally and externally at the end of March 2022. In the first step, 45 team members discussed how they would like to change their workplace, while interviewing more than 2,000 employees in the company. In the second step, cross-departmental challenges related to organizational climate were categorized from a company-wide perspective, and their solutions were considered by appointing persons responsible for each category. In the third step, the members were further divided into two teams: one for digging deeper into each activity and one for establishing reform guidelines, with both working together to develop the Robust Policies. As a result, the Robust Policies turned out extremely well, with each word filled with their passion for the reforms.

## Turning a crisis into an opportunity for organizational reforms

**Yabunaka:** Meetings have been held between the Outside Directors and the Team Sousei members only, so that the directors could hear details about the actual activities. There were many challenges when the activities began, and some team members said that they felt distanced from individuals in higher positions. I think the overall atmosphere has changed greatly and for the better, thanks to the efforts of Mr. Uruma and other Executive Officers to gather members' thoughts and opinions through direct communication with them.

**Uruma:** Just the other day, I was talking with Team Sousei members in a meeting, and I noticed that they only regarded their bosses as people who they need to report to. However, sometimes they ought to consider "utilizing" their bosses as well. I told the Team Sousei members that they could tell me directly if they need any help and utilize me as a project leader.

**Yabunaka:** This is a big change. They felt distant from the president before, but they feel closer to him now. It will be extremely important for employees to be able to see the top management face to face and feel that they are working together.

**Uruma:** Currently, Team Sousei has entered the implementation phase. The staff members have been divided into two groups: the project promotion staff at the headquarters and the introduction staff in each department, and their supporters assist with their activities. There are many challenges to overcome, such as how to motivate 150,000 group employees, but we are committed to achieving the reforms and transformations. Even if the team members do make efforts in various aspects, this may all amount to nothing if they end up rebounding off an invisible wall within the company. The management must firmly support their activities to avoid such a situation.

**Yabunaka:** Facing a crisis is a good opportunity for the organization to change. It is very regrettable that improper quality control practices occurred, but in a sense, now is a great opportunity for Mitsubishi Electric to be reborn. I do want them to boldly proceed with these reforms.

## Positioning the realization of sustainability at the cornerstone of our management

**Uruma:** In fiscal 2023, the Company introduced the Business Area Owner system and it has made reforms to the organization with a focus on social challenges. Under the new system, we have clearly declared that we will make concerted, company-wide efforts to address social challenges, positioning the realization of sustainability at the cornerstone of our management.

**Yabunaka:** I think it is highly significant that Mitsubishi Electric has expressed a clear message about its direction and value in contributing to society by making use of the technologies it has cultivated. In the future, it is necessary to seriously consider and hold discussions at each workplace about what people on the floor can do.

**Uruma:** I feel that the question is how we take ownership of these efforts to realize sustainability. Taking ownership means that each and every employee continues to think about the social challenges they need to address, hone their skills, and develop mechanisms for solving the challenges, with the Mitsubishi Electric Group's Purpose as the starting point. We aim to contribute to the happiness of a wide range of people in the future by solidly fostering a climate and environment that enable continuous technological innovation and ceaseless creativity for resolving social challenges.

**Yabunaka:** There are many fields where Mitsubishi Electric can utilize its technologies to lead society forward. I think the realization of carbon neutrality is a typical example. Since the Earth Summit in Rio de Janeiro in 1992, I have witnessed global trends around climate change as I participated in international conferences. The importance of addressing climate change continues to grow around the world over time, and today, we are entering an era in which corporate reputa-

tion is directly affected by how seriously they are working on climate issues.

**Uruma:** Indeed, we believe that at the same time that carbon neutrality presents significant opportunities, we recognize that we have a responsibility to address this issue as members of society. In order to achieve carbon neutrality in the entire value chain by fiscal 2050, we have set a new interim target of reducing greenhouse gas emissions from Group plants and offices by 50% or more by fiscal 2031 compared to fiscal 2014. We will steadily work to contribute to the decarbonization of society as a whole according to our roadmap.

## Aiming to be a company where employees can dream and take on challenges

**Uruma:** Human resources strategies are also a key aspect for building a foundation to improve corporate value. Many people within the younger generation want to work for a company where they can build robust achievements for their career, and it is essential to provide them with appropriate opportunities for education and experience. We are currently working on creating a system to take the knowledge that previously was locked up within each individual, and to systematize this and pass it on as a valuable asset of the Company. Recently, new movements have been born through the initiatives of Team Sousei, such as the start of efforts to establish "Melcollege" where employees can connect and learn from each other across business and departmental boundaries.

**Yabunaka:** I would like all employees to be sensitive to changes in society and look to the wider world. I would also like them to deepen their exchanges with people from different fields and expand their imagination, such as creating new things by combining the technologies held by the Company and their departments. In addition, I encourage employees to seriously exchange and share opinions together without being afraid to argue. Through serious discussions, it is not uncommon for people to come across ideas that are different from their own and that help them gain new awareness. It is also important to have an environment that accepts entirely new ideas and bold forms of individuality with a broad mind.

**Uruma:** I think that what is needed is a place to utilize and nurture new ideas. Nothing new will be born if we reject proposed new ideas on the grounds that there seems to be no place to use it within the Company or that it is difficult in terms of costs. Setting up a mechanism to put ideas out first will help improve employees' motivation, even if the ideas do not end up working at the first step. I hope employees will be able to dream about technologies and products that go beyond conventional wisdom, looking ahead to the next 10 or 20 years to come.

**Yabunaka:** Despite its innovative technologies, I'd say Mitsubishi Electric may have been a rather conservative company until now. But it is precisely because we live in an era of such rapid change that people place more value on things that are a little strange but that are also interesting and that give people something to dream about, as opposed to something that is stereotypical and lacking in individuality. I hope that Mitsubishi Electric will be an interesting company where employees can continue to take on challenges while envisioning a bright future.

# Improper Quality Control Practices and Three Reforms

## 1. Overview of Incidents

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 recurrence by analyzing the relevant factors and pursuing the root causes. We also regularly disclose details on these initiatives via our portal site as soon as information becomes available.



Portal site (in Japanese text)  
<https://www.MitsubishiElectric.co.jp/reform/>  
 Portal site (in English text)  
<https://reform.MitsubishiElectric.com/>

## 2. Investigative Committee's Investigation

We have established the Emergency Response Division headed by the president and commissioned a quality-related investigation by an Investigative Committee of external experts in response to the series of improper quality control practices. First, we will focus on completing the investigation with the Investigative Committee.

### Investigation Method

Target: Mitsubishi Electric  
 Method: Questionnaire survey; information brought to a dedicated email address of the third party committee or Nishimura & Asahi separately; forensic investigation; interview survey

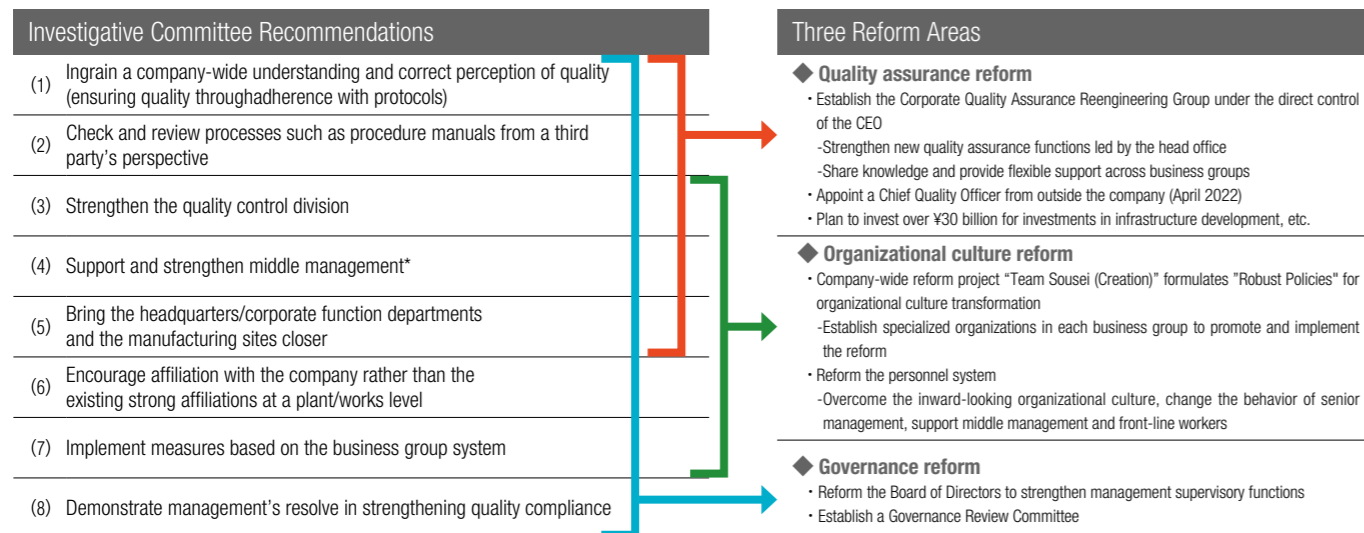
Investigation Committee members  
 Chairman: Hiroshi Kameda  
 (Attorney-at-law, Nishimura & Asahi)  
 Member: Mitsuhiro Umezu  
 (Professor at Keio University, specializing in corporate ethics)  
 Member: Masahiko Munechika  
 (Professor at Waseda University, specializing in quality management)

### Summary of the number of cases of improper quality control practices pointed out by the Investigative Committee

	Disclosed in Oct. 2021	Disclosed in Dec. 2021	Disclosed in May 2022	Subtotal
Number of sites investigated:	2	5	22	22
Bases among these at which improper quality control practices occurred:	2	5	15	16
*There is an overlap in the number of bases within the figures released in Oct. 2021, Dec. 2021, May 2022.				
Number of cases of improper quality control practices:	18	29	101	148

## 3. Overview of Measures to Prevent Recurrence

Based on the report submitted by the Investigative Committee, we will proceed with implementing the three reforms.

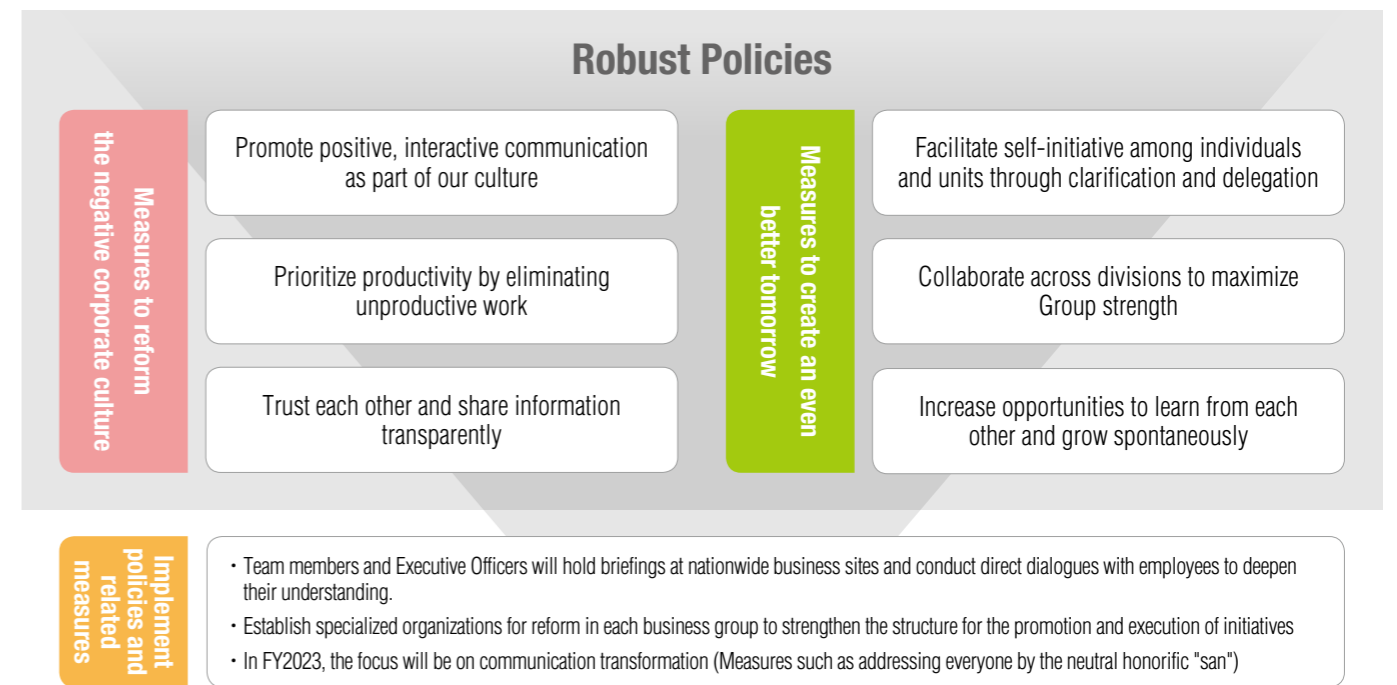


\* General managers and section chiefs of manufacturing site/office

## 4. Initiatives for the Three Reforms

### Organizational culture reforms: "Robust Policies" for the creation of a New Mitsubishi Electric Group

"Team Sousei (Creation)," a company-wide reform project consisting of 45 members selected through internal recruitment, formulated the "Robust Policies" for organizational culture reforms. Various measures have been implemented based on the policies since FY2023.



*Changes for the Better start with ME*

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

### Quality assurance reforms: Strengthen quality governance by going back to the premise that "Product quality is our top priority"

Under the leadership of the new Chief Quality Officer, the Corporate Quality Assurance Reengineering Group will lead efforts to "reconstruct the control function," "address issues relating to technical capabilities and resources," and "re-foster an awareness of quality compliance."



### Governance reforms: Reform the Board of Directors and establish the Governance Review Committee

Strengthen management supervisory function, and improve internal control and governance systems

- Undertake sustainable, medium- to long-term initiatives to reform the functions, composition, and secretariat of the Board of Directors, as well as the three statutory committees.
- Form a Governance Review Committee, comprising of three lawyers with no existing commercial relationships with the company, to assess internal control and governance systems.



## Initiatives to Create Value

The Mitsubishi Electric Group places more focus than ever on sustainability initiatives at the management level to realize "a vibrant and sustainable society" that we have committed to in our Purpose. We have identified five areas as materiality (important challenges) 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 will contribute to solving social challenges.

## Initiatives to Create Value

**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, Quality, Technology, Ethics and Compliance, Humanity, Environment, Society

**Commitment**

**Changes for the Better**

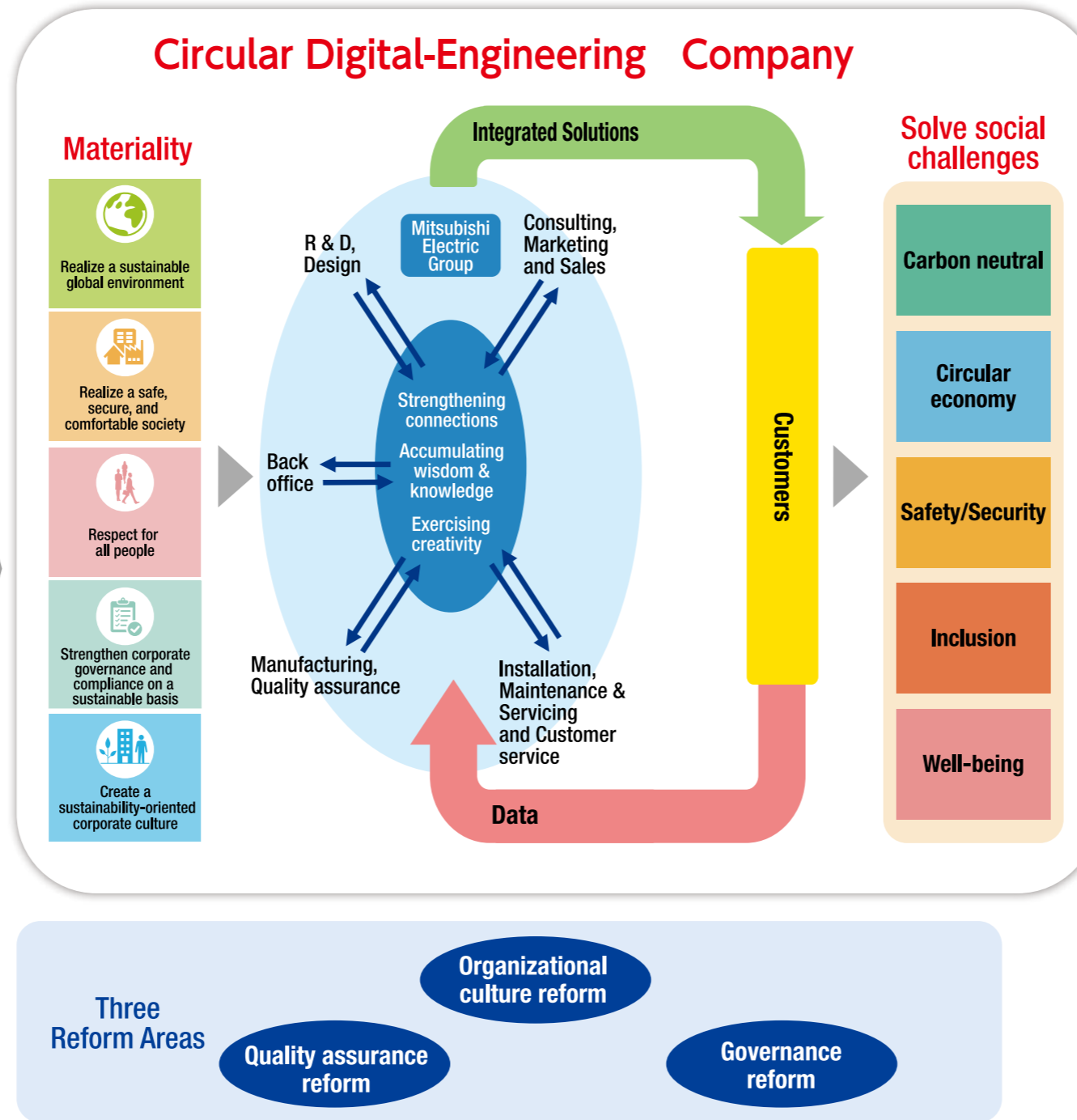
"Changes for the Better" represents the Mitsubishi Electric Group's attitude to "always strive to achieve something better," as we continue to change and grow. Each one of us shares a strong will and passion to continuously aim for change, reinforcing our commitment to creating "an even better tomorrow."

**Management Policy**

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.

**Corporate Strategy**

Through co-creation and by integrating knowledge within and outside the Group, we will transform into a "Circular Digital-Engineering" company that provides evolved integrated solutions thereby contributing to solving various social issues.



**Value Creation**

**Economic value**

**2025 Financial Targets**

Revenue	¥5 trillion
Operating Profit Margin	10%
ROE	10%
Cash Generation	¥3.4 trillion /5year

※Cash Generation: Adjusted operating cash flow (CF)

**Social value**

**Social and Environmental Targets**

2050: Net zero greenhouse gas emissions in the entire value chain

2030: Reduce greenhouse gas emission from factories and offices by 50% or more (compared to 2013)

**Priority SDGs initiatives**

3 GOOD HEALTH AND WELL-BEING

7 AFFORDABLE AND CLEAN ENERGY

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

13 CLIMATE ACTION

Purpose : Realization of a vibrant and sustainable society

Sustainability Management

Positioning the realization of sustainability as the cornerstone of our management, we have clarified five challenge areas to focus on to promote solutions to social challenges through our businesses.

Five challenge areas



Carbon neutral

Achieve a decarbonized society to curb climate change by reducing CO<sub>2</sub> emissions from the company and society

Circular economy

Achieve a society in which resources are effectively used and sustainably circulated

Safety / Security

Achieve a resilient society that can cope with various environmental changes and risks

Inclusion

Achieve a society in which all people are respected and everyone can lead free, fair and vibrant lives

Well-being

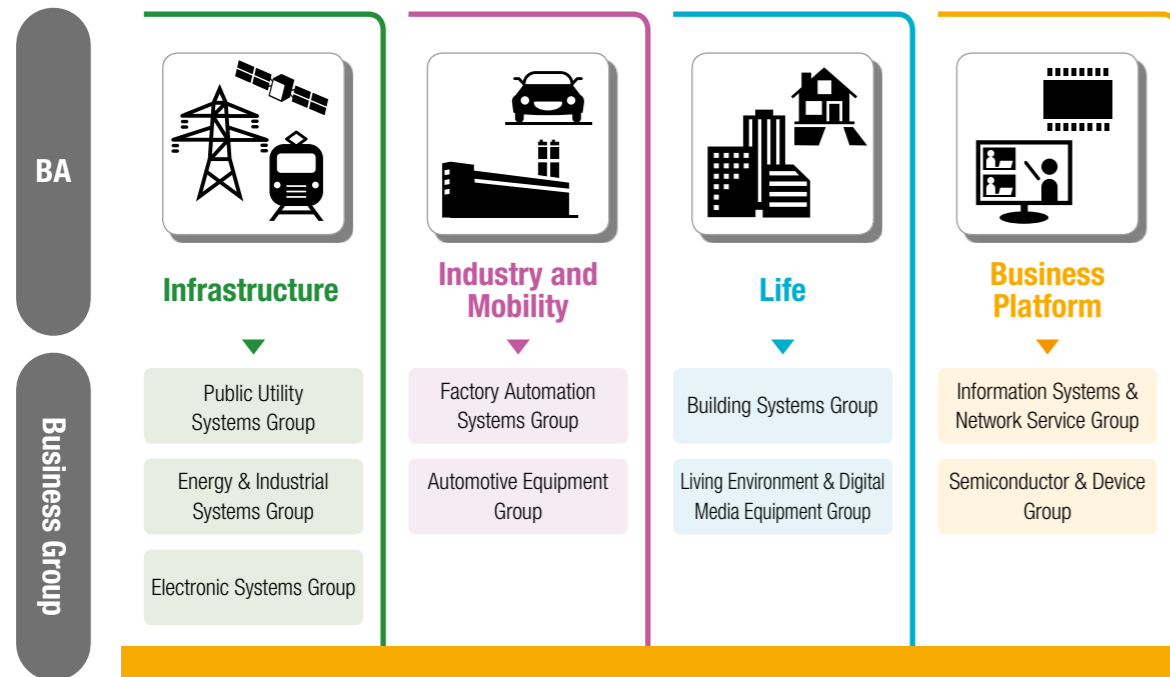
Achieve a healthy and comfortable life for each individual, both mentally and physically

Materiality



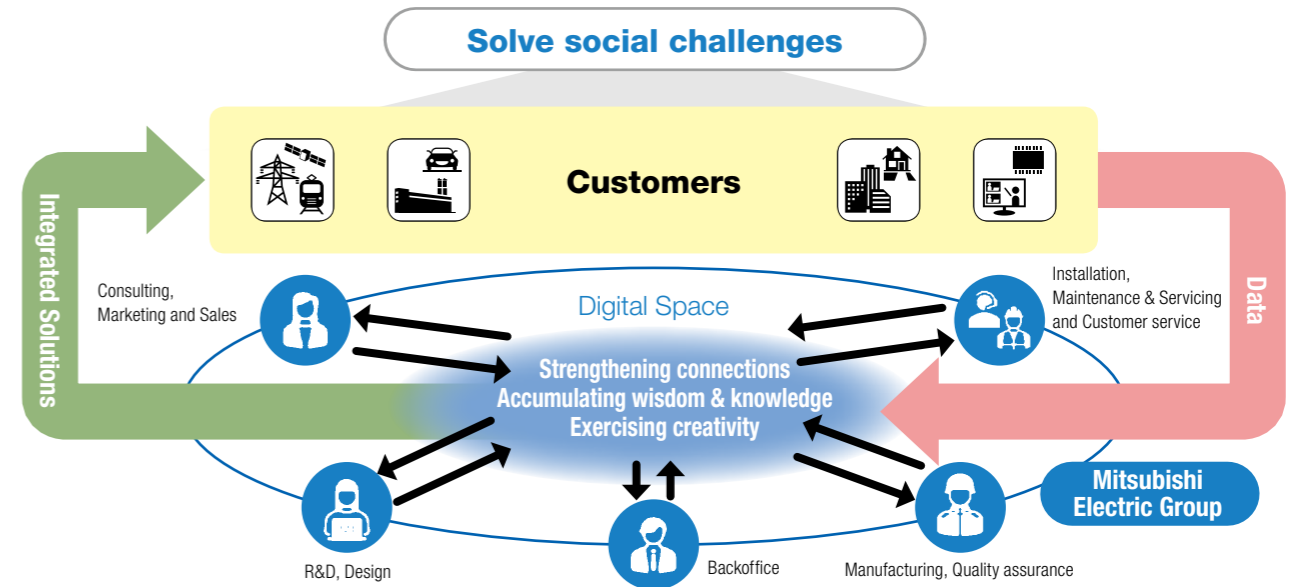
New Management Structure to Achieve Sustainability Management

We have established four Business Areas (BA) that will enhance sustainability management. BA owners envision their ideal state with a bird's eye view of their businesses and accelerate solving social challenges through our businesses.



Circular Digital-Engineering Company to solve social challenges

We will transform into a "Circular Digital-Engineering company" that provides evolved Integrated Solutions through co-creation and by integrating knowledge within and outside the Group, thereby helping to solve various social challenges.

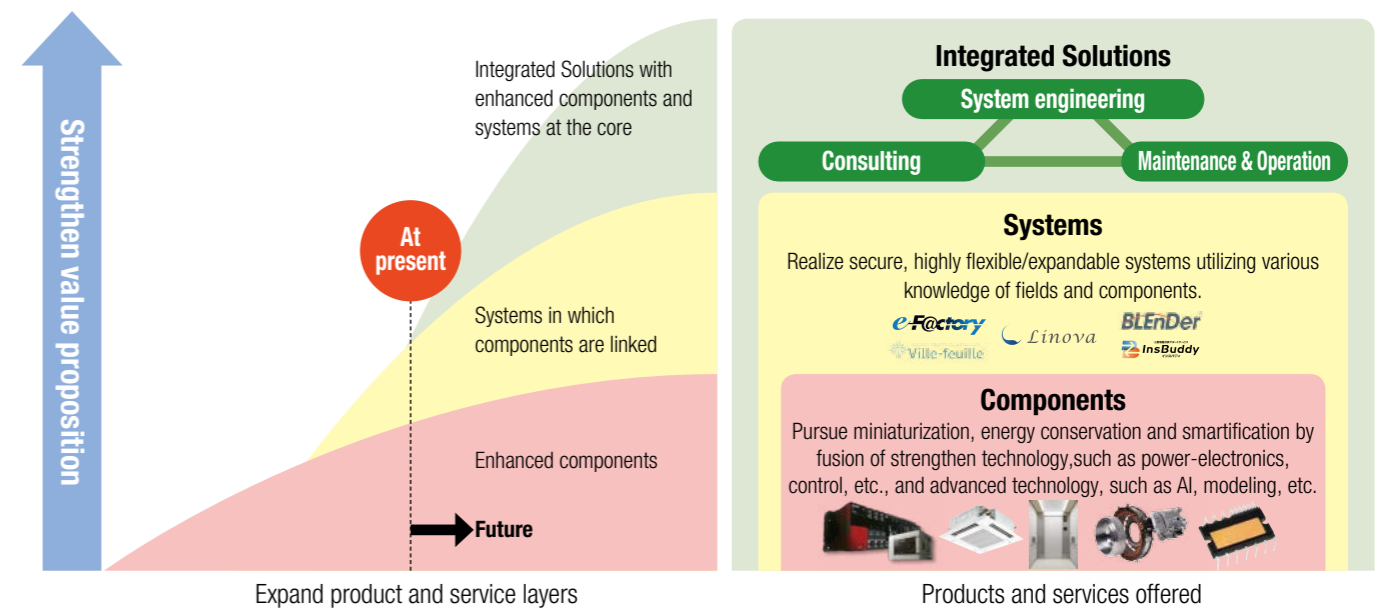


Circular Digital-Engineering Company

Contributes to solving social challenges by providing evolved Integrated Solutions at all times, through accumulating data from our customers, strengthening connections in the group, sharing wisdom and creating new value.

Integrated Solutions

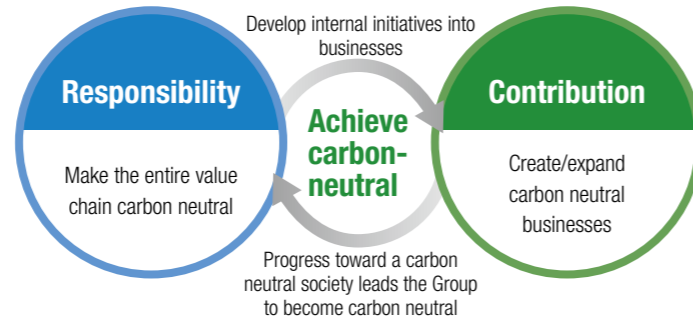
Integrated Solutions support the entire lifecycle in providing a system from consulting to maintenance and operation. We strengthen components as the base of our business, expand systems utilizing advanced digital technologies, and provide Integrated Solutions with these at the core, to be the driving force behind our continuous growth for complex challenges.





Initiatives for Carbon-Neutral

We will strengthen our initiatives from dual approaches: "Responsibility" to reduce greenhouse gas emissions in the value chain of our Group and "Contribution" aimed at realizing carbon-neutral in the entire society through our businesses.



Responsibility

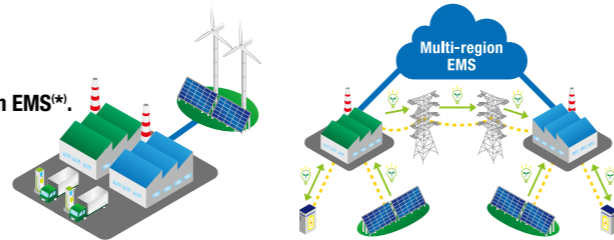
We will strengthen our initiatives to achieve net zero greenhouse gas emissions in the entire value chain in FY2051 and to reduce greenhouse gas emissions from factories and offices by 50% or more in FY2031.

Target	FY2051	▶ Net zero greenhouse gas emissions in the entire value chain
	FY2031	▶ Reduce greenhouse gas emissions from factories and offices by 50% or more.(compared to FY2014)

Initiatives to reduce greenhouse gas at factories and offices.

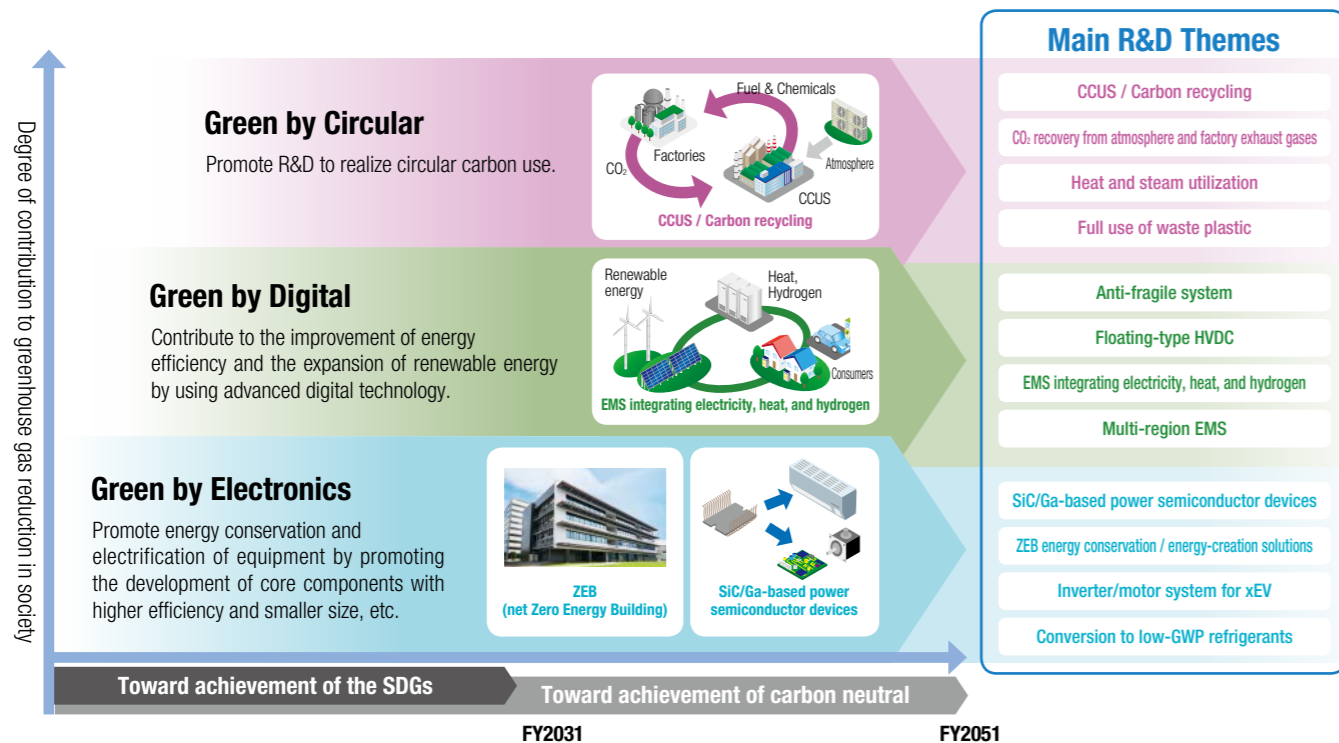
- Continuously invest 0.15% of revenue in carbon neutral efforts.
- Use renewable energy to 85 sites in Japan in FY2023
- Promote expansion of internal renewable energy procurement using multi-region EMS<sup>(\*)</sup>.

<sup>\*</sup>Multi-region EMS : Energy management system that automatically optimizes power interchange of renewable energy between multi sites, operation of distributed power sources and storage batteries, and purchase plan of renewable energy certificates.



Contribution

We will accelerate R&D in three innovation areas: Green by Electronics, Green by Digital, and Green by Circular to create and expand businesses that make society as a whole carbon neutral.



CCUS: Carbon dioxide Capture Utilization and Storage, EMS: Energy Management System, GWP: Global Warming Potential, HVDC: High Voltage Direct Current

Progress of Medium-term Management Plan Towards FY2026

Financial Targets

Our Group will aim to achieve ¥5 trillion in revenue and 10% in operating profit margin for FY2026. In addition, we will aim to achieve 10% in ROE and ¥3.4 trillion in cash generation during the five years of the medium-term management plan.

FY2026 Financial Targets

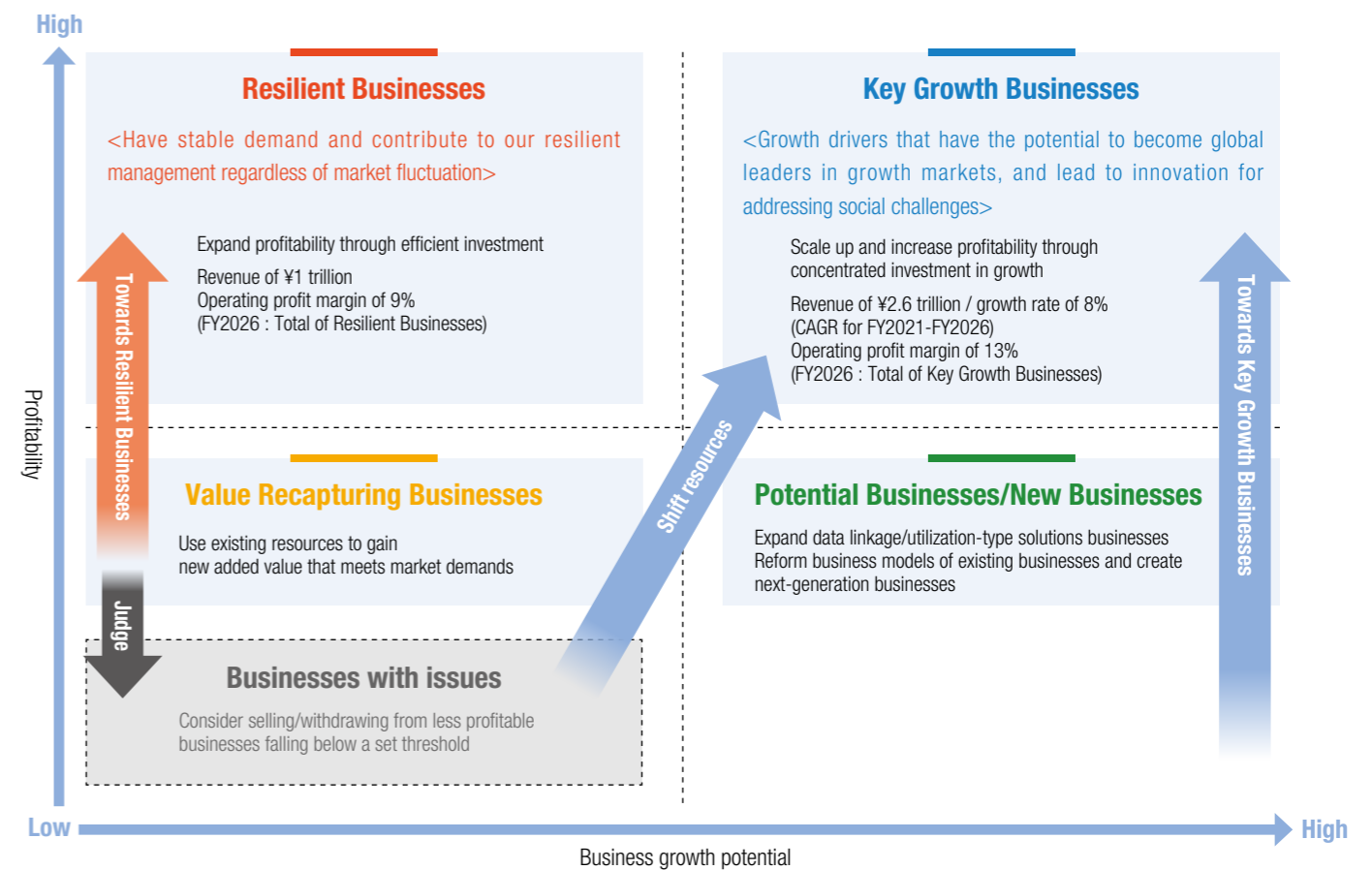
Revenue	¥ 5 trillion
Operating Profit Margin	10%
ROE	10%
Cash Generation <sup>(*)</sup>	¥ 3.4 trillion / 5 years

<sup>\*</sup>Cash Generation: Adjusted operating cash flow (CF)

Business Portfolio Strategy

For sustainable growth, in an attempt to improve profitability through strengthened business portfolio strategy, we will strategically invest management resources in five businesses: FA Control Systems, Air-Conditioning & Refrigeration Systems, Building Systems, xEV/ADAS<sup>(\*)</sup>, and Power Semiconductor Devices that we define as the key growth businesses and thereby shift our resources to businesses with high profitability and growth potential. For potential businesses and new businesses, we will expand data linkage/utilization-type solutions businesses and reform business models of existing businesses and create next-generation businesses.






<sup>\*</sup>1 ADAS: Advanced Driver Assistance System



## Mitsubishi Electric Corporate Strategy

### Key Growth Businesses, Potential/New Businesses

In key growth businesses, we are steadily expanding the scale through growth investment by increasing production capacity, building a new system for business operation, launching new products, etc. As for potential businesses and new businesses, we are accelerating the creation of new businesses through open innovation.

Key Growth Businesses <Scale Expansion through Growth Investment>		
<b>FA Control Systems</b>	<b>Established a new production base in the Owariasahi district in response to demand for FA control systems in decarbonisation-related fields</b> Invested approx. ¥13 billion to establish a new production base (Scheduled to start operation in Apr. 2025)	 Illustration of new production base
<b>Air-Conditioning &amp; Refrigeration Systems</b>	<b>Increased the production capacity for air-conditioning equipment to meet demand for heat pumps in Europe</b> Increased the production capacity by investing approx. ¥13 billion in MACT** in Turkey (Scheduled to start operation in Feb.2024)	 Exterior view of MACT
<b>Building Systems</b>	<b>Shifted to the operation system for integrated business operation from new installation to maintenance and renewal</b> Established Mitsubishi Electric Building Solutions Corporation (Apr. 2022)	 Ville-feuille
<b>xEV/ ADAS**</b>	<b>Started mass production of "High Definition Locator" that contributes to ADAS technologies</b> For consumer car, world's first mass production of "High Definition Locator" that can receive centimeter level positioning correction signal from Quasi-zenith satellite (started in Oct. 2021)	 High Definition Locator
<b>Power Semiconductor Devices</b>	<b>Doubled the production capacity for wafer fabrication to meet the strong demand in automotive and consumer electronics areas</b> Double the production capacity by FY2026 compared to FY2021. Constructed an 8-inch line with higher production efficiency at the Fukuyama Factory and started construction of a 12-inch line.	 Exterior view of Fukuyama Factory

Towards the next key growth businesses

### Potential Businesses/New Businesses <Creation of Next-generation Businesses>

**Established a corporate venture capital (CVC)\*\* fund to accelerate open innovation aimed at creating new businesses**  
Established ME Innovation Fund with a total investment amount of ¥5 billion with Global Brain Corporation (Jan. 2022).

\*1 MACT : Mitsubishi Electric Air Conditioning Systems Manufacturing Turkey Joint Stock Company  
\*2 ADAS : Advanced Driver Assistance System \*3 CVC : Corporate Venture Capital

### Resilient Businesses, Value Recapturing Businesses, Businesses with issues

In resilient businesses, we are improving profitability and expanding businesses through merger and acquisition, etc. Some value recapturing businesses have shifted to resilient businesses due to improved profitability. Businesses with issues are shifting resources by selling, withdrawal, and collaboration.

Resilient Businesses <Strengthening Profitability>	
<b>Improve profitability of certain businesses and add them to Resilient Businesses</b> Processing machines, high-frequency optical devices, and IT infrastructure services.	 Laser processing machines  High-frequency optical devices
<b>Acquired a U.S.-based UPS maintenance company to expand the uninterruptible power supply business in North America</b> Acquired all shares of Computer Protection Technology, Inc (CPT), a company with a proven track record in the California area (Feb. 2022).	
Value Recapturing Businesses	
Businesses with issues <Selling/Withdrawing/Shifting resources by collaboration>	
<b>Reviewed business of Kyoto Works, including the LCD TV business</b> Downsized the LCD TV business (announced in Nov. 2021), discontinued the commercial printer business, terminated in-house production of multi-video systems for indoor use (announced in Mar. 2022), and shifted management resources to our Key Growth Businesses, such as air-conditioning and refrigeration systems	
<b>Established a joint venture with JUKI in the industrial sewing machine business</b> Established a joint venture in the industrial sewing machine business with JUKI Corporation and Meiryō Technica Corporation (established in Jul. 2022) Aim to expand the industrial sewing machine business by combining the strengths of both companies (Jul. 2022)	

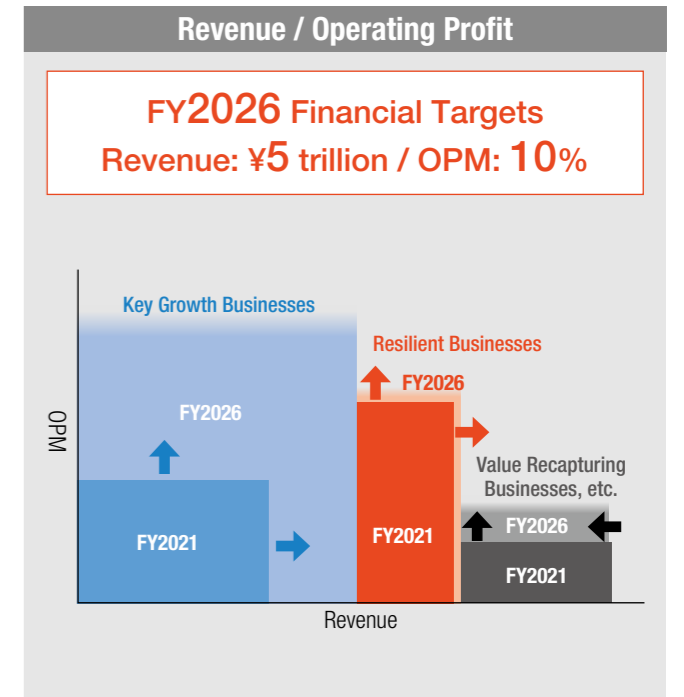
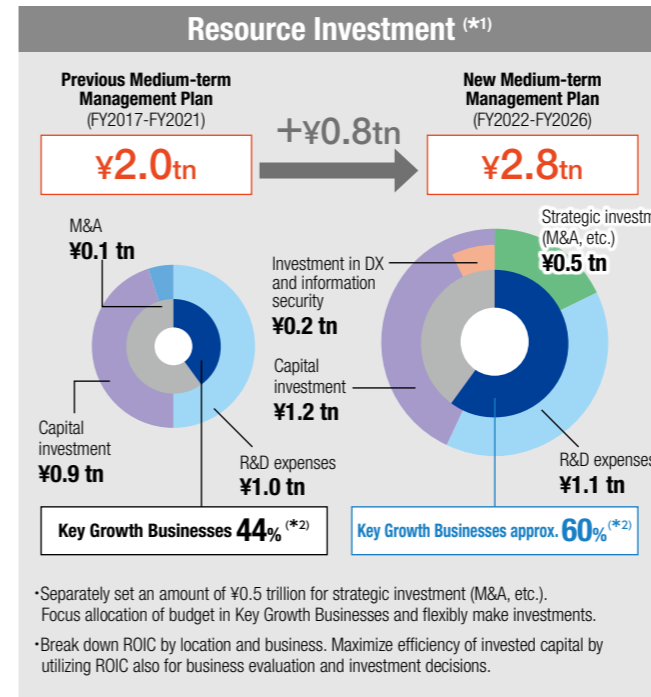
Towards resilient businesses

Judge

### Priority Allocation of Resource Investment

We invest resources in the amount of ¥2.8 trillion, up ¥0.8 trillion from the previous medium-term management plan, centered on Key Growth Businesses to attain the FY2026 financial targets (revenue of ¥5 trillion, OPM of 10%).

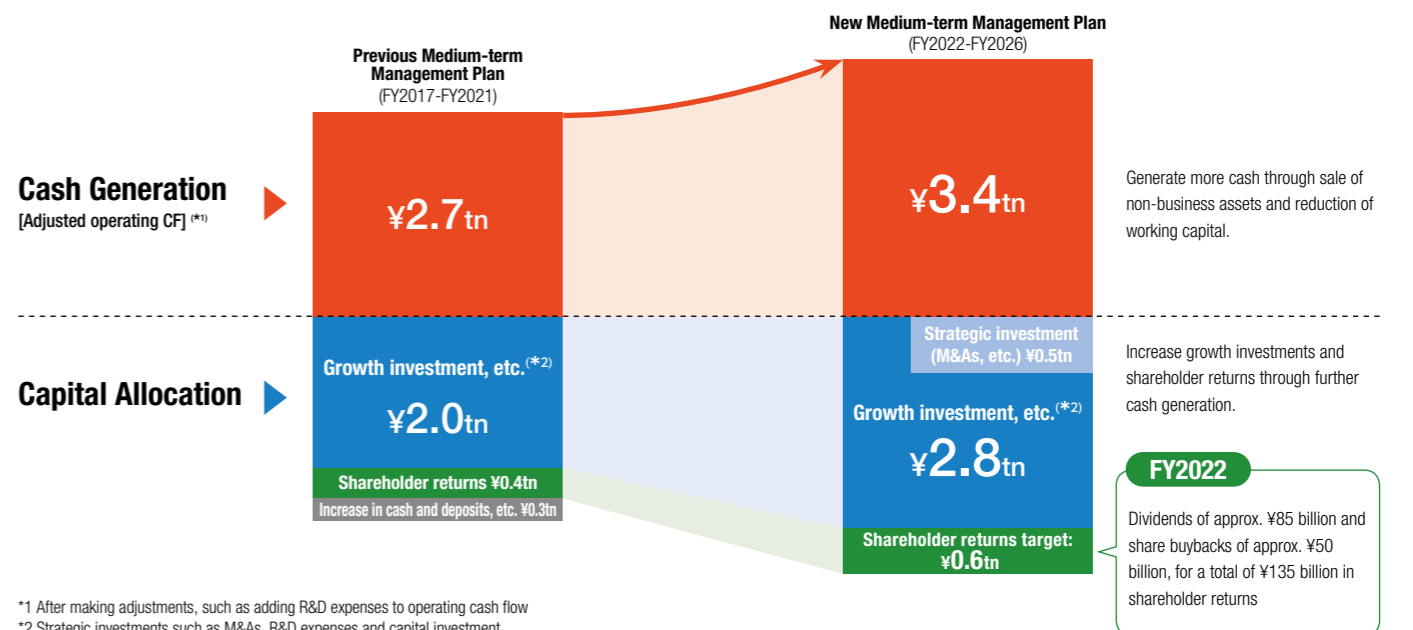
We have started considering the use of the ¥0.2 trillion for each business field, out of the ¥0.5 trillion strategic investment.



\*1 Allocation to growth investment, etc. (M&A and other strategic investment, R&D expenses, capital investment)  
\*2 Ratio of Key Growth Businesses to total investment in all business divisions (excluding investment in non-business divisions)

### Capital Allocation Policy

For capital allocation, giving top priority to investment in growth, we will further enhance shareholder returns through profit growth. In terms of cash generation, the source of capital, we will aim to generate ¥3.4 trillion over a five-year period, with a focus on Key Growth Businesses. We will return profits to shareholders (dividends + buybacks) with a target of ¥0.6 trillion (Previous Medium-term Management Plan: ¥0.4 trillion). In addition, we will further improve capital efficiency by implementing capital measures.

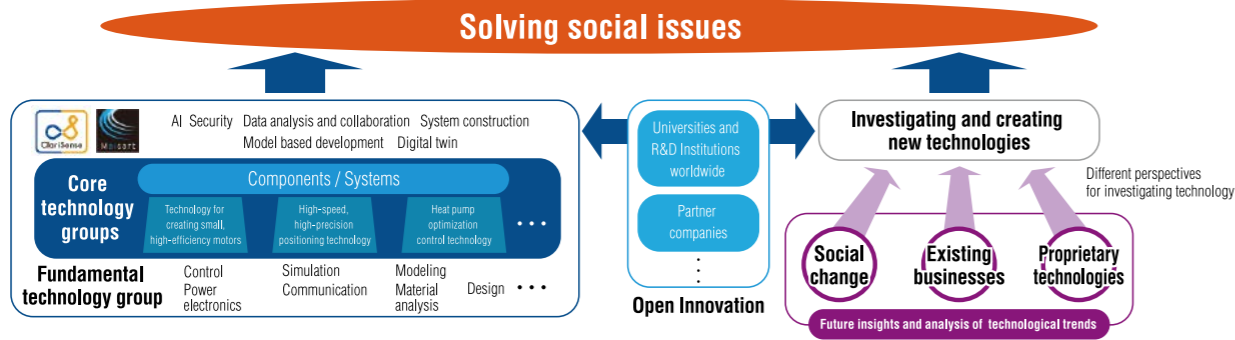


## Research and Development

### Basic Policy on Research and Development

The Company advances the following research and development with a balanced approach. These R&D efforts reinforce and transform our existing businesses and promote the creation of new value, in order to solve a variety of social issues through the use of advanced technologies and contribute to the realization of a sustainable society. We thoroughly enhance core technologies that drive increased profitability, continuously deepen fundamental technologies such as AI, and investigate and create new technologies aimed at realizing a decarbonized society and other achievements.

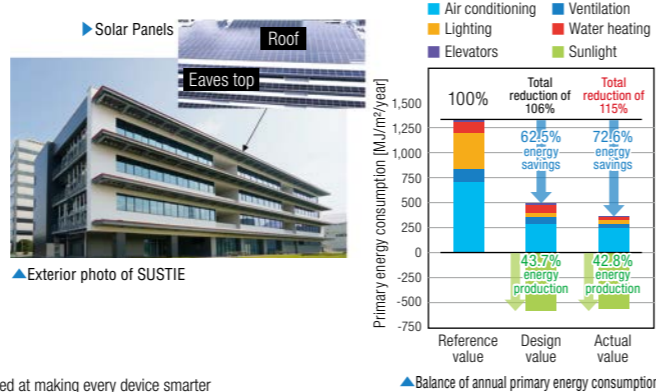
The Company will also accelerate development and create value through proactive utilization of open innovation with universities and other external R&D institutions. During fiscal 2022, the total R&D expenses for the entire Group have amounted to 195.1 billion yen (2% increase compared to the previous fiscal year).



### Major R&D Achievements in Fiscal 2022

#### The SUSTIE Net Zero-energy Building Test Facility Cuts Annual Operating Energy to Below 0%

SUSTIE® net zero-energy building test facility, which was completed at the Company's Information Technology R&D Center in 2020, retained its energy consumption at less than 0% in its first full year of operation by producing more energy than it. A building equipment operation plan that keeps the building comfortable while minimizing energy consumption is automatically generated, through the combined use of technologies simulating the operating status of building equipment such as air conditioning and lighting, as well as the state of the offices such as temperature and brightness, and Maisart\* AI technology. Through this development, the Company achieved ZEB\*\* -level operation in an urban location with limited premise area, while maintaining a highly comfortable and productive work environment. The Company will use this case example to further promote the popularization of ZEB and contribute to carbon neutrality.



\*1. Mitsubishi Electric's AI creates the State-of-the-ART in technology: Mitsubishi Electric's AI technology brand aimed at making every device smarter

\*2. ZEB: net Zero Energy Building

#### Retained its energy consumption at less than 0% in its first full year of operation, promoting future ZEB construction

#### Development of AI Technology that Clarifies its own Control Rationale

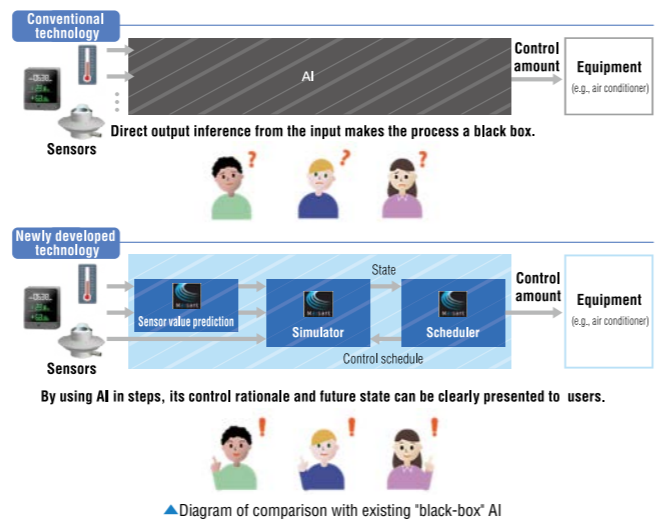
The inference processes used by AI technologies are black boxes and often difficult to understand. This presents major difficulties when applying them to the control field, where reliability and explicability are vital.

This newly developed technology\* eliminates black boxes by splitting up the AI inference processes step-by-step, into a step in which the AI predicts from the current sensor detection value the future sensor detection value based on past data, etc., a step in which AI is used to simulate the future state based on the predicted sensor detection value, and a step in which an equipment control schedule is set based on the simulation results.

Not only does this allow people to understand the control rationale of the AI, it also enables early maintenance and rapid recovery, contributing to the realization of a society in which people can feel secure using AI.

\*Developed jointly with the National Institute of Physical and Chemical Research (RIKEN)

#### Contributing to the realization of a society in which people can feel secure using AI by clarifying its control rationale



▲Diagram of comparison with existing "black-box" AI

## Intellectual Property

### Protection of Intellectual Property Rights

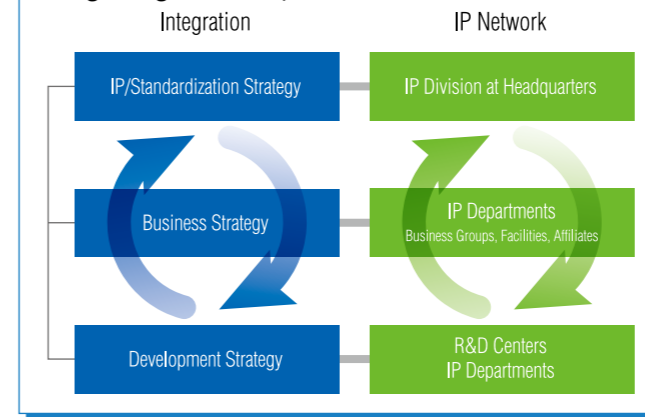
#### Basic Policy

The proper protection of intellectual property (IP) rights promotes technological progress and sound competition, and also contributes to realizing affluent lifestyles and the development of society.

The Mitsubishi Electric Group recognizes that intellectual property (IP) rights represent a vital management resource essential to its future and must be protected.

Through integrating business, R&D, and IP activities, the Group is proactively strengthening its global IP assets, which are closely linked to the Group's business growth strategies and contribute to both business and society, and also working on protecting IP rights.

#### Integrating Business, R&D and IP Activities

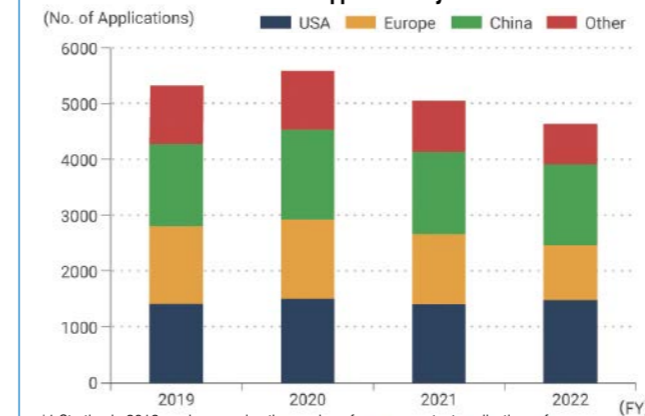


#### Global IP Strategy

The Mitsubishi Electric Group identifies critical IP-related themes based on its mainstay businesses and important R&D projects, and is accelerating the globalization of IP activities also by filing patents prior to undertaking business development in emerging countries where an expansion of business opportunities is expected. Furthermore, resident officers are assigned to Mitsubishi Electric sites in the United States, Europe, China, and Southeast Asia to take charge of IP activities and strengthen the IP capabilities of business offices, R&D centers, and affiliated companies in each country. Through these initiatives, we strive to create a robust global patent network.

As an indication of the Mitsubishi Electric Group's IP capability and global IP activities, the company ranked No. 1 in Japan in terms of the number of patent registrations (in 2021) announced by the Japan Patent Office (JPO), and No. 5 in the world in terms of Patent Cooperation Treaty (PCT) applications by businesses (in 2021) announced by the World Intellectual Property Organization (WIPO). In conjunction with creating a patent network, we are also actively pursuing activities toward acquiring design rights in Japan and overseas, to protect both the functional and design aspects of our technologies.

#### Annual Trends in Overseas Patent Applications by the Mitsubishi Electric<sup>\*1</sup>



\*1 Starting in 2019, we began using the number of overseas patent applications of Mitsubishi Electric as a single entity

#### Respecting IP Rights

The Mitsubishi Electric Group firmly recognizes the importance of mutually acknowledging and respecting not only its own intellectual property rights but also 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.

Any infringements on the IP rights of others not only violate the Code of Corporate Ethics and Compliance, but also have the potential to significantly impair the Group's continued viability as a going concern. The resulting potential impairments include being obliged to pay significant licensing fees or being forced to discontinue the manufacture of a certain product.

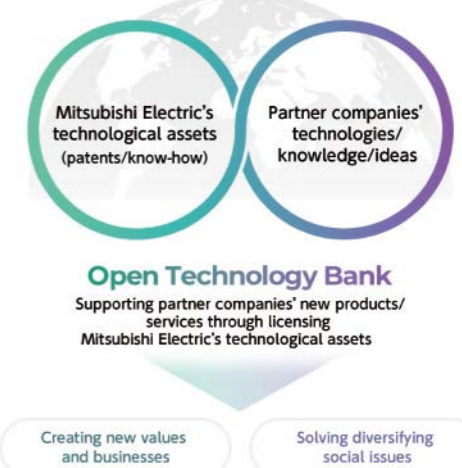
In order to prevent any infringement on the IP rights of others, various educational measures are provided mainly to engineers and IP officers, to raise employee awareness and promote greater respect for the IP rights of others. At the same time, a set of rules has been put in place to ensure that a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

The Mitsubishi Electric Group also works diligently to prevent any infringement on its IP rights by others. In addition to in-house activities, we 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.

#### Open Technology Bank Activity

In order to realize a sustainable future, Mitsubishi Electric launched activities of the Open Technology Bank, which promotes internal and external collaborations based on intellectual property in fiscal 2022. In the past, the primary use of intellectual property was for competition between companies (monopolizing their use, preventing imitation, and exercising rights in relation to other companies); however, going forward, the Company will actively use intellectual property as tools for promoting collaborative creation.

#### Open Technology Bank Activities —Promoting external collaboration—





## Financial Highlights

### Performance for the Year Ended March 31, 2022

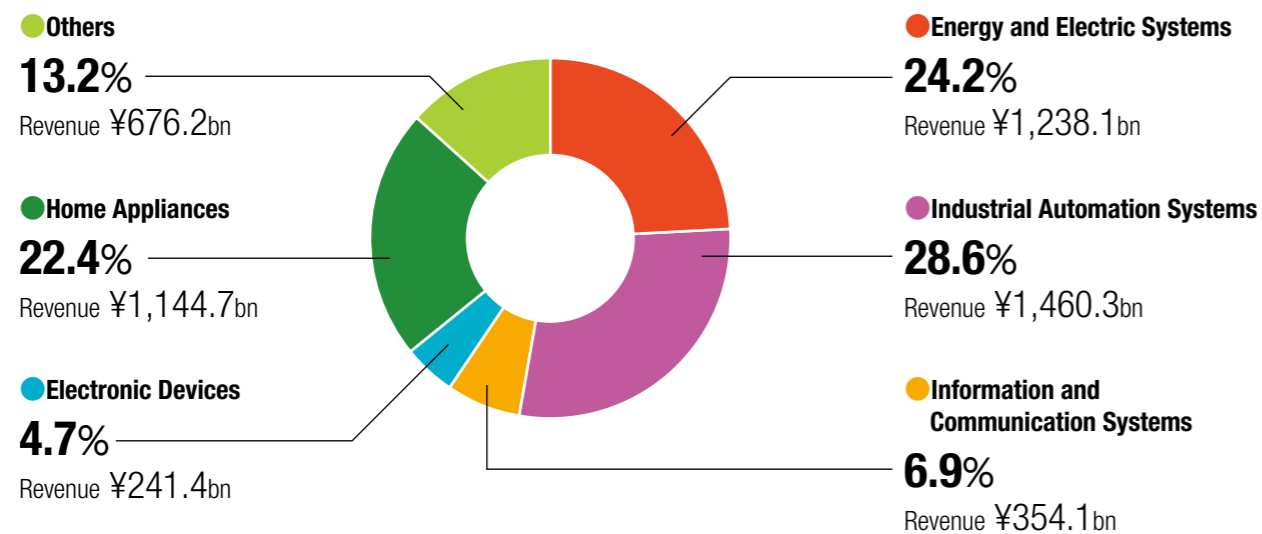
	Yen (billions)	
	2021	2022
Revenue	¥4,191.4	¥4,476.7
Operating profit	230.1	252.0
Net profit attributable to Mitsubishi Electric Corp. stockholders	193.1	203.4
Total assets	4,797.9	5,107.9
Bonds and borrowings	248.8	217.1
Mitsubishi Electric Corp. stockholders' equity	2,754.2	2,975.9
Capital expenditure (Based on the recognized value of property, plant and equipment)	180.0	167.7
R&D expenditures	190.5	195.1

Per share Amounts			Yen	
Earnings per share attributable to Mitsubishi Electric Corp. stockholders	Basic	¥90.03	¥95.41	
	Diluted	90.03	95.41	
Cash dividends declared		36	40	

Statistical Information			%	
Operating profit ratio		5.5 %	5.6 %	
Return on equity (ROE)		7.5	7.1	
Bonds and borrowings to total assets		5.2	4.3	

- The balance of bonds and borrowings and the ratio of bonds and borrowings to total assets do not include lease liabilities.
- R&D expenditures include elements spent on quality improvements which constitute manufacturing costs.
- Diluted earnings per share attributable to Mitsubishi Electric Corp. stockholders is equal to Basic earnings per share attributable to Mitsubishi Electric Corp. stockholders, as no dilutive securities existed.

## Revenue Breakdown by Business Segment



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

## Non-financial Highlights

### Main target initiatives in fiscal 2023



### Realize a sustainable global environment

Reduce CO<sub>2</sub> emissions related to the usage of new products (Improvement of more than **1%** by the end of FY2024)

Reduce CO<sub>2</sub> emissions from production (Reduction of more than **30%** compared to FY2014 by the end of FY2024)

Use recycled plastics (Rate of more than **10%** in terms of the volume of molding and packaging materials by the end of FY2024)



### Realize a sustainable global environment

**Safety/Security**  
Promotion of products, services, and solutions that contribute to minimizing damage due to natural threats, including prevention of natural disasters

**Inclusion**  
Promotion of products, services, and solutions that reduce the impact of physical limitations (age, disability, etc.) and environmental limitations such as residential areas

**Well-being**  
Promotion of products, services, and solutions that contribute to realizing more comfortable and healthy living



### Respect for all people

Grasp the improvement statuses of human rights initiatives based on the FY2023 Human Rights Impact Assessment (Implementation rate of **100%**)

Employee Awareness Survey	Goal	Increase the ratio of women among new recruits	Target
Percentage of employees who are proud and motivated to work for the Company	80% or more	Increase the ratio of women among new recruits	1.2 <sup>*1</sup>
Percentage of employees who responded that they had a good work-life balance	80% or more	Increase the ratio of women in managerial positions	2 <sup>*2</sup>

\*1 Compared to the average from FY2017 to FY2021  
\*2 Compared to FY2021



### Strengthen corporate governance and compliance a sustainable basis

Realize a highly independent composition in the board of directors (Over **50%** independent outside directors)

Conduct quality audits and promote improvements once a year at all manufacturing facilities and plants (Implementation rate of **100%**)

Rate of attendance in e-learning programs about the Code of Conduct (maintain a rate of **100%**)

Information security activities to protect important information  
Eradication of major information leakage incidents (**Zero** incidents)



### Create a sustainability-oriented corporate culture

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**

Improve understanding on the relationship between business operation and sustainability

**More than 80% understanding on the new management policy and more than 75% understanding on the operation of business in line with the management policy, according to the results of an employee awareness survey**

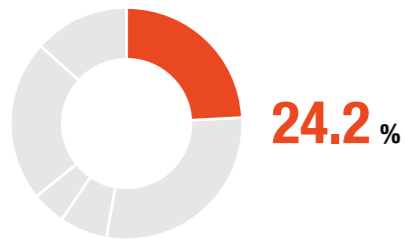
For results of fiscal 2022, please refer to the following:



Management Related to Materiality  
[https://www.MitsubishiElectric.com/en/sustainability/reports/pdf/2022/Sustainability\\_report\\_2022\\_4.pdf#page=23](https://www.MitsubishiElectric.com/en/sustainability/reports/pdf/2022/Sustainability_report_2022_4.pdf#page=23)

## Energy and Electric Systems

### Revenue Breakdown by Business Segment



### Revenue

¥1,238.1 billion  
down 3% year on year

### Operating Profit

¥62.1 billion  
down ¥46.7 billion year on year

The market for the social infrastructure systems business saw buoyant investment in the public utility business in Japan, while demand relating to power systems decreased in Japan and there was the reconsideration of the capital expenditure plans by railway companies in Japan due to the impact of COVID-19. In this environment, orders won by the business remained substantially unchanged compared to the previous fiscal year due primarily to an increase in the public utility systems business in Japan despite a decrease in the power systems and the transportation systems businesses in Japan.

The market for the building systems business saw recovery from stagnation stemming from COVID-19 primarily in China, while recovery is delayed in some parts of Asia. In this environment, the business saw increases in both orders and revenue compared to the previous fiscal year due mainly to an increase primarily in China.

As a result, revenue for this segment decreased by 3% compared to the previous fiscal year to 1,238.1 billion yen.

Operating profit decreased by 46.7 billion yen compared to the previous fiscal year to 62.1 billion yen due mainly to decreased revenue and a shift in project portfolios.

### Railway Lifecycle Management Solution (LMS)

Wirelessly collecting on-board equipment operation data in the cloud platform INFOPRISM<sup>®</sup>, features such as remote condition monitoring and screen sharing from the driver's cab enable optimized maintenance of train. Information from train depot and other locations is also integrated to contribute to the improvement of operational efficiency across the railway system and the reliable train service.



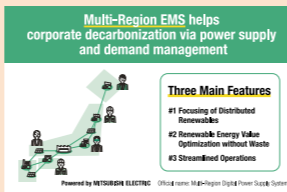
### Network Camera System

Camera image is more widely leveraged in combination with image analysis in addition to the monitoring application in stores in cities, factories, public facilities, railway, and road. Mitsubishi Electric's network camera system allows for a variety of image solutions with its high-quality image, rich lineup and scalability.



### Multi-Regional Digital Power Supply Optimization Technology

As efforts toward decarbonization are spreading all over the world, the introduction of electricity generated from renewable energies (renewable electricity) and the expansion of distributed power supplies are expected to proceed. We support the achievement of the decarbonization goal at each site, ensuring cost efficiency with measures such as the sharing of renewable electricity among multiple site and the operation of rechargeable batteries.



### Smart Medium Voltage DC Distribution Network Systems, D-SMiree

DC electricity is generated and stored in solar power plants and rechargeable batteries and is used as-is effectively. D-SMiree is a next-generation DC distribution system that creates, stores and saves energy to support the realization of carbon neutrality and a decarbonized society by taking advantage of DC distribution.



### NEXIEZ Machine-room-less Elevators

Compact, lightweight, and energy-saving, NEXIEZ machine-room-less elevators are the global flagship product. They are widely used throughout the world, mainly in low-to mid-rise buildings. Models designed with various functions and features for specific regions are also available to meet the preferences and customer needs of each region.



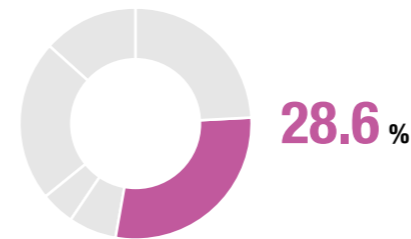
### Mitsubishi u series Escalators

Mitsubishi Electric's new u series escalators offer enhanced passenger safety and comfort, significant energy savings and reduced environmental impact. Extensive features enhance safety and comfort when stepping on or off, and the inverter control included as standard, along with LED lighting, achieve significant energy savings. With an industry-leading compact size, these escalators allow for more flexible building designs and weigh less.



## Industrial Automation Systems

### Revenue Breakdown by Business Segment



### Revenue

¥1,460.3 billion  
up 17% year on year

### Operating Profit

¥96.8 billion  
up ¥56.2 billion year on year

The market for the factory automation systems business saw a global increase in demand for capital expenditures relating to digital equipment such as semiconductors, electronic components and smartphones, and products in the decarbonization area such as lithium-ion batteries. In this environment, the business saw increases in both orders and revenue compared to the previous fiscal year.

The market for the automotive equipment business saw an increase in electric vehicle-related equipment due to the expansion of electric vehicle market, while sales of new cars decreased in Japan, China Europe and the U.S. due primarily to a semiconductor shortage compared to the previous fiscal year. In this environment, the business saw increases in both orders and revenue compared to the previous fiscal year due mainly to increases in electric vehicle-related equipment such as motors and inverters, as well as electrical components.

As a result, revenue for this segment increased by 17% compared to the previous fiscal year to 1,460.3 billion yen.

Operating profit for this segment increased by 56.2 billion yen compared to the previous fiscal year to 96.8 billion yen, as operating profit for the factory automation systems business increased due mainly to increased revenue and the yen depreciating against other currencies, while operating profit for the automotive equipment business decreased due primarily to the rise in material prices and logistics costs.

### Programmable Logic Controllers

Mitsubishi Electric's MELSEC series of programmable logic controllers supports a wide array of production and social infrastructure applications; solutions range from control and safety devices to information and instrumentation management. As a leading global brand, the MELSEC series contributes to the construction of cutting-edge control systems owing to its capabilities, performance, product variety, and high reliability.



### AC Servos

The MELSERVO Series enhances the total performance of manufacturing and production machines. From rotary servo motors to linear servo motors and direct drive motors, a wide range of products are available to meet any number of applications and to significantly improve the performance of all relevant equipment.



### Computerized Numerical Controllers (CNCs)

Our rich lineup includes the M800V and M80V Series, which contribute to productivity improvement and smartification at manufacturing sites with its variety of innovative control functions, processing management using embedded Wi-Fi, and other features. Our controllers also support a variety of field networks that are necessary for constructing automation systems.



### Electric Power Steering (Motors and Controllers)

Mitsubishi Electric was the first company in the world to mass produce motors and controllers for electric power steering to assist driver steering in line with driving conditions. Over the years, Mitsubishi Electric has helped to improve steering feel, response, and stability while delivering compact units and high-output performance, and contributing to reduced automobile CO<sub>2</sub> emissions.



### Car Navigation System

The DIATONE SOUND. NAVI car audio-navigation system eliminates the slight noise generated by audio devices and transmits sounds in full detail. In addition, it provides high-speed multi-task processing, fast responsiveness when searching and scrolling and beautiful images on the map screen and in video playback.



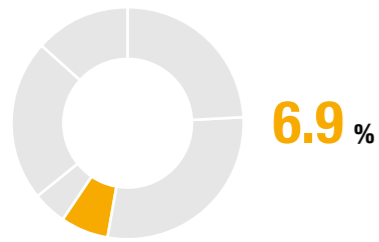
### Motors and Inverters for Electric Motor Vehicles

Motors for both driving/power-generating, as well as for inverters that control the motors, which are mounted in electric vehicles, such as hybrid cars. These products contribute to the improvement of vehicle fuel efficiency and comfort; for example, through idle stop and start, energy regeneration during deceleration, or torque assistance during acceleration.



## Information and Communication Systems

### Revenue Breakdown by Business Segment



### Revenue

¥354.1 billion  
down 7% year on year

### Operating Profit

¥14.7 billion  
down ¥1.7 billion year on year

The market for the information systems and service business saw a decrease in large-scale projects for the IT infrastructure service business, while delayed system development projects restarted, particularly in the manufacturing industry. In this environment, the business saw an increase in orders but a decrease in revenue compared to the previous fiscal year.

The electronic systems business saw an increase in orders compared to the previous fiscal year due primarily to an increase in large-scale projects for the defense systems business, while revenue decreased compared to the previous fiscal year due mainly to a decrease in large-scale projects for the defense systems business.

As a result, revenue for this segment decreased by 7% compared to the previous fiscal year to 354.1 billion yen.

Operating profit decreased by 1.7 billion yen compared to the previous fiscal year to 14.7 billion yen due mainly to decreased revenue.

#### Video analysis solution “kizkia”

A solution for analyzing security camera footage with AI and automatically detecting and reporting specific people, things or event in real time. We have launched the “kizkia-Knight” service to analyze footage with AI to provide a privacy-conscious nursing care service. (Mitsubishi Electric Information Systems Corporation)



#### Network Security Service

Corporate networks are exposed to many different threats such as unauthorized access or divulgence of personal or confidential information. Mitsubishi Electric builds an optimal security environment and provides a one-stop monitoring and operation service available 24/7 to address cyber attacks that are ever diversifying and evolving day by day. (Mitsubishi Electric Information Network Corporation)



#### Operation-Specific Solutions

Mitsubishi Electric offers operation packages for working management, electronic application, sales management and other operations. These packages serve as a foundation to leverage our wealth of deployment experience as expertise on each type of business and support customer-specific culture. We also provide flexible customization and promptly address law and system revisions to contribute to improving operational efficiency. (Mitsubishi Electric IT Solutions Corporation)



#### DS2000 Standard Satellite Platform

The DS2000 is a standard satellite platform modeled after JAXA’s ETS-VIII. It meets the need for high-quality, low-cost satellites with shortened delivery times. It has already been adopted for use by Japan and other countries; more than ten satellites currently in orbit use it. It will eventually be incorporated into JAXA’s Engineering Test Satellite 9, which is being launched in response to the need for high-throughput communications satellites.



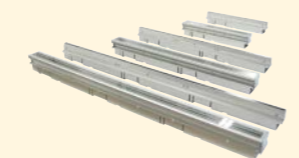
#### Satellite Observation Solution

Our satellite observation solution processes and analyzes images from observation satellites to provide satellite data analysis information that can be applied to quickly understand the situation in case of disasters or to continue to widely monitor national land and infrastructure at ordinary times.



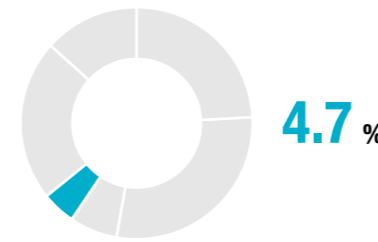
#### CIS (Contact Image Sensor)

Mitsubishi Electric develops a variety of proprietary key components from sensor ICs to light sources based on the expertise we have accumulated through our years of experience and provides high-definition images with high-speed digital output. Many customers in and outside Japan are using our CIS in the photocopier, financial, and inspection machine markets.



## Electronic Devices

### Revenue Breakdown by Business Segment



### Revenue

¥241.4 billion  
up 18% year on year

### Operating Profit

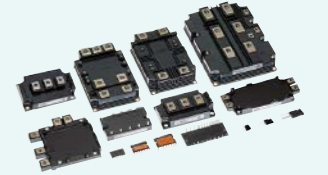
¥16.8 billion  
up ¥10.5 billion year on year

The market for the electronic devices business saw recovery in demand for power modules used in consumer, industrial and automotive applications. In this environment, the business saw an increase in orders compared to the previous fiscal year and revenue also increased by 18% compared to the previous fiscal year to 241.4 billion yen due primarily to an increase in power modules used in consumer, industrial and automotive applications.

Operating profit increased by 10.5 billion yen compared to the previous fiscal year to 16.8 billion yen due mainly to increased revenue.

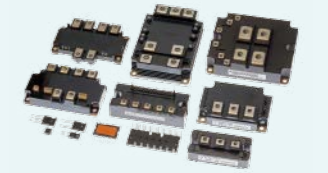
#### Power Semiconductor Modules

Our power semiconductor modules help reduce the power consumption of power electronics equipment such as home appliances, motion control, renewable energy, power supplies, power transmission, traction, and automobiles. The product lineup includes DIIPM, IGBT modules and IPM, and contributes to global environmental innovation.



#### SiC\* Power Semiconductor Devices

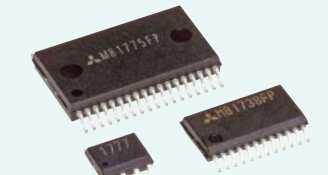
With significantly lower power loss than Si and capabilities that include the enabling of high-speed switching operations and high-temperature operation among others, the SiC power semiconductor device significantly reduces the power consumption of every type of power electronics equipment such as home appliances, industrial equipment, traction, and automobiles and contributes to the realization of both a decarbonized society and an affluent lifestyle in a sustainable future.



\*SiC: Silicon carbide, compound of silicon and carbon at a ratio of 1:1

#### HVIC

An IC with a high withstand voltage that directly drives gates with input signals from microcomputers and other devices in place of gate driving by the power MOSFET or IGBT that uses a pulse transformer or photocoupler. The HVIC improves the reliability of equipment with a variety of embedded protective functions including undervoltage lockout and an error output function.



\*HVIC: High Voltage IC

#### Optical Devices for Optical Communication

The product lineup is optimal for all types of optical fiber communication facilities which are used in base stations for 5G, the fifth-generation mobile communication system, and also used in large-scale datacenters and other equipment that support the transition to cloud computing. This lineup contributes to faster speeds, greater capacity and transmission distance, and equipment size reduction.



#### GaN\* High Frequency Devices

GaN promises to provide higher efficiency, higher output and wider bandwidth than Si. By employing GaN transistors, GaN high frequency devices contribute to faster communication speeds, increased information transmission volume, and smaller power amplifiers for base transceiver station networks in fifth generation mobile communication systems (5G) and earth stations in satellite communication systems (SATCOM).



\*GaN: Gallium nitride

#### Thermal Diode Infrared Sensor MeDIR\*

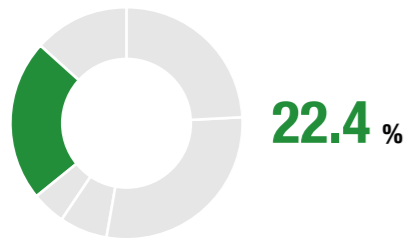
With advanced temperature detection including a larger pixel number and higher temperature resolution, MeDIR distinguishes people from objects and enables the identification of specific human behaviors. MeDIR can be implemented into a wide range of applications including security, air conditioning, temperature measuring, surveillance, people counting, and smart building.



\*MeDIR (Mitsubishi Electric Diode InfraRed sensor) is a registered trademark of Mitsubishi Electric.

## ▶ Home Appliances

### Revenue Breakdown by Business Segment



### Revenue

**¥1,144.7 billion**  
up 10% year on year

### Operating Profit

**¥70.9 billion**  
down ¥4.8 billion year on year

The market for the home appliances business saw an increase in demand for residential air conditioners primarily in Europe and North America as working from home becomes common, despite the impact of a semiconductor shortage. Demand for industrial air conditioners also recovered gradually as capital expenditures started to recover from the impact of COVID-19. In this environment, the business saw an increase in revenue by 10% compared to the previous fiscal year to 1,144.7 billion yen due mainly to an increase in air conditioners primarily in Europe and North America as well as the yen depreciating against other currencies, despite a decrease in air conditioners in Japan due primarily to a semiconductor shortage.

Operating profit decreased by 4.8 billion yen compared to the previous fiscal year to 70.9 billion yen due mainly to the rise in material prices and logistics costs despite increased revenue and the yen depreciating against other currencies.

### ▶ Air Conditioning & Refrigeration Systems

Mitsubishi Electric offers a wide range of products for houses, stores, offices, buildings, factories, and industrial facilities while featuring environmentally compatible, energy-saving technologies. These qualities allow Mitsubishi Electric to meet air conditioning needs globally.



### ▶ Home Equipment

Mitsubishi Electric offers energy-saving home environments using highly efficient air conditioners and ventilators, water heaters and cooking equipment. Create a comfortable living environment for the whole family.



### ▶ Home Appliances

Mitsubishi Electric develops home appliances by incorporating its unique technologies and perspectives so that its products can be used in various scenes of daily life, such as the kitchen, living room, and bedroom. Efforts are made to develop products that contribute to making life more comfortable for users, meeting and even surpassing their expectations.



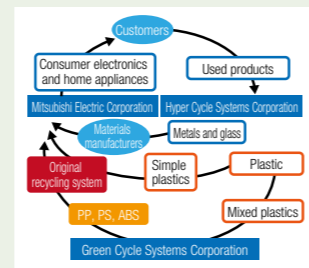
### ▶ Lighting Fixtures and Light Bulbs

Mitsubishi Electric offers an extensive lineup of high-efficiency, long-lasting LED products that meet diverse needs for energy-saving light bulbs and equipment in households, stores, offices, and factories. The company's LED products make the future brighter for families and society as a whole.



### ▶ Recycling Consumer Electronics and Home Appliances

Mitsubishi Electric has developed technologies for automatically sorting the three major types of plastic (polypropylene (PP), polystyrene (PS), and acrylonitrile-butadiene-styrene (ABS)) used in consumer electronics and home appliances. This original recycling system is being utilized to promote the reuse of plastics in the company's products by improving the physical properties of the sorted materials.



# ▶ Sustainability at Mitsubishi Electric Group

## Contents

- 31 Sustainability Management
- 34 E : Environment
- 38 S : Social
- 47 G : Governance
- 54 ESG Information Disclosure List



Sustainability Management

▶ Basic Policy of Sustainability

The Mitsubishi Electric Group regards its sustainability initiatives as the foundation of its corporate management, and 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." It is crucial to maintain communication with various stakeholders to pursue initiatives for achieving a sustainable society, as well as to incorporate the expectations, requests, and opinions from society into activities and to avoid acts that will inconvenience society.

By ensuring transparent disclosure of information on sustainability, the Mitsubishi Electric Group aims to obtain a favorable response from stakeholders, and to realize a vibrant and sustainable society together with its stakeholders.

Promotional System for Sustainability

The policies and planning for the sustainability activities of the Mitsubishi Electric Group are decided by a Sustainability Committee appointed by Mitsubishi Electric's executive officers. The Committee is composed of the heads of Mitsubishi Electric's corporate divisions (26 members in charge of environmental, social and governance aspects from divisions such as Corporate Strategic Planning and Corporate Human Resources), and discusses the results of activities performed during the previous fiscal year, decisions on future activity plans, and responses to law amendments, 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 on the discussion of Sustainability Committee meetings are reported to the senior executives during the Executive Officers' Meeting. From fiscal 2022, the details on the discussion of Sustainability Committee meetings are also reported to the Board of Directors and are supervised on the basis of many different viewpoints.

Knowing that sustainability activities are directly linked to corporate management, we have defined our materiality and each of our departments responsible for ethics and legal compliance, quality assurance and improvement, environmental conservation and philanthropy activities, and communication with stakeholders implements its own initiatives, based on the sustainability policy of the Mitsubishi Electric Group. In order to deal with sustainability challenges that involve multiple divisions in a cross-sectional manner, we also have established two subcommittees, the "Carbon Neutrality Subcommittee" and the "Human Rights Subcommittee." In addition, as projects for fiscal 2023, we will establish 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. The progress of these subcommittees' initiatives is confirmed at each Sustainability Committee meeting.

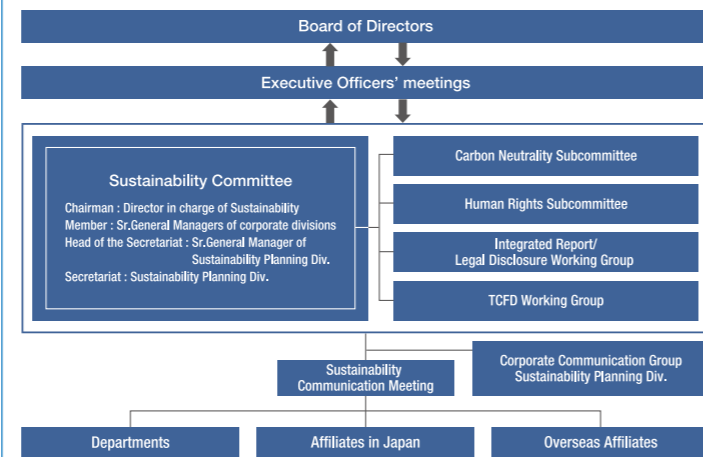
Various activities are also promoted and implemented in communication with the Sustainability Expert Committee and Sustainability Business Promotion Committee, which are convened as a forum for sharing and executing the policies and plans established by the Sustainability Committee.

Starting fiscal 2023, we will establish the "Sustainability Communication Meeting" aimed at collaboration between internal divisions and affiliates in Japan and overseas.

▶ Main agenda of the Sustainability Committee (April 2022)

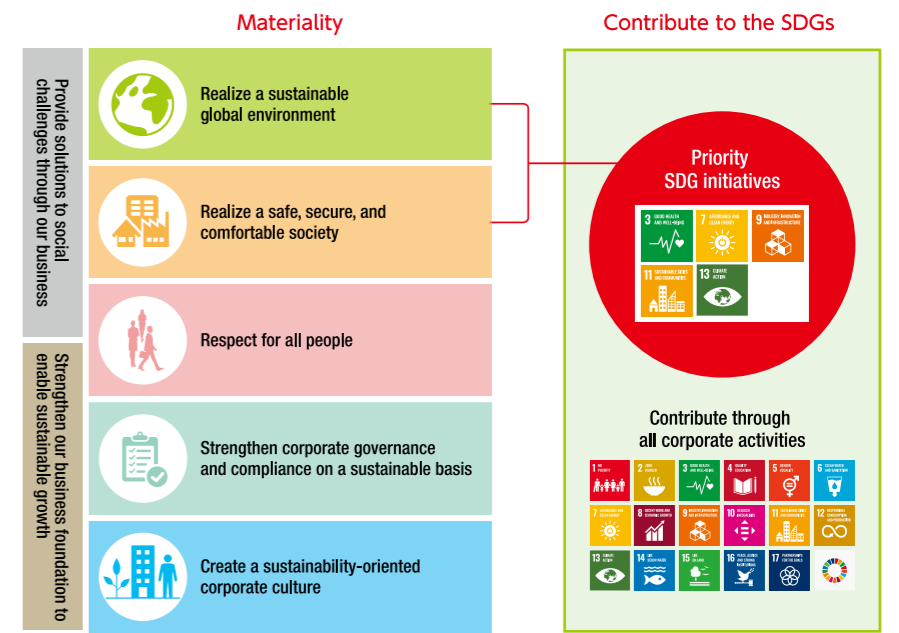
- Sustainability initiatives at the management level
- Examination of the sustainability vision
- Reinforcement in the management of the Sustainability Committee (establishment of subcommittees, projects, etc.)
- Report on achievements made in the previous fiscal year and activities planned in the current fiscal year, with focus on materiality initiatives
- Response to sustainability related legal regulations and to requests from stakeholders
- Responses to the sustainable development goals (SDGs)
- Initiatives to carbon neutrality
- Responses to the TCFD
- Human rights initiatives
- Creation policy for the Sustainability Report and Integrated Report
- Further enhanced information disclosure that takes into account ESG (environment, social, governance) investment

▶ Sustainability Promotion Framework (2023)



▶ Mitsubishi Electric Group's Materiality

The Mitsubishi Electric Group places more focus than ever on sustainability initiatives at the management level to realize the "vibrant and sustainable society" that we have committed to in our Purpose. 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 will contribute to solving social challenges starting with contributing to achieving the SDGs. In our materiality initiatives, we promote continuous activities for improvement by implementing the PDCA cycle for mid-to-long-term initiatives and goals as well as for key performance indicators (KPIs).



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.

- Goal 3 : Good Health and Well-being
- Goal 7 : Affordable and Clean Energy
- Goal 9 : Industry, Innovation, and Infrastructure
- Goal 11 : Sustainable Cities and Communities
- Goal 13 : Climate Action

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.

▶ Direct Dialogue between the President and Employees

Mitsubishi Electric holds meetings between the president and employees at each workplace to communicate the president's thoughts regarding reforms to employees, as well as to exchange views between them. In fiscal 2022, the meeting was carried out at a total of 42 bases. In fiscal 2023, to help bring the conversation deeper, these gatherings are continually held in a town meeting style with small groups. The president listens to diverse opinions from employees and will implement them in various reforms going forward.



## Sustainability at Mitsubishi Electric Group

### 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 toward sustainable growth by complying with the ten principles in the four areas of human rights, labor, environment and anti-corruption to the extent that it can influence society. Efforts will be made to enhance the Group's activities by maintaining close communication with UN organizations and relevant initiatives.

WE SUPPORT



##### 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.



##### Obtainment of the SBT (Science Based Targets) certification

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.



##### Expression of Approval of the GX League Basic Concept

Mitsubishi Electric expressed approval of the GX League Basic Concept announced by the Ministry of Economy, Trade and Industry (METI). The GX League will be 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. The purpose of the Concept matches the direction of Mitsubishi Electric. Mitsubishi Electric will participate in discussions for the transformation of the overall economic and social system to achieve carbon neutrality.

##### 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.



#### External Evaluation

**CDP**

**CDP**  
SUPPLIER ENGAGEMENT LEADER  
2021

**EcoVadis**

**FTSE**

FTSE Blossom Japan Sector Relative Index

**MSCI**

2021 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

2021 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

**S&P/JPX Carbon Efficient Index**

**PRIDE Index 2021**

**Eruboshi**

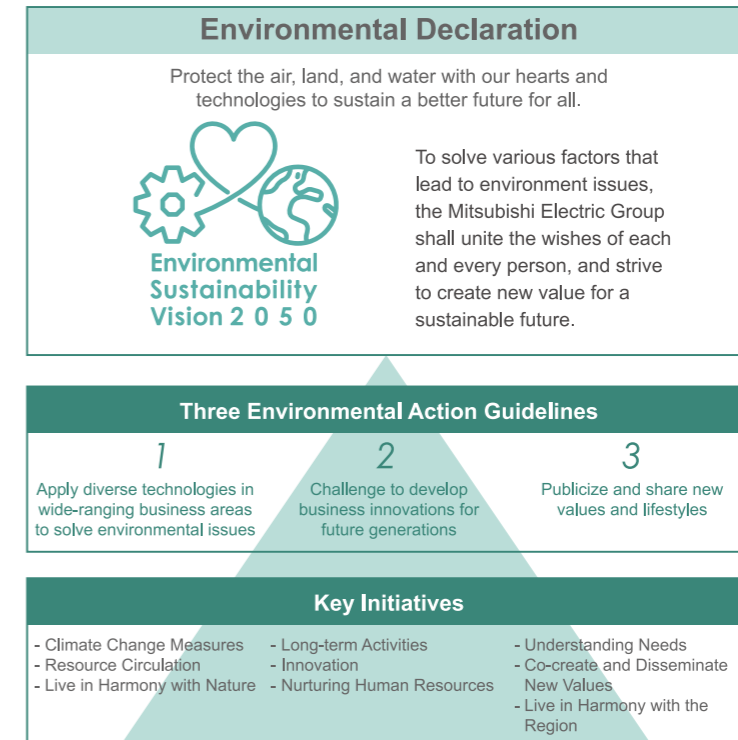
**Health & Productivity Management Outstanding Organization**

## E : 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)

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.

#### Governance

##### Sustainability Promotion Framework and Roles of the Board of Directors and Management

The policies and planning for the sustainability activities of the Mitsubishi Electric Group are decided by a Sustainability Committee appointed by the Mitsubishi Electric's executive officers. The Committee is composed of the heads of Mitsubishi Electric's corporate divisions (26 members in charge of environmental, social and governance aspects from divisions such as Corporate Strategic Planning and Corporate Human Resources), and discusses the results of activities performed during the previous fiscal year, decisions on future activity plans, and responses to law amendments, 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 on the discussion of Sustainability Committee meetings are reported to the senior executives during the Executive Officers' meetings. From fiscal 2022, the details on the discussion of Sustainability Committee meetings are also reported to the Board of Directors, and are supervised on the basis of many different viewpoints.

#### Strategy

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

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

##### Impact on Business and Strategy

In fiscal 2022, we examined our response to climate-related risks and opportunities toward achieving carbon neutrality and clarified our policy initiatives. In fiscal 2023, we will further analyze and examine what impact the climate-related risks and opportunities have on our financial planning.

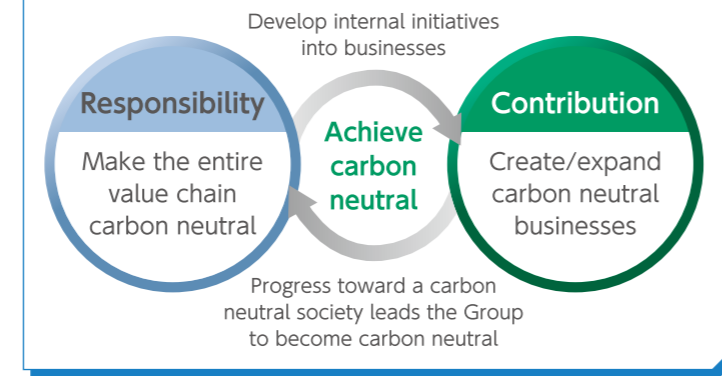
\* Please check out the Sustainability Report 2022 for more details. >>>

Policy Initiatives

- **Adopted dual approaches to carbon-neutral: Responsibility and Contribution.**
- **Responsibility: Make the entire value chain carbon neutral**
- **Contribution: Create/expand carbon neutral businesses**

We will work to achieve carbon neutrality through a mutual enhancement of expanding our in-house initiatives to business and returning the positive impact on the Mitsubishi Electric Group back to business again by way of progress made on initiatives in society as a whole.

**Adopted dual approaches to carbon neutral: Responsibility and Contribution.**



**Responsibility: Carbon neutral initiatives in the entire value chain**

Initiatives to reduce greenhouse gas at factories and offices.

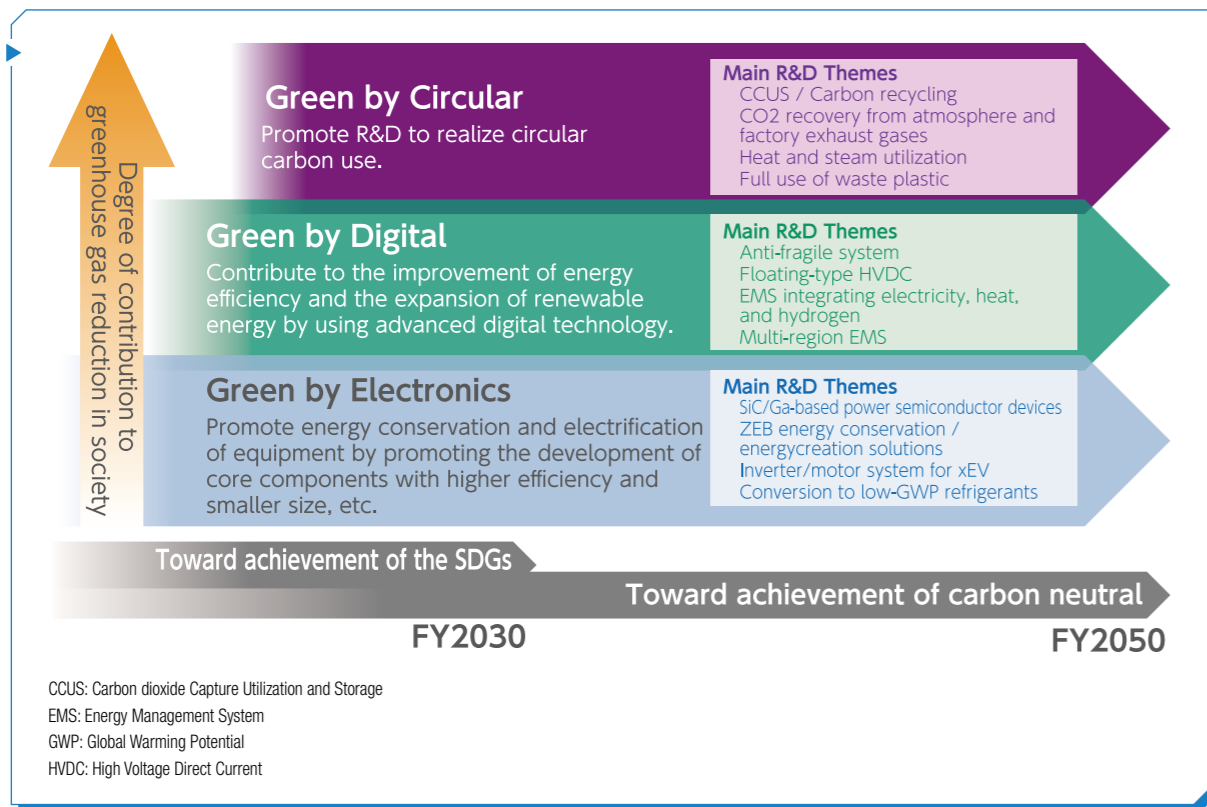
- Continuously invest 0.15% of revenue in carbon neutral efforts.
- Use renewable energy to 85 sites in Japan in FY2023
- Promote expansion of internal renewable energy procurement using multi-region EMS(\*).

\* Multi-region EMS: Energy management system that automatically optimizes power interchange of renewable energy between multi sites, operation of distributed power sources and storage batteries, and purchase plan of renewable energy certificates.

**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.

- Green by Electronics: Promote energy conservation and electrification of equipment by promoting the development of core components with higher efficiency and smaller size, etc.
- Green by Digital: Contribute to the improvement of energy efficiency and the expansion of renewable energy by using advanced digital technology.
- Green by Circular: Promote R&D to realize circular carbon use.



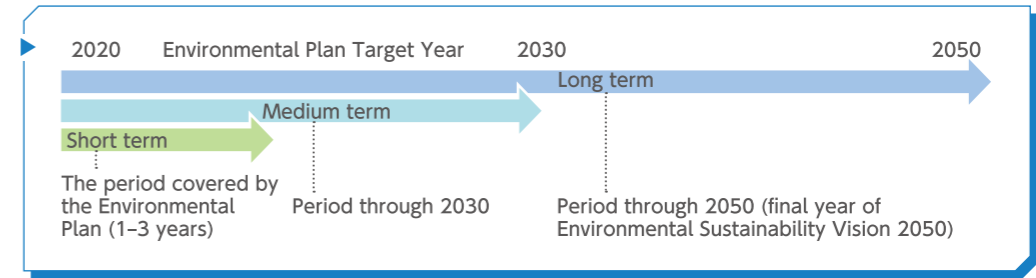
Scenario-based Analysis and Resilience

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\*\*).

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 covered by the Environmental Plan (1 – 3 years)

\*1 IPCC: Intergovernmental Panel on Climate Change \*2 Applied the IEA 450 scenario, etc. \*3 Applied the IPCC RCP 8.5 scenario, etc.



**Climate-related Risks and Initiatives by the Mitsubishi Electric Group**

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).

In response to these risks, the Mitsubishi Electric Group identifies climate-related risks and opportunities, and implements initiatives.

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, something 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, that 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.

**Climate-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.

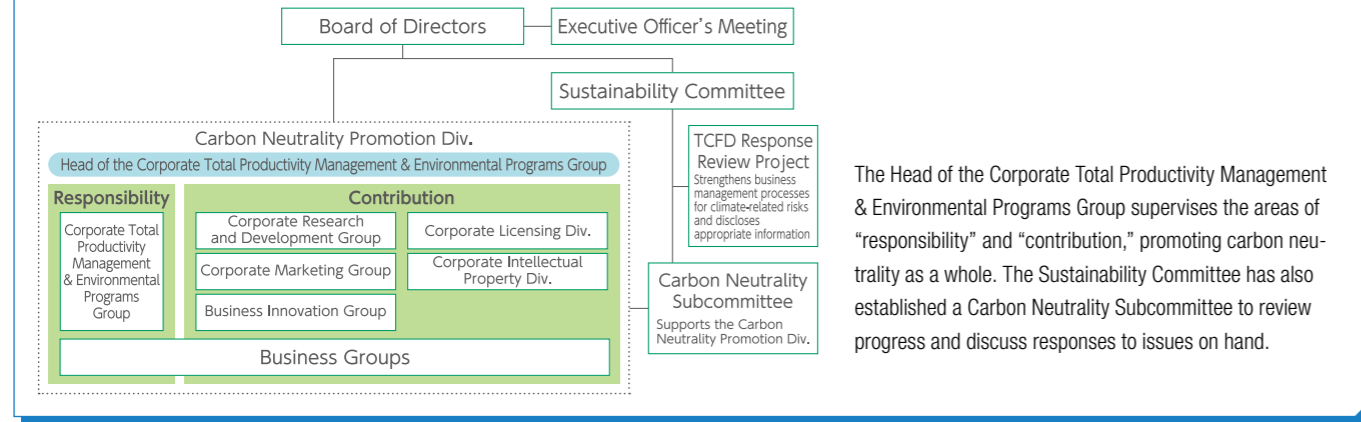
**Resilience of Climate-related Strategies**

As a result of this assessment of climate-related risks and opportunities and our initiatives toward them, the Mitsubishi Electric Group can be said to have resilience against such risks under both the 2°C and the 4°C scenarios and the opportunity for sustainable growth through the solving of social challenges arising from climate change.

Risk Management

Strengthening the Climate-related Risk Management Framework

A permanent carbon neutrality promotion system from fiscal 2023



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

In order to achieve the long-term target above, in FY2023, the Mitsubishi Electric Group has set a target of reducing greenhouse gas emissions (Scope 1 and 2) from its plants and offices by at least 50% by 2030 compared to FY2014 levels.

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

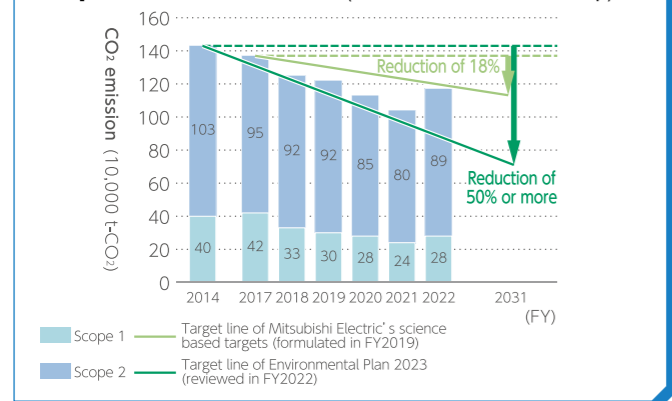
- Scope 1 and 2: Reduce greenhouse gas emissions by 18% by 2030 compared to FY2017 levels
- Scope 3\*: Reduce greenhouse gas emissions by 15% by 2030 compared to FY2019 levels

\*1 Scope 3 emissions cover Category 11 (Use of sold products)

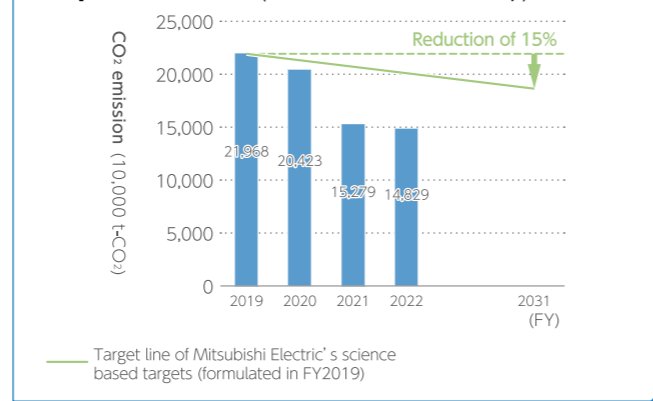
Short-Term Targets

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."

Scope 1 and 2 emissions<sup>2</sup> (Mitsubishi Electric Group)



Scope 3 emissions (Mitsubishi Electric Group)



<sup>2</sup> Scope 2 is located based. The CO<sub>2</sub> 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.

Human Rights

Human Rights Policy

Mitsubishi Electric Group Human Rights Policy

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.

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, the Group will establish the Human Rights Subcommittee as a permanent organization that is subordinate to the Sustainability Committee to determine potential improvements, solutions for issues, and other matters related to human rights initiatives, and to take rapid action. The Human Rights Subcommittee will be headed by the Senior General Manager of the Sustainability Planning Division, and will be composed of the heads of the Corporate Strategic Planning Division, the Corporate Human Resources Division, the Corporate Purchasing Division, the Corporate Legal & Compliance Division, the Corporate Risk Management Division, the Corporate Economic Security Division, and the Global Planning & Administration Department.

Since human rights issues are related to a broad range of fields, the Group will establish a system for it to clarify the responsible division, work on initiatives, and report the status of progress to the Sustainability Committee. In addition, the Executive Officers and Directors will receive reports on initiatives as necessary and supervise them, thereby strengthening the integration of human rights initiatives.

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.

Human Rights Impact Assessment

As part of human rights due diligence required by the United Nations Guiding Principles on Business and Human Rights, 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.

In fiscal 2022, we carried out the second "Human Rights Impact Assessment" of Mitsubishi Electric, affiliates in Japan, and overseas affiliates, covering a total of 417 sites. In addition, we decided to add the "Human Rights" category to the "General Control Self-Check," in which risks that may have material impact on the management are inspected based on the decisions made by the Board of Directors. We also checked the status of progress of the "Human Rights Impact Assessment."

Initiatives Related to Employees' 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 joined 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.



Human rights training

In fiscal 2022, we carried out the following forms of training: "Executive Compliance Seminars," "Human Rights Training for employees involved in sustainability," and "Human Rights Training for new employees and newly appointed managers."

Grievance Handling Mechanism

The Mitsubishi Electric Group has established multiple points of contact to respond to and understand inquiries from various stakeholders, of which main points of contact are listed in the table below. We also receive consultation requests on human rights through them. For each whistleblowing case on human rights risk, the responsible division quickly confirm facts according to the content of consultation. If a violation of human rights, etc. in business activities of the Mitsubishi Electric Group is confirmed, we appropriately respond to the instance by dealing with the victim and considering the punishment of those who engaged in the case in question, etc. as well as promptly making a correction and improvement.

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	<ul style="list-style-type: none"> <li>• Inquiries regarding the Mitsubishi Electric Group's sustainability</li> <li>• Other various inquiries regarding the Mitsubishi Electric Group's business activities</li> </ul>	<p>&lt;Japanese&gt;</p> <ul style="list-style-type: none"> <li>• Inquiries on sustainability</li> <li>• Other Inquiries</li> </ul> <p>&lt;Global (English)&gt;</p> <ul style="list-style-type: none"> <li>• Inquiries on sustainability</li> <li>• Other Inquiries</li> </ul>
Mitsubishi Electric employees, family companies employees <sup>*1</sup> , suppliers to Mitsubishi Electric <sup>*1</sup>	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) <sup>*2,3</sup>
Mitsubishi Electric employees	Points of contact for consultation on sexual harassment, power harassment, etc.	Whistleblowing/consultation on various types of harassment in Mitsubishi Electric's workplace	Human Resource Div. at each office of Mitsubishi Electric

\*1 Limited to whistleblowing that is relevant to Mitsubishi Electric in personal and business aspects.

\*2 The points of contact are listed on Mitsubishi Electric's intranet, internal posters, "Code of Corporate Ethics and Compliance," etc.

\*3 A whistleblowing system has been established at each domestic and overseas family companies of the Mitsubishi Electric Group.

Human Resources

Basic Policy on Human Resources

Basic Policy

In the Mitsubishi Electric Group Medium-term Management Plan Towards FY2026, 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. We place extreme importance in the hiring and development of human resources who have diverse values and abilities toward this end, and we will focus on the following initiatives:

Human resource investment

In Japan, we have been continuing to invest in the hiring of more than 3,000 new graduates and mid-career people every year. We also promote the reinforcement of human resources overseas in an attempt to strengthen our busi-

ness and technology development, marketing, and manufacturing capabilities. We will continue to secure and invest in the necessary human resources for strengthening our business.

Human resource development

With the understanding that "there is no business development or social contribution without the growth of employees," we are investing in education training for all employees while enhancing other measures, and we will conduct personnel rotation for employees' career enhancement in a planned manner.

Workplace culture

We will improve employee engagement and the workplace environment, promote diversity, and engage in other activities to realize a workplace environment where employees can work actively with a sense of security.

Workforce Diversity & Inclusion

Basic Policy

As the business environment around Mitsubishi Electric Group is rapidly changing, providing a workplace where employees can work to their full potential regardless of gender or age is essential to business development. Furthermore, it has become more vital than ever before to employ an even greater diversity of people, given the increasingly aging and diminishing population in Japan. Based on this awareness, Mitsubishi Electric promotes employee diversity through the following measures.

Promotion Framework

To enrich the personal lives and build the careers of women employees and employees who are raising children, Mitsubishi Electric established the CP-Plan\* Promotion Center within its Corporate Human Resources Division in April 2006. In April 2021, the Center's name was changed to the Diversity Promotion Office. Various initiatives are being strengthened to create workplaces where employees respect diversity, which includes age, nationality, disabilities, LGBTQ, workstyles, and gender as well as work vibrantly, thereby maximizing their potential at work.

\* Career management & Personal life well-balanced Plan

Women's Participation

Mitsubishi Electric formulated an action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace\* and set the following targets. To achieve these targets under the current action plan, we have created measures such as nurturing young employees by giving them business experience and providing training opportunities in a systematic manner, as well as the proactive dissemination of information regarding various support systems for balancing work and family life.

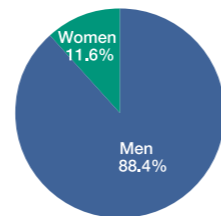
\* Act enacted in 2016 which stipulates the responsibilities of the national government, local governments, and general employers in promoting female participation with the aim of realizing a society in which women can fully embody their individuality and abilities.

Mitsubishi Electric's action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace (Target: FY2026)

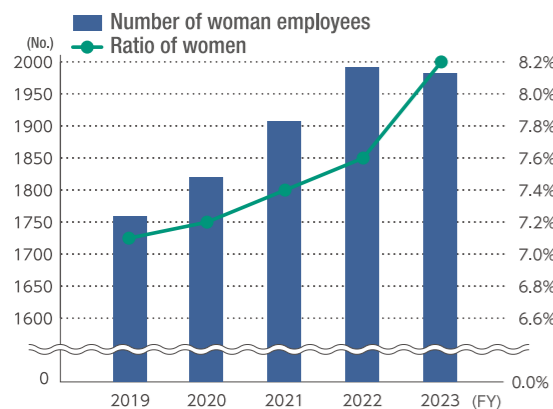
Initiatives	Target	Performance for FY2022
Percentage of women in management	2 times (Compared to FY2021)	1.25 times
Percentage of newly hired women	1.2 times (Compared to the average from FY2017 to FY2021)	1.2 times
Percentage of men on childcare leave*	70%	65.3%

\*Includes those who obtained special leave for childcare purposes

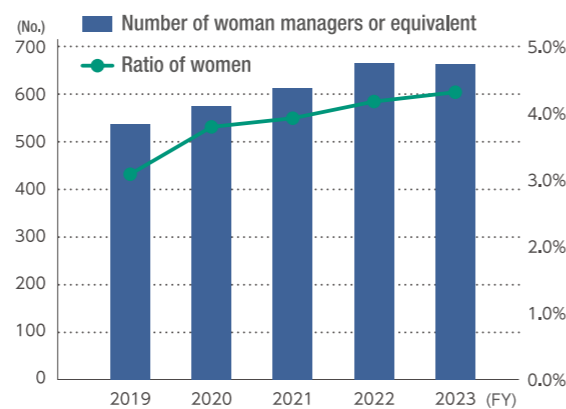
Gender ratio (Mitsubishi Electric)



Trend in the number of woman employees (Mitsubishi Electric)



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



Initiatives for LGBTQ

Mitsubishi Electric respects diversity and promotes initiatives that deepen understanding on sexual diversity (LGBTQ), with the aim of realizing a workplace environment where all individuals can maximize their own ability and work actively. In June 2021, the president sent out a message that we will develop a workplace environment that is comfortable for LGBTQ people and all other employees to work. We have designated June as the Mitsubishi Electric Pride Month and we will conduct initiatives to understand sexual diversity (seminars for the management and human resources divisions to understand LGBTQ, and e-learning for employees). We have established an external contact point for consultation for use by not only LGBTQ people but also their superiors and colleagues at the workplace.

In fiscal 2022, we have designated the Diversity Promotion Office as the secretariat and started activities. We learn the significance of activities. In March 2022, we reviewed the Work Regulations to recognize same-sex marriage partners as spouses and to apply the same systems to these couples as those that are applied to legally married people.

Supporting Career Development

Basic Policy

"A company is its people, and cannot grow without their growth. The development and utilization of human resources is the source of a company's development, and education is a fundamental undertaking that creates the foundation of management."

Under this principle, the Mitsubishi Electric Group believes it is important to link the expertise, skills, and mentality it has cultivated as an organization to maintaining and strengthening corporate competitiveness and contributing to society. By adding new values at times and achieving further growth, we actively promote the human resource development of all our employees. While instilling the corporate principles within our group employees and sharing our Values globally, we aim to become a corporate body where all 140,000 employees working in countries around the world can work actively and responsibly and enjoy their work.

Human Resources Development System Supports the Skills Development of Each and Every Employee

The Mitsubishi Electric Group's training system for all employees, including those of group companies, consists of passing down everyday business know-how and acu-

Fair Evaluation and Compensation

Basic Policy

The Mitsubishi Electric Group upholds a management policy, "In addition to realizing corporate management that balances growth, profitability/efficiency, and soundness, we will contribute to realizing sustainability through all of our activities, and further enhance corporate value that emphasizes the creation of both economic and social value," and the Group implements various policies to realize its corporate strategy.

Mitsubishi Electric believes that realizing a workplace environment where all employees can thrive and increasing employee engagement leads to increased motivation and productivity among each employee as well as to greater corporate value.

Efforts to boost employee engagement underlie Mitsubishi Electric's personnel policies. At the same time, the policies described below are implemented in response to the trends of the times, social circumstances, and changes in the management environment and personnel frameworks.

Compensation System Based on Individual Job Descriptions and Performance

In Japan, Mitsubishi Electric has adopted a compensation system with a view to developing a corporate culture in which employees each recognize organizational targets as well as their own roles, work to raise their own value, and take on the challenge of difficult goals.

Under this compensation system, employee performance is emphasized, with appropriate assessment given to employees who contribute substantially to management and participate actively in it. Bonuses are awarded for outstanding service. In order to increase understanding of employees about the operation of the system, we fully disclose its evaluation methods and standards, conduct surveys on the func-

Principles for Developing Global Human Resources

Mitsubishi Electric aims to be a global company where human resources from all over the world can work to their full potential. For this purpose, we have produced multilingual videos introducing our history and corporate principles to instill and share our values globally.

In addition, in our overseas affiliates, we are driving promotion of quality international staff to senior management positions with the purpose of enhancing the management of local businesses and improving employee engagement.

Promoting 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 a corporation, a special subsidiary that specializes in businesses mainly suited to people with intellectual disabilities.

men through on-the-job training. Knowledge and skills that are difficult to acquire through on-the-job training as well as career development are provided through off-the-job training on a supplementary basis while proactively holding online seminars. Off-the-job training consists of conferring information on ethics, legal compliance, and other matters. Exceptional teachers from inside or outside the company provide expertise and skills training, or motivational training. Tests and competitions to improve skill levels are conducted, and practical training or international study opportunities at overseas sites and universities in Japan and abroad are provided.

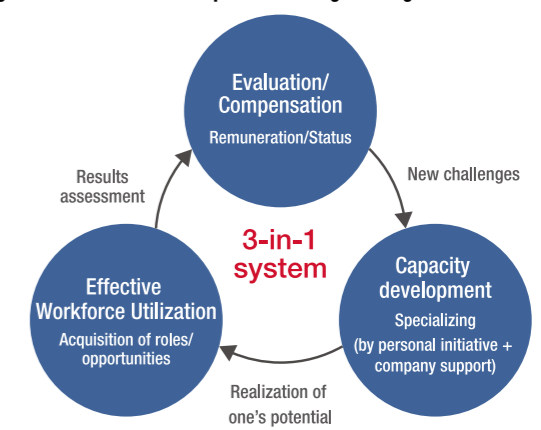
With regard to new graduate employees and mid-career recruits, we provide company orientation and training sessions to elicit their consciousness as workers and educate them on basic knowledge, management principles, compliance, and other matters.

For personnel in managerial positions who are responsible for human resource development, we support the acquisition of skills, including a plan to stimulate communication in the workplace, active listening, and ways of coping with stress, so that they can give appropriate support to each and every employee who works under their immediate control. We will promote the development of core human resources in order to create a workplace with openness for communication.

tioning of the system to gauge employee opinion on it, provide a system for handling complaints, and otherwise work to increase understanding and acceptance by employees and further enhance operations.

We are committed to making the system function effectively by organically combining and harmonizing the three components of the system, evaluation/compensation, capacity development, and effective workforce utilization, in order to provide opportunities for employees to develop their own skills and advance their careers.

Organic combination of components through management enhancements



● Create a Work Environment Where All the Employees can Work Actively with a Sense of Security

Mitsubishi Electric Workplace Reform Program

The Mitsubishi Electric Group takes the multiple work-related issues that it experienced until FY2020 within the Group seriously, and is 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.

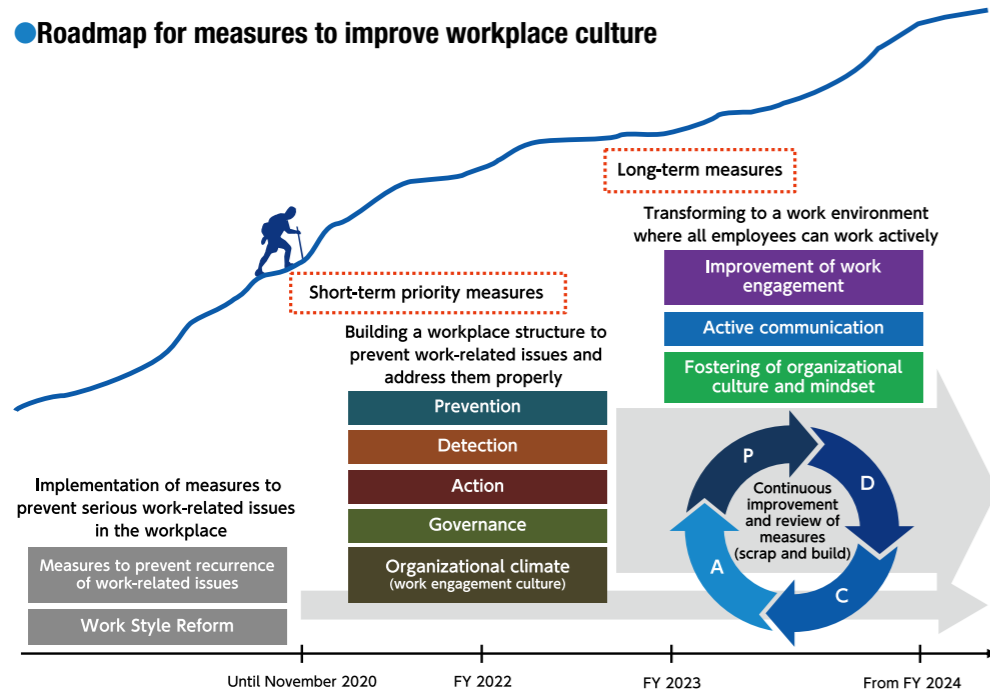
After implementing and applying measures in FY2021, third-party assessments

were conducted by experts. A Verification Committee comprised of representatives from the company, labor union, and external experts was consulted regarding the assessment results and a roadmap of measures for workplace culture improvement is being developed. In FY2022, while continuing to apply the measures that have been implemented, short-term priority measures have been implemented based on this roadmap. In FY2023 onward, we will work to further improve the workplace environment by accelerating the development of organizational culture reforms

among the three reforms as part of measures to prevent recurrence in quality-related improper practices, as well as other long-term initiatives.

Continuing from FY2021, we have implemented a variety of measures especially with regard to eliminating power harassment. In addition to implementing anti-harassment education for all employees, we conducted a monthly employee awareness survey of all employees to check for workplace harassment and whether employees have any problems with their interpersonal relationships in the workplace in order to identify, respond, and improve upon problems at an early stage. If an employee reports harassment, the employee is invited to an interview and measures are taken to correct the situation. Furthermore, we actively disseminated information on the expanded options to ask for help and the point of contact regarding these options, in an attempt to create an environment in which employees can easily seek assistance.

● Roadmap for measures to improve workplace culture



● Short-term priority measures, long-term measures, and progress in the Workplace Reform Program

Category	Item	Measure	Performance for FY2022
Short-term priority measures	Prevention of problems	-Further clarification of the Company's stance on harassment prevention (Adoption of Five Joint Statements of Labor and Management) (Submission by all Directors, Executive Officers, and employees of a declaration to refrain from harassment) , and (Revision of Work Regulations that clearly indicate service provisions) -Assignment of managers and educators on the basis of multi-faceted evaluations (Introduction of 360-degree feedback for managers)	-Implemented (Implementation of initiatives based on the Joint Statements of Labor and Management) -360-degree feedback was conducted for all executive members and some officers (approx. 4,000 members and officers)
	Detection of problems	-Enhanced analysis of employee attitude surveys and stress checks -Improvement of the utilization of the results in the workplace (Formulation and enhancement of guidelines for utilization)	-Implemented (Formulation and dissemination of guidelines)
	Action against problems	-Enhanced support for the return to work by employees with mental health issues (Creating guidelines to welcome employees back to work) -Establishment of a process and system for dealing with work-related issues when they occur (Development of guidelines for measures to address work-related issues and information disclosure to employees, such as information on cases of power harassment)	-Implemented (Creation and dissemination of a guidebook and guide)
	Improvement in governance	-Management that matches the values, abilities, and aptitudes of subordinates (Enhanced training in leadership, coaching, and other skills) -Further participation of leaders in communication and labor management in the workplace	-Implemented (Enhancement of training for newly appointed managers)
	Organizational climate	-Thorough implementation of shared organizational values (e.g., Corporate Principles) and policies (Creation and deployment of tools for sharing values)	-Implemented (Dissemination and entrenching of the Purpose, Our Values, and Commitment, which were revised as the group celebrated its 100th anniversary)
Long-term measures	Improvement of work engagement	-Creation of opportunities to find meaning in work at Mitsubishi Electric Corporation -Career development support based on individual values and aspirations	
	Active communication	-Elimination of communication gaps caused by different job classes or other reasons (Efforts to improve communication skills and facilitate casual communication)	-Commenced work. The initiatives will continue to be implemented going forward.
	Fostering of organizational culture and mindset	-Promotion of concrete actions in accordance with shared organizational values	

Changes in Evaluation Indicators

To create a workplace environment where employees can thrive and engage more easily, Mitsubishi Electric has set key performance indicators (KPIs) related to a "sense of purpose in work" and "work life balance." We continually improve and review measures by implementing the PDCA cycle through periodical monitoring of these KPIs and reflecting them in our activities. Although the employee engagement score fell in 2H FY2022, we have set up opportunities for the management and employees to talk together, and we carried out many different reforms including the renovation of the personnel system, with the aim of making improvements.

KPI	Result for FY2021	Result for 1H FY2022	Result for 2H FY2022	Target for FY 2023	Goal
Employee Engagement Score (Percentage of employees who are proud and motivated to work for the Company)*	63%	61%	54%	70%	80% or higher
Percentage of employees who responded that they had a good work-life balance	66%	66%	65%	70%	80% 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"

Work Style Reforms and Prevention of Long Working Hours

Mitsubishi Electric determined "Work Style Reforms" as an important management policy in FY2017 to create a workplace environment in which everyone can maintain physical and mental health and thrive with a good work-life balance and has promoted a variety of measures that contribute to the improvement of operational efficiency and productivity, as well as a reduction in total working hours. In FY2021, we will move to the next stage and deepen the initiatives, especially focusing on work style reform and work quality improvement, with the slogan, "Kaeru! MELCO (Kaeru is a Japanese word that, depending on how it is written, means both to make changes and to go home)."

Specifically, the Company has spread policies and raised awareness through messages from the President to employees and other activities, while establishing an environment for efficient business operation; for example, by distributing laptop PCs to all employees, enhancing online meeting facilities, expanding the work-from-home program, promoting company-wide paperless work environments, and expanding IT use.

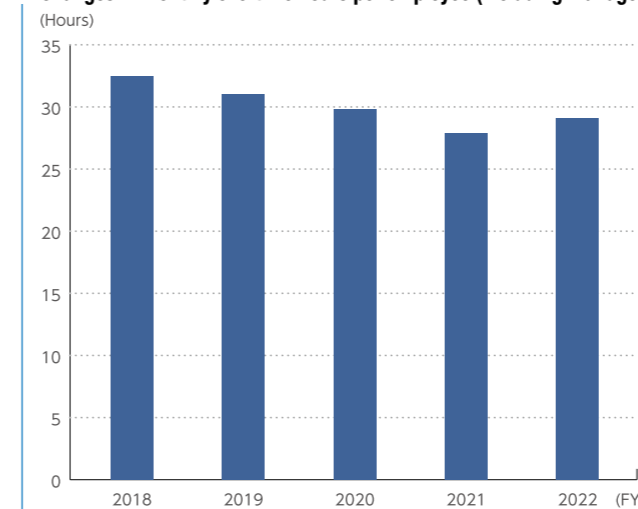
In addition to these initiatives, we have attempted to properly manage working hours in line with reality by automatically calculating working hours from objective data such as the entry/exit time and PC logon/logoff time from the viewpoint of preventing long working hours. We believe that these efforts have paid off to some extent. Specifically, in FY2022, we reduced monthly overtime hours per employee by 10% compared to FY2018.

To further increase effectiveness, we will continue to promote "Work Style Reforms" in the future. We also implement in a reliable manner health measures for employees in light of properly tracked working hours.



"Work Style Reforms" internal poster

Changes in monthly overtime hours per employee (including managers)



Third-party Evaluation of Recurrence Prevention Measures

Continuing from FY2021, the Mitsubishi Electric arranged for an assessment to be conducted by external third-party experts regarding the penetration of various measures. The assessment involved quantitative data analyses of employee awareness survey results, stress check results, and other details, as well as qualitative analyses based on interviews with employees. As a result, the external experts reported that, among the measures that have already been implemented, "drastic streamlining of operations," "management according to the value, ability, and competence of subordinates," "career development based on the value and orientation of individuals," and others must be committed at a higher priority. We will work to enhance and entrench these measures while continuing to receive advice from external experts.

Examples of Workstyle Reform Initiatives

At Mitsubishi Electric, Head Office management departments play a central role in improving the quality of company-wide operations by promoting company-wide activities, with each office conducting activities in line with the circumstances of business.

Examples of company-wide activities

1. Developing an IT environment

- Promote the elimination of paper documents throughout the company
- Providing mobile terminals to employees in all offices who need them
- Implementing online conferences for meetings between remote offices
- Realizing flexible working styles by enhancing the work-from-home program
- Developing and releasing manuals describing how to use IT tools, etc.

2. Simplifying and reducing company-wide documents

- Promoting initiatives for expansion of RPA
- Simplifying documents by shortening discussion times and schedules in management meetings
- Reducing the number of periodic reports (weekly reports, monthly reports, etc.) issued by each department
- Reviewing report formats

3. Promoting indirect JIT Kaizen activities

- Promoting improvement activities suitable for each workplace through activities in small groups
- Analyzing operations by external consultants and implementing JIT Kaizen activities company-wide

## 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 will develop and promote the following 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

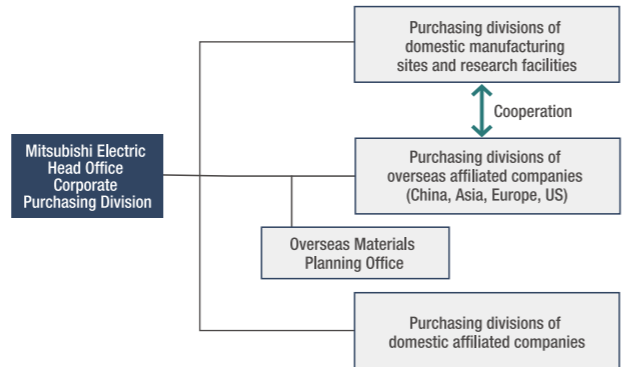
to promote optimal procurement activities suited to each region.

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).

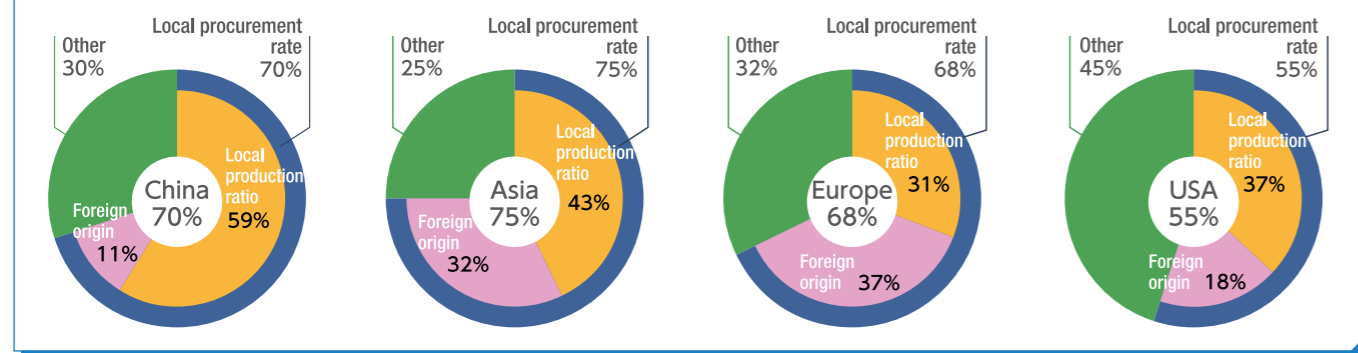
### Priority activities

1. Establishing a framework for strengthening stable procurement
2. Further strengthening the cost planning activity
3. Expanding centralized purchasing
4. Strengthening procurement quality control
5. Strengthening a procurement platform for supporting relevant activities and measures
6. Strengthening global optimal procurement

### Framework for promotion of procurement supply chain management



### Local procurement rate in the major regions (Mitsubishi Electric Group)



\*1 Local procurement rate: Materials, parts, etc. (regardless of country of origin) that are procured by overseas production sites at their own discretion  
 \*2 Local production ratio: Among all locally procured items, the procurement ratio of items produced in the country of the overseas site  
 \*3 Foreign origin: Among all locally procured items, the procurement ratio of items produced in countries other than the country of the overseas site

### Mitsubishi Electric Group Policies for Responsible Minerals Procurement

The Mitsubishi Electric Group aims for transparency in its procurement supply chain to avoid any affiliation with armed groups that trade in conflict minerals\*1 as their source of funding. We also recognize the possibilities of human rights violations occurring in the severe labor conditions in cobalt mining sites as a major problem. The Group adheres to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas\*2, and removes certain minerals from the procurement supply chain in situations where their procurement encourages or contributes to serious human rights violations or environmental destruction.

\*1 Conflict minerals refers to gold, tin, tantalum, tungsten, and other minerals that have been determined by the U.S. State Department to be a source of support for armed groups when mined in the countries referred to above.  
 \*2 OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Area

## 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 long 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:

#### 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.

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.

Important information about our products (in Japanese text)  
<https://www.MitsubishiElectric.co.jp/oshrase/index.html>

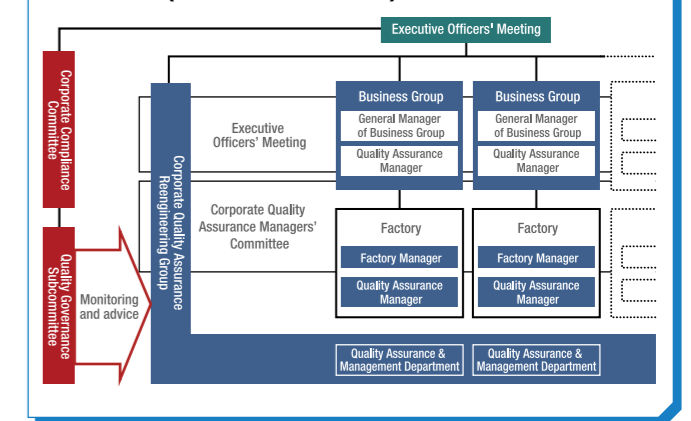
#### Management

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.

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)



Measures to Prevent Recurrence in Improper Quality Control Practices

We would like to sincerely apologize to all our customers and other parties concerned for the impact of the series of improper quality control practices that has occurred in the Group. At Mitsubishi Electric, we take these incidents seriously and we will ensure that thorough measures are taken to prevent recurrence by analyzing the related factors and pursuing the root causes. While responding to customers and people in society with utmost sincerity, we will endeavor to restore public trust.

We have established the Emergency Response Division led by the president to work to investigate the causes and take measures to prevent recurrence. We have also been striving to realize three reforms that we have formulated based

on suggestions on recurrence prevention measures from an Investigative Committee of external experts.

One of these three reforms is "Quality Assurance Reform," and to engage in this, we have established the Corporate Quality Assurance Reengineering Group under the direct control of the president. The Group will take a leading role in driving and implementing company-wide measures.

Specifically, we will implement the company-wide measures given below.

Task	Specific initiatives
1. Creating a new company-wide structure for quality assurance (led by head office)	<ul style="list-style-type: none"> <li>A Chief Quality Officer (CQO) was appointed from outside the company to oversee the Corporate Quality Assurance Reengineering Group.</li> <li>The Corporate Compliance Committee's quality governance subcommittee has assessed the Corporate Quality Assurance Reengineering Group's activity every two months.</li> <li>The company has identified the infrastructure it needs to ensure compliance with law, standards, and customer specification and strengthen the quality assurance process, and has decided to invest ~5 billion yen in FY2022 and plans to invest 30 billion yen or more over two years.</li> </ul>
2. Company-wide measures for quality assurance reforms	
2-1 Restructure the control functions	<ol style="list-style-type: none"> <li>Greater independence and separation of chain of command. In April 2022, Corporate Quality Assurance Reengineering Groups and Quality Assurance &amp; Management Departments were established at all work sites, provided shipping authority, and began operating.</li> <li>Strengthening of quality assurance functions. In FY2022, quality audits were conducted at five sites with an emphasis on ensuring products conform to laws, standards, and customer specifications. From April 2022, the auditing process will be improved to help identify issues at sites and facilitate improvements; these improved audits are planned for 28 work sites.</li> </ol>
2-2 Addressing technical capabilities and resources issues	<ol style="list-style-type: none"> <li>Strengthen and ensure compliance with laws, regulations and public standards. Different from conventional management of information on laws and regulations relevant to each site, the company finished drafting the outline of a system via which the Corporate Quality Assurance Reengineering Group centrally collects and manages information on laws and regulations common to all sites. Using an external organization, the company started viewings of information on the revision/abolition of legal standards and standards documents.</li> <li>Enhance quality through IT and digitalization                             <ul style="list-style-type: none"> <li>The company decided on basic specifications clearly defining what points should be checked when assessing consistency between customer specifications and shipped products.</li> <li>Tools for the digital management of customer specifications and inspection data are scheduled to be introduced.</li> </ul> </li> <li>Strengthen head office support for manufacturing sites. The quality support team is gathering information on problems experienced in three specific workplaces. This will be used to provide support going forward. A contact center has also been set up to handle inquiries on technical issues from manufacturing sites.</li> <li>Training of quality-control personnel                             <ul style="list-style-type: none"> <li>A survey of the skills possessed by manufacturing sites' quality assurance and quality control departments was completed. Internal training courses tailored to skill levels were rolled out company-wide. The survey results will be used to visualize skills strengths and weaknesses and an enhancement plan will be formulated.</li> <li>A quality assurance and quality control department leadership training course has started.</li> </ul> </li> </ol>
2-3 Enhance an awareness of quality compliance	<ol style="list-style-type: none"> <li>Revitalize personnel rotation. Quality assurance department personnel rotations will be scheduled across manufacturing sites.</li> <li>Instill awareness of quality compliance among senior managers. A compliance seminar for executives was held.</li> <li>Quality Compliance Awareness Training                             <ul style="list-style-type: none"> <li>Improper Conduct Prevention meetings using the Kani Factory as a case study were held in all workplaces.</li> <li>July 2 has been designated Company-wide Quality Day; the CEO and business division heads are slated to issue messages to employees.</li> </ul> </li> </ol>

Restoring trust: Our roadmap for reform <https://reform.MitsubishiElectric.com/>

Philanthropic Activities

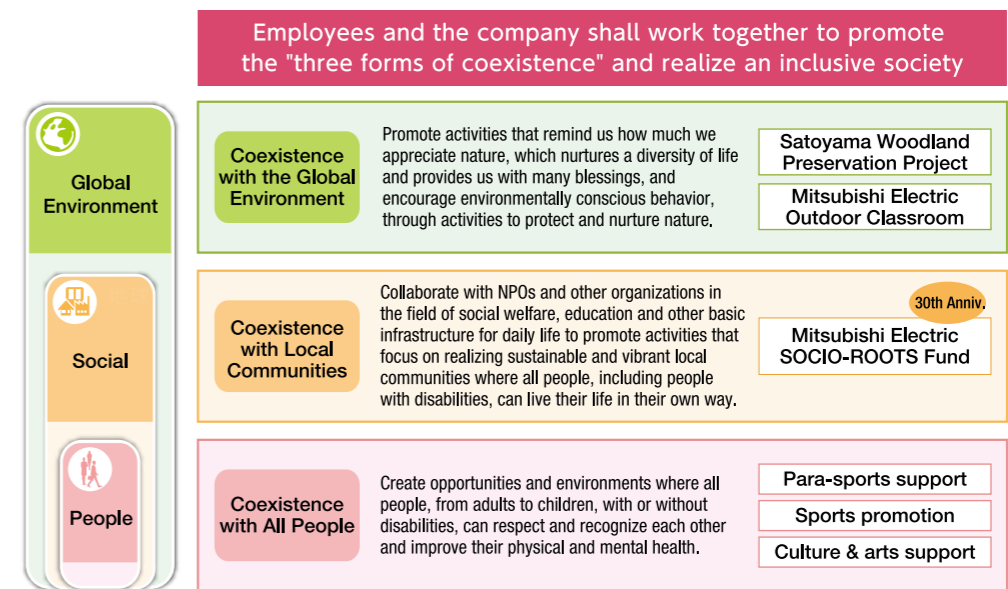
Our Philosophy on Philanthropic Activities

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.



Wetland preservation (Okinawa Prefecture)



The Fund is making ongoing efforts to support children affected by natural disasters including the Great East Japan Earthquake. As of March 31, 2022, it has donated a sum of 191.5 million yen since the program began in fiscal 2012.



Presentation ceremony for a competition wheelchair at the Kitakyushu Champions Cup (November 2021)



Support for "Prateep Dek Thai Project" to build a Child Development Centers in underprivileged areas



Corporate Governance

Basic Corporate Governance Policy

While maintaining the flexibility of its operations and promoting management transparency, Mitsubishi Electric, as a Company with Three-committee System, works to strengthen the supervisory functions of management with the goal of realizing sustained growth. Our fundamental policy is to build and improve a corporate structure that is more able to meet the expectations of society, customers, shareholders, employees and all of its stakeholders while endeavoring to further increase corporate value.

Implementation Status of Corporate Governance

Corporate Management Structure

In June 2003, Mitsubishi Electric became a Company with Three-committee System. Key to this structure is the separation of supervisory and executive functions; the Board of Directors plays a supervisory decision-making role and Executive Officers handle the day-to-day running of the Company.

A salient characteristic of Mitsubishi Electric's management structure is that the roles of Chairman of the Board, who heads the supervisory function, and the President & CEO, who is head of all Executive Officers, are clearly separated. Additionally, neither is included among the members of the Nomination and Compensation Committees. The clear division of supervisory and executive functions allows the Company to ensure effective corporate governance.

Currently, the Chairman of the Board is not selected and the Board of Directors is chaired by Outside Director.

The present Board of Directors is comprised of twelve members (five of whom are Outside Directors, one of whom is a woman), who objectively supervise and advise the Company's management by executing their duties based on the objectives and authority of the Companies Act, as well as by delegating to Executive Officers the decision authority for executing all operations, except the matters listed in the items of paragraphs 1 and 4 of Article 416 of the Companies Act.

The Board of Directors has three internal bodies: the Nomination, Audit and Compensation Committees. Each body has five members, the majority of whom are Outside Directors, who are chosen by the Board of Directors taking into account the experience and specialties of each person. Each Committee undertakes its duties based on the objectives and authority of the Companies Act.

The bureaus have been established for the Board of Directors and each of the Committees to support directors. The Audit Committee is supported by dedicated independent staff.

Executive Officers make decisions about the execution of operations on mat-

ters delegated by the Board of Directors within the range of duties allocated to each Executive Officer based on the objectives and authority of the Companies Act, and then execute such operations. Important items among such matters delegated by the Board of Directors are deliberated and decided upon in Executive Officers' meetings attended by all Executive Officers.

Internal Control System

1. For the execution of the duties of the Audit Committee, its independence is secured by assigning employees whose job is exclusively to assist the Audit Committee members. In addition, internal regulations regarding the processing of expenses and debts incurred in the execution of the duties of the Audit Committee members are established and such expenses and debts are properly processed.

A system for reporting to the Audit Committee is developed to report information about the Company and its subsidiaries to the Audit Committee via the divisions in charge of internal control, and an internal whistle-blower system is developed and its details are reported to the Audit Committee members.

Furthermore, the Audit Committee members attend important meetings including Executive Officers' meetings and conduct investigations such as interviews with Executive Officer and the executives of the Company's offices and subsidiaries, and undertake deliberations to determine audit policies, methods, implementation status, and results of the audit by regularly receiving reports from the Independent Auditor and Executive Officers in charge of audits.

2. Internal regulations and systems to ensure the properness of operations within the Mitsubishi Electric Group are established. Executive Officers take responsibility for constructing such systems within the areas over which they are appointed. Important matters are deliberated by convening Executive Officer

meetings.

Executive Officers regularly monitor the status of management of the systems. The divisions in charge of internal control monitor the status of design and management of internal control system and regulations. Also an internal whistle-blower system is developed and its details are reported to the Audit Committee members.

Furthermore, the status of management of the system is audited by internal auditors, and the audit results are reported regularly to the Audit Committee via Executive Officers in charge of audit.

Upon receipt of the Governance Review Committee's recommendation on improper quality control practices, the Board of Directors will deliberate again on the resolution, including whether or not the decision should be revised.

Audit Committee

1. Organization, members, and procedures of the Audit Committee

The Audit Committee is made up of five Director, three of whom are Outside Director. The Committee audits the legality, adequacy, and efficiency of the execution of the duties by Director and Executive Officers and creates an audit report to be submitted to the shareholders' meeting with its resolution.

Tadashi Kawagoishi, a member of the Audit Committee, has long years of experience in the accounting and financial operations of the Company. Kazunori Watanabe, a member of the Audit Committee, is a Certified Public Accountant and has a considerable degree of knowledge about finance and accounting.

The Audit Committee has four dedicated staffers who take direct orders from Audit Committee members and support them in executing their duties.

2. Frequency of the Audit Committee meeting and attendance of each Audit Committee member

In fiscal 2022, Mitsubishi Electric held a regular Audit Committee meeting once a month in principle (and two special meetings). Each meeting would take about two hours. The attendance of each Audit Committee member is as shown below.

Title	Name	Attendance/meetings	Attendance rate
Outside Director (Chairman)	Hiroshi Obayashi	13/13	100%
Director (full-time)	Masahiko Sagawa	13/13	100%
Director (full-time)	Takashi Sakamoto	13/13	100%
Outside Director	Kazunori Watanabe	13/13	100%
Outside Director	Takashi Oyamada	13/13	100%

Notes: 1. Out of the above members, Masahiko Sagawa and Takashi Sakamoto are responsible for investigation.  
2. Masahiko Sagawa and Takashi Sakamoto retired on June 29, 2022.

3. Activities of the Audit Committee members

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

Divisions in charge of internal control, including the Corporate Auditing Division, submit 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 visit

our offices, affiliates, and other locations with the members responsible for investigation as needed and offer their opinions based on their expert knowledge at the Audit Committee meeting and other occasions.

In addition, the Audit Committee members discuss policies and methods of auditing with accounting auditors, who furnish them with reports on the status and results of the audits of the Company that they themselves conduct, and exchange opinions with them.

4. Agenda of the Audit Committee

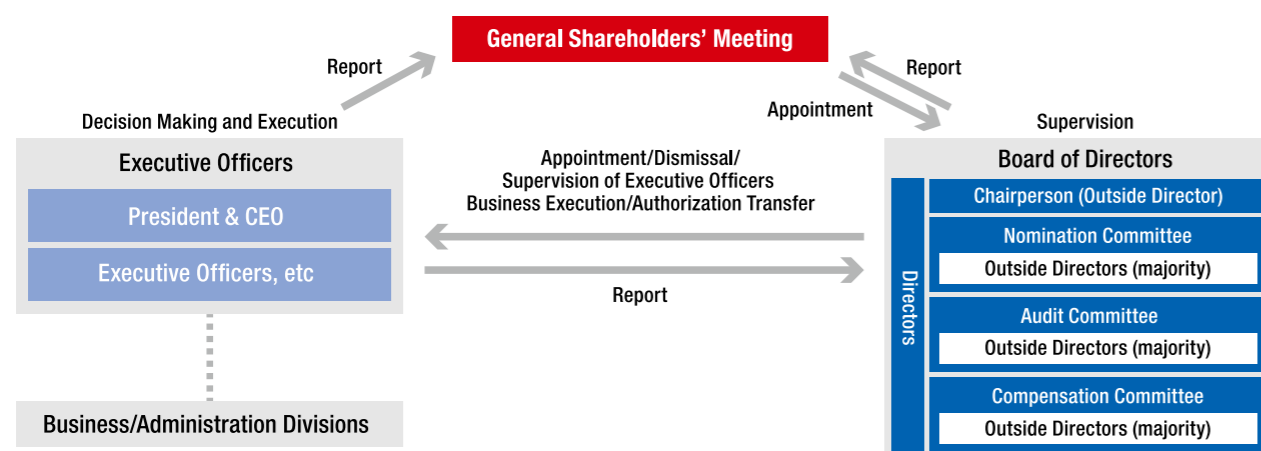
The main agenda of the Audit Committee include the determination of audit policies and activity planning, check on the execution of the duties by Directors and Executive Officers and the establishment and operation of the internal control system, check on methods of auditing by the Independent Auditor and validity of results, and evaluation of the Independent Auditor and decision on whether to reappoint it.

Especially in fiscal 2022, the Audit Committee focused on checking and verifying the status of a range of initiatives aimed at enhancing the mid-to-long term corporate value of the Group. These initiatives include: strengthening the management structure, including internal control and compliance systems; strategically allocating management resources and responding to businesses with issues; improving profitability and asset efficiency; strengthening the use of ROIC to ensure capital cost-conscious management; promoting measures for deploying and developing talent; and contributing to the achievement of the SDGs. Furthermore, the Group takes its recent product and service quality, work-related, and information security issues extremely seriously as a top management priority, and is promoting a number of reoccurrence prevention initiatives. With regard to improper quality control practices, the Group set up the Investigative Committee consisting of external experts. At a company-wide level, the committee is investigating the facts and determining the causes, and formulating and implementing measures to prevent any recurrence. The Audit Committee requests each responsible Executive Officer, etc. to report on the status, as appropriate, provides opinions, and follows up on the status of formulation and implementation of measures to prevent recurrence that are being implemented sequentially. In addition, the Company commissioned the Governance Review Committee comprised of external experts to conduct an overall review of the internal control system and the Company's Directors and Executive officers. The Audit Committee will continue to closely monitor ongoing investigations, the identification of causes, and the progress of the formulation and implementation of measures to prevent recurrence, as well as the status of operational improvement of the internal control system. The Audit Committee asked questions and stated opinions after each responsible Executive Officer explained the following: with regard to work-related issues, the Company is promoting the Mitsubishi Electric Workplace Reform Program and working to prevent recurrence; with regard to information leakage due to unauthorized entry, the Company is working to reinforce comprehensive information security measures to prevent recurrence; in order to ensure their steady implementation.

5. Effectiveness evaluation of the Audit Committee

The Audit Committee conducts evaluation to improve performance every year. In the Audit Committee review in fiscal 2022, outside Audit Committee members concluded that the members responsible for investigation (full-time Audit Committee members) periodically report their activity results and that management information is properly shared in a timely manner in the Audit Committee. Although we believe that this evaluation in effect endorses the performance of the Audit Committee, we will continue to make efforts to improve performance.

Corporate Governance Framework



Status of Internal Audit

1. Organization, members, and procedures for 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, Mitsubishi Electric's Corporate Auditing Division 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. The Corporate Auditing Division reports the results of such audits to the President & CEO and the Audit Committee.

2. Relationship with the divisions in charge of internal control

In the Mitsubishi Electric Group, the administration divisions such as the Corporate Strategic Planning Division, the Corporate Accounting Division, the Corporate Legal & Compliance Division, and the Corporate Export Control Division 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 division has its own compliance department, which reliably spreads companywide compliance policies and inspects the compli-

ance status in each business division.

The Corporate Auditing Division 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.

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

The Corporate Auditing Division 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 Division 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.

Providing Directors with Appropriate Information at the Appropriate Time, and Conducting Reviews of the Board with Analyses and Evaluations

We held a total of 20 Board of Directors meetings in fiscal 2022 and deliberated on the resolutions related to important matters such as basic policies on management, selection of Executive Officers, and internal control system. The Board of Directors also received a report from the executive functions and debated content and progress of this fiscal year's management plan, response progress on management challenges per business, as well as important matters discussed at the Executive Officers' meetings.

As for the series of incidents related to improper quality control practices, we have established an Investigative Committee of external experts and are working on investigation of the facts and determination of the underlying causes at a

company-wide level. The Board of Directors has also regularly confirmed the progress of the investigation in the Board of Directors meetings and has been reported and debated various measures to prevent recurrence.

In order to examine whether there are areas for improvement relating to the effectiveness of the Board of Directors, the company requested Board Advisors, Inc., a third-party organization, to assess the effectiveness of the Board of Directors of the company from August to September 2021.

The summary of the assessment method and process of the third-party organization are indicated as follows.

Assessment methods/processes by the third-party organization

(1) Assessment methods

- ① Review the minutes of the Board of Directors meetings and other documents
- ② Survey of all Directors
- ③ Interviews with all Directors
- ④ Evaluation based on the expertise of the third-party organization

(2) Target items of assessment

- ① Composition of the Board of Directors
- ② Support system of the Board of Directors
- ③ Agenda for Meetings of the Board of Directors
- ④ Status of Deliberations at Meetings of the Board of Directors
- ⑤ Contribution of Directors

- ⑥ Activities of the three statutory committees
- ⑦ Monitoring system of the Executives
- ⑧ Response to the improper inspection practices

(3) Assessment process

- ① Conduct an assessment by a third-party organization based on (1) Assessment methods and (2) Target items of assessment
- ② Report on the assessment results on the effectiveness of the Board of Directors based by the third-party organization to the Company's Board of Directors
- ③ The Company's Board of Directors conduct discussions on future actions based on above assessment report

As a result, the third-party organization identified that there is a need for improvement in the effectiveness of the company's Board of Directors in terms of Board functions, Board composition, Board secretariat functions, and the functions of the three statutory committees.

The company reported the results of this assessment of the effectiveness of the Board of Directors by the third party organization to the Board of Directors,

and as a result of discussions on future actions among the Board members, the Board of Directors confirmed that it takes the results of this assessment very seriously and have started working on measures to improve the effectiveness.

We will continue reviews of the Board and strive to further improve of the effectiveness of the Board of Directors.

Policies Regarding Decisions on Compensation, etc.

1. Basic Policies

As a Company with a Three-committee System, the Company 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 Directors and the compensation scheme for the Executive Officers will be set differently, corresponding to the contents and responsibilities of each of the duty and position. The compensation will be determined by the Compensation Committee based on the following basic policies:

- (1) Directors
  - (a) The compensation scheme should encourage the Directors to demonstrate their supervisory function of management.
  - (b) The compensation should be the amount necessary to secure talent to fulfill responsibilities of the Company's Directors.
- (2) Executive Officers
  - (a) The compensation scheme should observe the corporate philosophy of the Mitsubishi Electric Group, and be fully accountable to all stakeholders including society, customers, shareholders, and employees.
  - (b) The compensation should be the amount necessary to secure talent to fulfill responsibilities of the Company's Directors.
  - (c) The compensation should function as an incentive for sustained performance growth and the improvement of corporate value.
  - (d) The compensation should reflect a fair and impartial evaluation of the achievements and contributions toward their respective roles and responsibilities.

2. The System and the Policy for Determining Compensation for Directors and Executive Officers

(1) Directors

The compensation scheme for Directors shall consist exclusively of basic compensation (fixed compensation), in light of the Directors' role to provide advice and supervise management from an objective and independent perspective.

(2) Executive Officers

The compensation scheme for Executive Officers shall be as follows, with an emphasis on the improvement of medium-term corporate value and shareholder value.

- (a) Basic compensation
 

Fixed compensation is set in accordance with the roles and responsibilities of each Executive Officer and is paid monthly in cash by dividing the position-based annual standard amount by 12.
- (b) Performance-based bonus
 

The bonus payment amount shall be determined by "Corporate Performance Evaluation" and "Individual Evaluation." The payment amount will fluctuate in the range of 0% to 200% depending on the evaluation results. The amount to be paid to each individual shall be calculated as follows and paid in a lump sum in cash after the end of each fiscal year.

[Individual payment amount = Position-based standard amount x (Corporate performance evaluation coefficient + Individual evaluation coefficient) (in the range of 0-200%)]

- (c) Performance-based stock compensation (Performance Share Units (PSU))
 

In principle, the number of shares to be issued as performance-based stock compensation (PSU) varies between 0% and 200%, depending on the comparison result (in percentile) between the Company's TSR (total shareholder return) for the three years and the TSR of a pre-selected group of comparable companies. The comparable companies are selected from domestic and overseas companies in the business areas in which the Company operates. The number of shares to be delivered to each individual is calculated as follows:

[Number of shares delivery to each individual = Standard PSU points for the position x PSU grant rate (in the range of 0-200%)]

- (d) Restricted Stock Units (RSU)
 

In order to promote continuous shareholding and shareholder value during the term of office, the Restricted Stock Unit (RSU) program shall, in principle, deliver shares, with transfer restrictions, equivalent to the standard amount for the position at the end of each fiscal year. The transfer restrictions shall be lifted at retirement (when the Company's Director or Executive Officers retires from his/her position).

3. Method of Setting Compensation Levels and Compensation Compositions Ratios

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.

(1) Directors

The basic compensation levels of Directors are set in consideration of the compensation levels of non-executive internal directors and outside directors of the compensation benchmark companies, their roles and responsibilities, and other factors.

(2) Executive Officers

The compensation, etc. of Executive Directors is set in consideration of the trends in compensation levels of executive officers at the compensation benchmark companies, the management strategy and business environment of the Company, the objectives of incentive compensation and the degree of difficulty in achieving the targets, the roles and responsibilities of the Executive Officer concerned and other relevant factors. Additionally, from the perspective of pay-for-performance, the compensation composition has been set with a higher ratio of incentive compensation to place greater emphasis on the link between performance and the medium- and long-term improvement of corporate value and shareholder value.

4. Compensation Governance

As a Company with a Three-committee system, the Company has set forth the following:

- The major roles and authority of the Compensation Committee
 

The Company's Compensation Committee has the authority to determine the details of compensation, etc. for individual Directors and Executive Officers of the Company. It mainly determines the policies for determining executive compensation etc., the details of compensation, etc. For individual Directors and Executive Officers, company-wide performance evaluations related to the incentive compensation of Executive Officers, and the individual evaluations of Executive Officers. The Compensation Committee is chaired by an Outside Director.
- Decision-making process and annual schedule
 

In the deliberation and determination of the policy for determining executive compensation, etc., the Company's Compensation Committee gathers information and receives advice from compensation consultants from an external professional organization with abundant global experience and knowledge, from the standpoint of ensuring independence of its judgement and enhancing the effectiveness of the roles and authority of the Compensation Committee. The Compensation Committee conducts deliberation and determination based on such information as well as due consideration of the environment and general trends surrounding the compensation for management.

5. Stock Ownership Guidelines

We believe 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, we require Executive Officers to continuously hold the Company's stock during their term of office, even after the target amount has been reached.

6. Malus and Clawback Provisions

The Company shall introduce "malus and clawback provisions" so that, 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 his/her right to receive incentive compensation (malus) or return his/her paid compensation (clawback). The compensation that may be subjected to those provisions shall be 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.

Please refer to our annual securities report for the compensation of Directors and Executive Officers. [https://www.MitsubishiElectric.com/en/investors/library/securities\\_report/index.html](https://www.MitsubishiElectric.com/en/investors/library/securities_report/index.html)

Outside Directors

With the addition of two Outside Directors who have experience in managing a company in the manufacturing industry, the Company now has seven Outside Directors, each of whom has no special interest with the Company. Although companies in which each of the Outside Directors holds office in or has been a director or officer of include those with trading relationships with the Company, no such relationships have an impact on the independence of each relevant Outside Directors based on the scale or nature of such trading, and thus they possess no risk of giving rise to any conflict of interest with the general shareholders of the Company.

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 Guidelines on the Independence of Outside Directors (see note at below) and thus possess no risk of giving rise to any conflict of interest with the general shareholders of the company, are selected as Outside Director candidates by the Nomination Committee.








Independency Guideline for Outside Directors

Mitsubishi Electric Corporation 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 1, 2, 4 and 5 includes a case in any fiscal year during the past three fiscal years.

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

In addition, Outside Directors enhance the checking function of management by receiving reports about the activity status of internal auditors, the audit committee, accounting auditors, and divisions in charge of internal control via the Board of Directors, and providing valuable comments regarding Mitsubishi Electric's management from an objective perspective. By doing this, they bring greater transparency to the management framework and strengthen the Board's function of supervising management.

Outside Directors (as of June 29, 2022)

Title	Name	Positions Held	Reasons for Nomination	Board Attendance Rate (FY2022)
Outside Director	 Mitoji Yabunaka	Chairman of the Nomination Committee Member of the Compensation Committee	Mr. Yabunaka's experience and insights as an expert in international affairs cultivated through the course of his career are highly beneficial to Mitsubishi Electric. Serving as Outside Director of the Company since June 2012, he has overseen the Company's business operations, and he is also currently serving as Chairman of the Board of Directors, Chairman of the Nomination Committee and Member of the Compensation Committee. The Company expects him to oversee the Company's business operations, by using a wide range of experience and insights especially in the fields of governance, human resources and human resources development, and global affairs at the Board of Directors and each Committee.	100% (20/20)
Outside Director	 Hiroshi Obayashi	Chairman of the Audit Committee Member of the Nomination Committee	Mr. Obayashi's experience and insights cultivated through the course of his career as a lawyer (public prosecutor, attorney-at-law) are highly beneficial to Mitsubishi Electric. Serving as Outside Director of the Company since June 2013, he has overseen the Company's business operations, and he is also currently serving as Chairman of the Audit Committee and Member of the Nomination Committee. The Company expects him to oversee the Company's business operations, by using a wide range of experience and insights especially in the fields of governance, legal affairs and compliance, and human resources and human resources development at the Board of Directors and each Committee.	95% (19/20)
Outside Director	 Kazunori Watanabe	Chairman of the Compensation Committee Member of the Audit Committee	Mr. Watanabe's experience and insights as a certified public accountant cultivated over the course of his career are highly beneficial to Mitsubishi Electric. Serving as Outside Director of the Company since June 2015, he has overseen the Company's business operations, and he is also currently serving as Chairman of the Compensation Committee and Member of the Audit Committee. The Company expects him to oversee the Company's business operations, by using a wide range of experience and insights especially in the fields of governance, finance and accounting, and human resources and human resources development at the Board of Directors and each Committee.	100% (20/20)
Outside Director	 Hiroko Koide	Member of the Nomination Committee Member of the Compensation Committee	Ms. Koide's experience and insights as a business specialist cultivated over the course of her career in international corporate management are highly beneficial to Mitsubishi Electric. Serving as Outside Director of the Company since June 2016, she has overseen the Company's business operations, and she is also currently serving as Member of the Nomination Committee and the Compensation Committee. The Company expects her to oversee the Company's business operations, by using a wide range of experience and insights especially in the fields of corporate management and corporate strategies, governance, human resources and human resources development, and global affairs at the Board of Directors and each Committee.	100% (20/20)
Outside Director	 Takashi Oyamada	Member of the Nomination Committee Member of the Audit Committee	Mr. Oyamada's experience and insights as a business specialist cultivated over the course of his career in bank management are highly beneficial to Mitsubishi Electric. Serving as Outside Director of the Company since June 2019, he has overseen the Company's business operations, and he is also currently serving as Member of the Nomination Committee and the Audit Committee. The Company expects him to oversee the Company's business operations, by using a wide range of experience and insights especially in the fields of corporate management and corporate strategies, governance, finance and accounting, and human resources and human resources development at the Board of Directors and each Committee.	100% (20/20)
Outside Director	 Tatsuhiro Kosaka	Member of the Nomination Committee Member of the Compensation Committee	Mr. Kosaka's experience and insights as a business specialist cultivated over the course of his career in management of a manufacturing company are highly beneficial to Mitsubishi Electric. The Company expects him to oversee the Company's business operations, by using a wide range of experience and insights especially in the fields of corporate management and corporate strategies, governance, global affairs, and engineering, manufacturing and R&D at the Board of Directors and each Committee.	—
Outside Director	 Hiroyuki Yanagi	Member of the Nomination Committee Member of the Compensation Committee	Mr. Yanagi's experience and insights as a business specialist cultivated over the course of his career in management of a manufacturing company are highly beneficial to Mitsubishi Electric. The Company expects him to oversee the Company's business operations, by using a wide range of experience and insights especially in the fields of corporate management and corporate strategies, governance, global affairs, and engineering, manufacturing and R&D at the Board of Directors and each Committee.	—

Note: Mitsubishi Electric Corporation held twenty Board of Directors meetings during fiscal 2022.

Status of Stocks Held

Status of Stocks Held

- Criteria and Approach on Classification of Stocks for Investment  
With regard to the classification of stocks for investment held for pure investment purposes and stocks for investment held for purposes other than pure investment, the Company classifies stocks held solely for profit purposes from changes in the stock value or dividends on stock as pure investment. There are no stocks held solely for pure investment.
- Stocks for Investment Held for Purposes Other Than Pure Investment Purposes  
The Company holds stocks that are determined to be necessary for business operations, taking into consideration maintaining and strengthening relationships with business partners. The Company comprehensively judges whether or not stocks held are significant, from the viewpoint of their profitability, business feasi-

bility, holding risks, and other aspects are verified and confirmed yearly in the Executive Officers' meeting and in the Board of Directors' meeting. Furthermore, the Company performs verifications with regard to profitability, as to whether the income gained from related businesses and total dividends received are reaching a level above the capital cost, with regard to business feasibility, whether there are not any significant changes in business relationships or amounts of transactions, etc., and with regard to holding risks, whether the corporate value of the investee has fallen or not. When stocks are thus judged to have a low holding significance, the Company considers the reduction thereof such as by selling them, taking into consideration the situation of the company concerned.

 \*For the Status of Stocks Held, please refer to the Annual Security Report. [https://www.MitsubishiElectric.com/en/investors/library/securities\\_report/](https://www.MitsubishiElectric.com/en/investors/library/securities_report/)

Compliance

Our Concept of Compliance

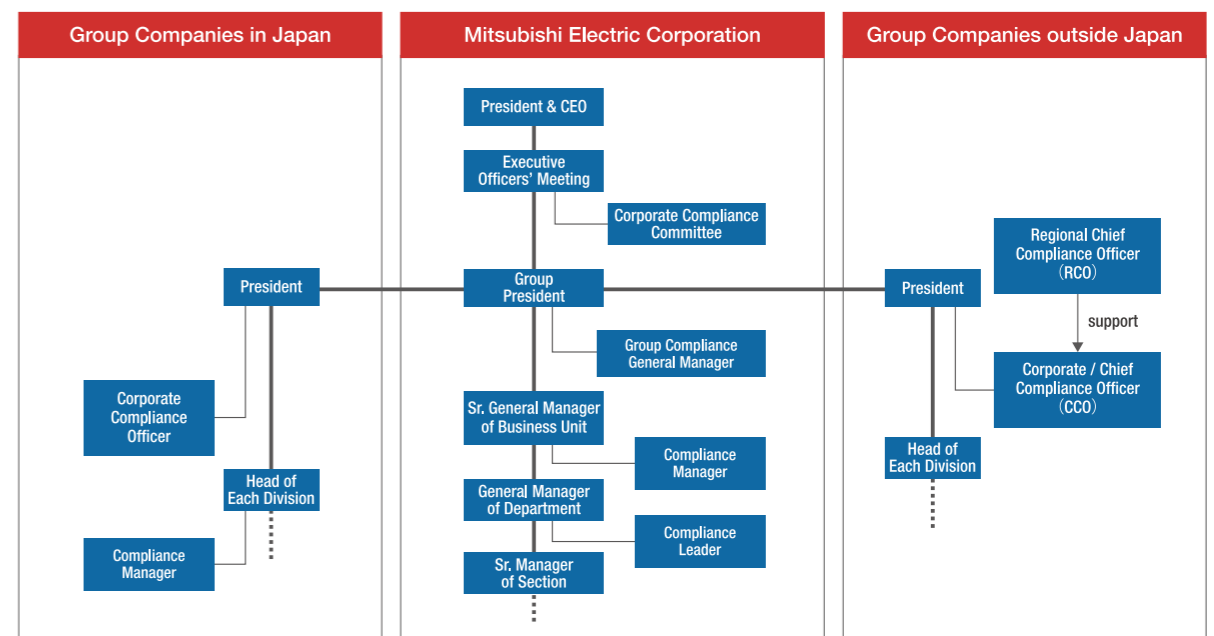
The Mitsubishi Electric Group regards "ethics and compliance" as the foundation of corporate management, and issues a compliance message from top management to all officers and employees as part of its efforts to establish even stronger relationships of trust with customers, stakeholders and society.

Compliance Motto – "Always Act with Integrity"

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."

*Always Act with Integrity*

Mitsubishi Electric Group compliance promotion structure



Risk Management

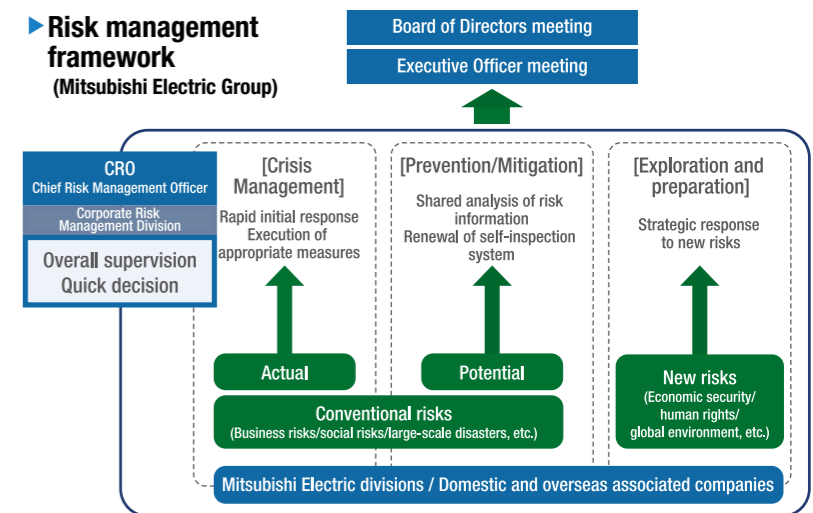
Risk Management Framework

Risk management is implemented independently by each division and by domestic and overseas associated companies. In addition, the Group has established a CRO\*1 and a Corporate Risk Management Division\*2 to supervise the entire Group and has also built a framework to enable quick decision making. The Group addresses not only conventional risks such as large-scale disasters and social risks, but also promotes agile and strategic exploration of and preparation for new risks 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.

\*1 Chief Risk Management Officer (Established in January 2022)  
\*2 Established in January 2022

Risk management framework (Mitsubishi Electric Group)



## Our Approach to 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 3 or higher in the Cybersecurity Maturity Model Certification (CMMC).\*

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 3 or higher means that excellent security measures and management systems are put in place.

### Information Security

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 3 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.

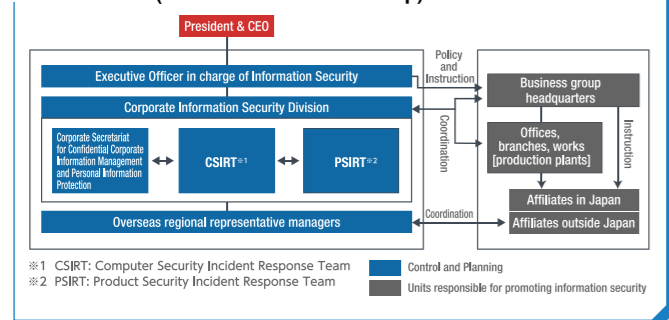
Business groups and offices (offices, branches, works [production plants]) issue instructions and guidance on information security to affiliates in and outside Japan. Paying special attention to the circumstances and special characteristics of overseas affiliates, the Corporate Information Security Division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

### Framework (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.

### 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\* for the network, devices, and servers (cloud) 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.

### Leaks of data due to unauthorized system access

On October 8, 2021, Mitsubishi Electric detected unusual access from overseas and it was confirmed that the some domestic customer information at our affiliate company was leaked from the company on October 15, 2021. The incident was reported to the customers individually and they confirmed no impact from the incident. We cut off the exploited communication channel and issued a report to the relevant authorities.

Although we have already implemented emergency measures for both devices and servers to prevent recurrence, we believe we need to develop a multilayered defense at a higher level to protect ourselves from targeted attacks that use sophisticated and diverse approaches. Mitsubishi Electric strengthens the monitoring of the cloud service that was accessed illicitly and accelerates the implementation of zero-trust security measures to ensure the prevention of recurrence. In addition, the Mitsubishi Electric Group as a whole strengthens security measures through comprehensive multilayered protection, such as the strengthening of domestic and overseas network access controls, endpoint security measures, authentication platforms, including multi-factor authentication, and monitoring. Going forward, we will continuously work to strengthen security in coordination with relevant authorities. As for measures, we will introduce the concept of central management and work to ensure consistent security measures.

## ESG Information Disclosure List (Sustainability website)

Management Message	President's Message Message from the Executive Officer Responsible for Sustainability
Sustainability at Mitsubishi Electric	Purpose Management Policy - Corporate Strategy Improper Quality Control Practices and Three Reforms Mitsubishi Electric's Business Segments Initiatives that Contribute to Addressing Social Issues Sustainability Management Materiality Initiatives to Address the SDGs Communication with Stakeholders Initiatives / External Evaluation
Environment	Environmental Sustainability Vision 2050 Financial Information Based on Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) Basic Policy Strategy for Climate Change 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 Environmental Topics Recycling Technologies
Social	Quality Human Rights Human Resources Supply Chain Management (Procurement) Philanthropic Activities Data Section (Social)
Governance	Corporate Governance Compliance Tax Policy Risk Management Our Approach to Information Security Research and Development/Technology Intellectual property Communication with Stakeholders and Investors
About the Report	
Guideline Comparison Tables	ISO26000 GRI Standards Japan MOE Guideline Comparison Table
ESG Survey Index	

More information related to sustainability at Mitsubishi Electric Group is published on our website

- [Sustainability](https://www.MitsubishiElectric.com/en/sustainability/index.html)  
<https://www.MitsubishiElectric.com/en/sustainability/index.html>
- [About](https://www.MitsubishiElectric.com/en/about/index.html)  
<https://www.MitsubishiElectric.com/en/about/index.html>

### Locations where our disclosed information is published

#### Investors (website)

- Annual Securities Report
- Integrated Report
- Corporate Governance Report

#### Sustainability (website)

Sustainability Report

E

S

G

## Directors and Executive Officers

### Directors (As of June 29, 2022)

Mitoji Yabunaka	Chairman of the Board of Directors Chairman of the Nomination Committee Member of the Compensation Committee
Hiroshi Obayashi	Chairman of the Audit Committee Member of the Nomination Committee Attorney-at-Law
Kazunori Watanabe	Chairman of the Compensation Committee Member of the Audit Committee Certified Public Accountant Registered Tax Accountant
Hiroko Koide	Member of the Nomination Committee Member of the Compensation Committee
Takashi Oyamada	Member of the Nomination Committee Member of the Audit Committee Senior Advisor, MUFG Bank, Ltd.
Tatsuro Kosaka	Member of the Nomination Committee Member of the Compensation Committee Senior Advisor of Chugai Pharmaceutical Co., Ltd.
Hiroyuki Yanagi	Member of the Nomination Committee Member of the Compensation Committee Adviser of Yamaha Motor Co., Ltd.
Kei Uruma	
Tadashi Kawagoishi	Member of the Audit Committee
Kuniaki Masuda	Member of the Nomination Committee Member of the Compensation Committee
Jun Nagasawa	Member of the Audit Committee
Kunihiko Kaga	

### Representative Executive Officers (As of April 1, 2022)

Kei Uruma  
Tadashi Matsumoto

### Executive Officers (As of April 1, 2022)

#### President & CEO:

Kei Uruma ..... President & CEO

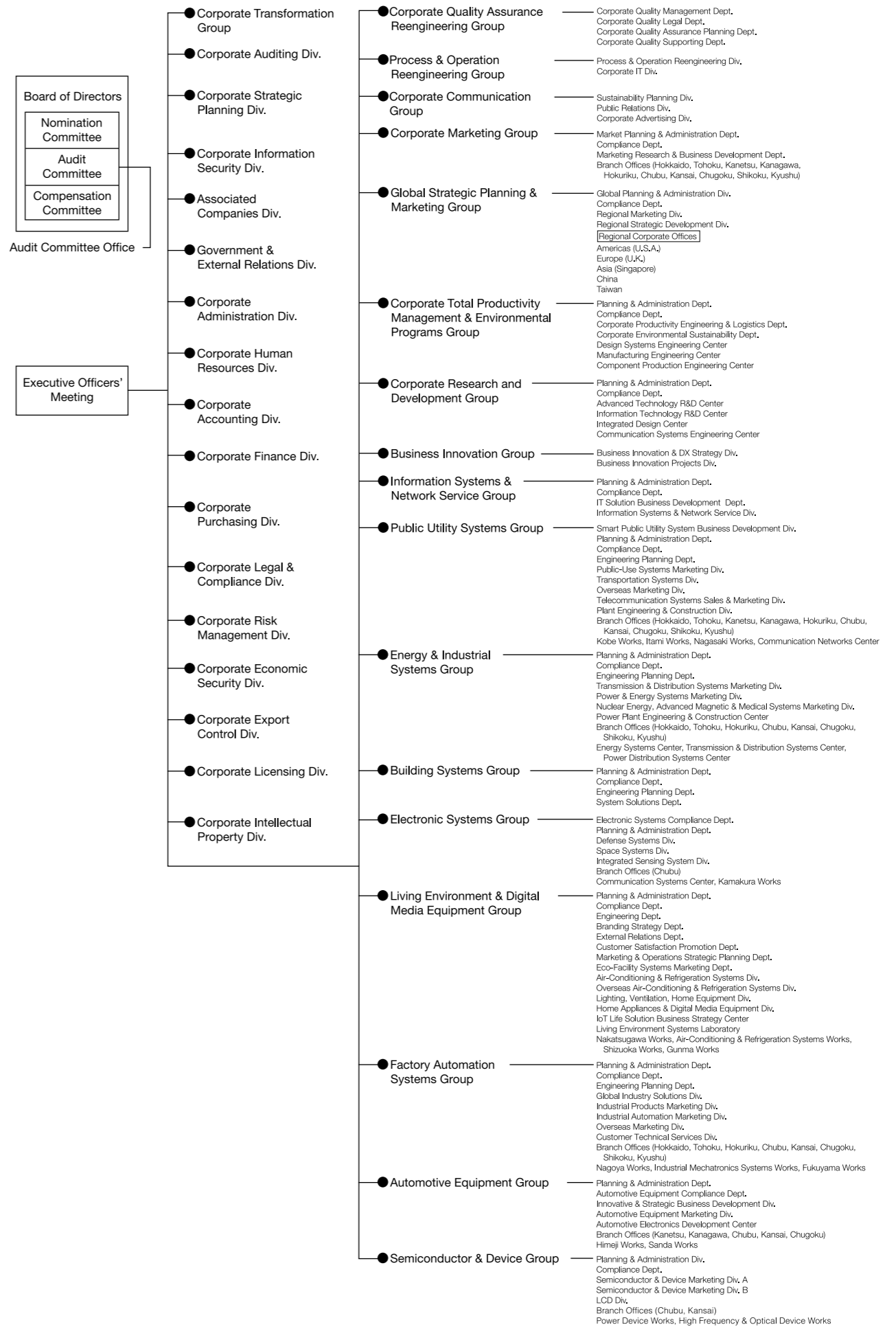
#### Senior Vice Presidents:

Tadashi Matsumoto ..... Life Business Area Owner (Group President, Building Systems, Representative Director and President, Mitsubishi Electric Building Solutions Corporation), In charge of Export Control

#### Executive Officers:

Yoshihisa Hara ..... Group President, Electronic Systems  
 Atsuhiko Yabu ..... Group President, Automotive Equipment  
 Satoshi Kusakabe ..... CRO (In charge of Legal Affairs & Compliance, Risk Management, Economic Security and Export Control)  
 Yoji Saito ..... CMPO (In charge of Purchasing), CCO (Vice President, Corporate Communication, In charge of Government & External Relations)  
 Noriyuki Takazawa ..... Infrastructure Business Area Owner (Group President, Energy & Industrial Systems)  
 So Suzuki ..... Group President, Living Environment & Digital Media Equipment  
 Eiichiro Mitani ..... Business Platform Business Area Owner (Group President, Information Systems & Network Service), CIO (In charge of Information Security and IT, Vice President, Corporate Process & Operation Reengineering)  
 Shozui Takeno ..... Vice President, Corporate Total Productivity Management & Environmental Programs  
 Kunihiko Kaga ..... In charge of Auditing, CSO (In charge of Corporate Strategic Planning and Operations of Associated Companies), CTO (In charge of Technology Strategies)  
 Katsuya Furuta ..... CMO (In charge of Global Marketing, Vice President, Corporate Marketing)  
 Kuniaki Masuda ..... CFO (In charge of Accounting and Finance), CHRO (In charge of General Affairs and Human Resources)  
 Tomonori Sato ..... In charge of Intellectual Property, Vice President, Corporate Research and Development  
 Yoshikazu Nakai ..... CPO (In charge of Manufacturing), CQO (Vice President, Corporate Quality Assurance Reengineering)  
 Satoshi Takeda ..... Industry and Mobility Business Area Owner (Group President, Factory Automation Systems)  
 Hiroshi Sakakibara ..... CDO (Vice President, Corporate Business Innovation)

## Organization (As of April 1, 2022)



▶ **Major Subsidiaries and Affiliates** (As of March 31, 2022)

	Manufacturing	Sales/Installation/Services	Comprehensive Sales Companies
Energy and Electric Systems	<p>Mitsubishi Electric Public Utility Equipment Corporation Mitsubishi Electric Control Panel Corporation Mitsubishi Electric Power Products, Inc. Mitsubishi Electric Shanghai Electric Elevator Co., Ltd. Mitsubishi Elevator Asia Co., Ltd. Mitsubishi Elevator Korea Co., Ltd. Taiwan Mitsubishi Elevator Co., Ltd.</p> <p>Toshiba Mitsubishi-Electric Industrial Systems Corporation Shanghai Mitsubishi Elevator Co., Ltd. MEDCOM Sp. Z o.o.</p>	<p>Mitsubishi Electric Building Techno-Service Co., Ltd. Mitsubishi Electric Plant Engineering Corporation Mitsubishi Electric Control Software Corporation Ryoden Elevator Construction, Ltd. Ryoko Co., Ltd. RYO-SA BUILWARE Co., Ltd. Mitsubishi Elevator Hong Kong Co., Ltd. Mitsubishi Elevator (Thailand) Co., Ltd.</p> <p>Hitachi Mitsubishi Hydro Corporation AG MELCO Elevator Co. L.L.C.</p>	
Industrial Automation Systems	<p>DB Seiko Co., Ltd. Mitsubishi Electric Automotive America, Inc. Mitsubishi Electric Thai Auto-Parts Co., Ltd. Mitsubishi Electric Automotive (China) Co., Ltd. Mitsubishi Electric Automotive de Mexico, S.A. de C.V. Mitsubishi Electric Automotive Czech s.r.o. Mitsubishi Electric Automation Manufacturing (Changshu) Co., Ltd. Mitsubishi Electric Dalian Industrial Products Co., Ltd.</p> <p>Shizuki Electric Co., Inc. Shihlin Electric &amp; Engineering Corporation</p>	<p>Setsuyo Astec Corporation Ryowa Corporation Mitsubishi Electric Mechatronics Engineering Corporation Meldas System Engineering Corporation Mitsubishi Electric Mechatronics Software Corporation Mitsubishi Electric Automation (Hong Kong) Ltd. Mitsubishi Electric Automation Korea Co., Ltd. SETSUYO ENTERPRISE CO., LTD.</p>	
Information and Communication Systems	<p>Mitsubishi Electric TOKKI Systems Corporation Mitsubishi Precision Co., Ltd. SPC Electronics Corporation</p> <p>Seiry Electric Co., Ltd. Myoshi Electronics Corporation</p>	<p>Mitsubishi Electric Information Network Corporation Mitsubishi Electric Information Systems Corporation Mitsubishi Space Software Co., Ltd. Mitsubishi Electric IT Solutions Corporation Mitsubishi Electric Micro-Computer Application Software Co., Ltd.</p> <p>Itec Hankyu Hanshin Co., Ltd.</p>	<p>Chiyoda Mitsubishi Electric Co., Ltd. and other regional comprehensive sales companies (9 companies) Mitsubishi Electric Europe B.V. Mitsubishi Electric US, Inc. Mitsubishi Electric &amp; Electronics (Shanghai) Co., Ltd. Mitsubishi Electric (H.K.) Ltd. Mitsubishi Electric Taiwan Co., Ltd. Mitsubishi Electric Asia Pte. Ltd. Mitsubishi Electric Australia Pty. Ltd.</p>
Electronic Devices	<p>Melco Display Technology Inc. Melco Power Device Corporation Vincotech Holdings S.à r.l.</p>	<p>Melco Semiconductor Engineering Corporation</p>	<p>Ryoden Corporation Kanaden Corporation Mansei Corporation</p>
Home Appliances	<p>Mitsubishi Electric Lighting Corporation Mitsubishi Electric Home Appliance Co., Ltd. Mitsubishi Electric Consumer Products (Thailand) Co., Ltd. Shanghai Mitsubishi Electric &amp; Shangling Air-Conditioner and Electric Appliance Co., Ltd. Mitsubishi Electric (Guangzhou) Compressor Co., Ltd. Mitsubishi Electric Hydraulics &amp; IT Cooling Systems S.p.A. Siam Compressor Industry Co., Ltd. Mitsubishi Electric Air Conditioning Systems Europe Ltd. Mitsubishi Electric Air Conditioning Systems Manufacturing Turkey Joint Stock Company</p> <p>Kang Yong Electric Public Co., Ltd.</p>	<p>Mitsubishi Electric Living Environment Systems Corporation Mitsubishi Electric Life Network Co., Ltd. Mitsubishi Electric Air Conditioning &amp; Refrigeration Equipment Sales Co., Ltd. Mitsubishi Electric Air Conditioning &amp; Refrigeration Systems Co., Ltd. Melco Facilities Corporation Mitsubishi Electric Kang Yong Watana Co., Ltd. Mitsubishi Electric Air-Conditioning &amp; Visual Information Systems (Shanghai) Ltd.</p>	
Others		<p>Mitsubishi Electric Trading Corporation Mitsubishi Electric Engineering Co., Ltd. Mitsubishi Electric Logistics Corporation Mitsubishi Electric System &amp; Service Co., Ltd. Mitsubishi Electric Life Service Corporation The Kodensha Co., Ltd. iPLANET Inc. Melco Trading (Thailand) Co., Ltd.</p> <p>Mitsubishi Electric Credit Corporation KITA KOUDENSHA Corporation</p>	

- Notes:
- Comprehensive sales companies include several companies that are responsible for selling products from a number of businesses, and therefore these are placed into their own separate category rather than grouped by business segment.
  - Consolidated subsidiaries are shaded in  , while equity method companies are shaded in  .
  - Mitsubishi Electric Building Techno-Service Co., Ltd. inherited our building systems business and changed its trade name to Mitsubishi Electric Building Solutions Corporation on April 1, 2022.
  - Mitsubishi Space Software Co., Ltd. absorbed Mitsubishi Electric Control Software Corporation, Mitsubishi Electric Mechatronics Software Corporation, Mitsubishi Electric Micro-Computer Application Software Co., Ltd., Melco Power Systems Corporation and Nippon Advanced Technology Co., Ltd., and changed its trade name to Mitsubishi Electric Software Corporation on April 1, 2022.
  - Chiyoda Mitsubishi Electric Co., Ltd. absorbed Seikosya Co., Ltd. and changed its trade name to Mitsubishi Electric Industrial Solutions Corporation on April 1, 2022.
  - As of the end of March 2022, the numbers of consolidated subsidiaries and equity method companies are 203 and 39, respectively.

# Financial Section

## Contents

- 59 Five-Year Summary
- 60 Management Analysis of Financial Position, Operating Results and Cash Flows
- 67 Research and Development Expenditures / Capital Expenditures
- 68 Consolidated Statement of Financial Position
- 70 Consolidated Statement of Profit or Loss
- 71 Consolidated Statement of Comprehensive Income
- 72 Consolidated Statement of Changes in Equity
- 73 Consolidated Statement of Cash Flows

Mitsubishi Electric Corporation and Subsidiaries

Yen (millions)

Years ended March 31	U.S. GAAP	IFRS				
	2018	2018	2019	2020	2021	2022
Revenue	¥ 4,431,198	¥ 4,444,424	¥ 4,519,921	¥ 4,462,509	¥ 4,191,433	¥ 4,476,758
Operating profit	318,637	327,444	290,477	259,661	230,195	252,051
Profit before income taxes	364,578	353,206	315,958	281,986	258,754	279,693
Net profit attributable to Mitsubishi Electric Corp. stockholders	271,880	255,755	226,648	221,834	193,132	203,482
Total assets	4,264,559	4,305,580	4,356,211	4,409,771	4,797,921	5,107,973
Cash and cash equivalents	599,199	599,199	514,224	537,559	767,406	727,179
Bonds and borrowings	311,485	311,950	298,438	267,008	248,897	217,171
Mitsubishi Electric Corp. stockholders' equity	2,259,355	2,294,174	2,399,946	2,429,743	2,754,293	2,975,941
Cash flows from operating activities	240,450	265,768	239,817	395,834	542,119	282,371
Cash flows from investing activities	(178,219)	(182,015)	(210,668)	(203,997)	(176,552)	(114,867)
Free cash flows	62,231	83,753	29,149	191,837	365,567	167,504
Cash flows from financing activities	(128,291)	(149,813)	(112,067)	(156,454)	(157,352)	(241,319)
Dividends paid	68,696	68,696	85,871	85,871	77,283	85,723
R&D expenditures	210,308	210,308	212,794	206,846	190,574	195,144
Capital expenditures (Based on the recognized value of property, plant and equipment)	181,513	181,513	198,442	227,450	180,033	167,772
Depreciation	¥ 154,559	¥ 153,161	¥ 152,315	¥ 184,842	¥ 186,983	¥ 181,116
<b>Per Share Amounts:</b>						
Earnings per share attributable to Mitsubishi Electric Corp. stockholders (Yen)						
Basic	¥ 126.70	¥ 119.19	¥ 105.65	¥ 103.41	¥ 90.03	¥ 95.41
Diluted	—	119.19	105.65	103.41	90.03	95.41
Cash dividends declared (Yen)	40	40	40	40	36	40
Mitsubishi Electric Corp. stockholders' equity (Yen)	¥ 1,052.96	¥ 1,069.19	¥ 1,118.83	¥ 1,132.69	¥ 1,283.88	¥ 1,409.08
<b>Financial Ratios:</b>						
Operating profit ratio (%)	7.2	7.4	6.4	5.8	5.5	5.6
Return on revenue (%)	6.1	5.8	5.0	5.0	4.6	4.5
Return on equity (ROE) (%)	12.6	11.7	9.7	9.2	7.5	7.1
Return on assets (ROA) (%)	6.4	6.0	5.2	5.1	4.2	4.1
Mitsubishi Electric Corp. stockholders' equity ratio (%)	53.0	53.3	55.1	55.1	57.4	58.3
Bonds and borrowings to total assets (%)	7.3	7.2	6.9	6.1	5.2	4.3
Employees (persons)	142,340	142,340	145,817	146,518	145,653	145,696
Total Shareholder Return (%)	109.0	109.0	94.1	91.1	115.4	100.6
(Comparison Index : Nikkei stock average) (%)	113.5	113.5	112.1	100.0	154.3	147.1

- The consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRS) from the year ended March 31, 2019 and also for the fiscal year ended March 31, 2018 as comparative information.
- The balance of bonds and borrowings and the ratio of bonds and borrowings to total assets include lease liabilities until the fiscal year ended March 31, 2019.
- R&D expenditures include elements spent on quality improvements which constitute manufacturing costs.
- 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.
- Total shareholder return is calculated based on the stock price as of March 31, 2017.

Overview of Business Performance

The economy in the fiscal year ended March 31, 2022 generally continued to see recovery in the corporate sector in the U.S., Europe and Japan. The household sector continued to recover in the U.S. and Europe, while in Japan there was the downward pressure stemming from the novel coronavirus diseases (COVID-19), despite recovery owing to normalization of economic activities. China continued to see recovery in export and manufacturing, while the pace of recovery in the household sector slowed down. There was also the impact of the rise in material prices and logistics costs as well as a prolonged components shortage.

In this environment, the Mitsubishi Electric Group has been working even harder than before to uplift profitability by strengthening its business portfolio strategy towards sustainable growth, while continuously implementing initiatives to strengthen its competitiveness and business structure.

As a result, the business performance for the fiscal year ended March 31, 2022 is as follows.

	Yen(billions)		
	2021	2022	year on year
Revenue	4,191.4	4,476.7	up 285.3
Operating profit	230.1	252.0	up 21.8
Profit before income taxes	258.7	279.6	up 20.9
Net profit attributable to Mitsubishi Electric Corp. stockholders	193.1	203.4	up 10.3

Revenue

Revenue increased by 285.3 billion yen compared to the previous fiscal year to 4,476.7 billion yen due primarily to increased revenue in Industrial Automation Systems, Home Appliances and Electronic Device segments, despite decreased revenue in Energy and Electric Systems and Information and Communication Systems segments. Industrial Automation Systems segment saw an increase in the factory automation systems business due mainly to an increase in demand for capital expenditures relating to digital equipment and decarbonization worldwide. The automotive equipment business also increased due to the expansion of the electric vehicle market. Home Appliances segment increased due mainly to an increase in air conditioners particularly in Europe and North America, despite a decrease in air conditioners in Japan due primarily to a semiconductor shortage. Electronic Devices segment increased due primarily to recovery in demand for power modules.

<Impact of Exchange Rate Fluctuations on Revenue>

	2021 Average exchange rate	2022 Average exchange rate	Impact of exchange rate fluctuations on revenue
Consolidated total	—	—	About ¥135.0 billion increase
US\$	¥106	¥113	About ¥34.0 billion increase
EURO	¥124	¥131	About ¥20.0 billion increase
CNY	¥15.7	¥17.7	About ¥50.0 billion increase

### Operating Profit

Operating profit increased by 21.8 billion yen compared to the previous fiscal year to 252.0 billion yen due mainly to increased operating profit in Industrial Automation Systems and Electronic Devices segments, despite decreased operating profit in Energy and Electric Systems and Home Appliances segments. Operating profit ratio improved by 0.1 points compared to the previous fiscal year to 5.6% due mainly to increased revenue.

The cost ratio improved by 0.2 points compared to the previous fiscal year due primarily to higher operating ratio owing to increased revenue in Industrial Automation Systems segment and the yen depreciating against other currencies, despite the rise in material prices. Selling, general and administrative expenses increased by 60.0 billion yen compared to the previous fiscal year, but selling, general and administrative expenses to revenue ratio improved by 0.2 points. Other profit (loss) decreased by 8.2 billion yen compared to the previous fiscal year due mainly to decreased profit from sales of land, and other profit (loss) to revenue ratio deteriorated by 0.3 points compared to the previous fiscal year.

### Profit Before Income Taxes

Profit before income taxes increased by 20.9 billion yen compared to the previous fiscal year to 279.6 billion yen due primarily to an increase in operating profit. Profit before income taxes to revenue ratio was 6.2%.

### Net Profit Attributable to Mitsubishi Electric Corp. Stockholders

Net profit attributable to Mitsubishi Electric Corporation stockholders increased by 10.3 billion yen compared to the previous fiscal year to 203.4 billion yen due mainly to increased profit before income taxes. Net profit attributable to Mitsubishi Electric Corporation stockholders to revenue ratio was 4.5%.

ROE deteriorated by 0.4% compared to the previous fiscal year to 7.1%.

## Results by Business Segment

### Revenue by Business Segment

Years ended March 31	U.S. GAAP		IFRS				Yen (millions)
	2018	2018	2019	2020	2021	2022	
Energy and Electric Systems	¥ 1,241,952	¥ 1,253,062	¥ 1,296,745	¥ 1,307,389	¥ 1,270,287	¥ 1,238,111	
Industrial Automation Systems	1,444,928	1,444,928	1,467,633	1,349,429	1,248,566	1,460,368	
Information and Communication Systems	436,068	438,184	426,269	455,596	380,159	354,128	
Electronic Devices	202,294	202,294	199,908	208,750	205,260	241,405	
Home Appliances	1,049,369	1,049,369	1,074,044	1,090,248	1,038,310	1,144,788	
Others	764,346	659,059	676,736	659,636	603,089	676,257	
Subtotal	5,138,957	5,046,896	5,141,335	5,071,048	4,745,671	5,115,057	
Eliminations	(707,759)	(602,472)	(621,414)	(608,539)	(554,238)	(638,299)	
Consolidated total	¥ 4,431,198	¥ 4,444,424	¥ 4,519,921	¥ 4,462,509	¥ 4,191,433	¥ 4,476,758	

### Operating Profit by Business Segment

Years ended March 31	U.S. GAAP		IFRS				Yen (millions)
	2018	2018	2019	2020	2021	2022	
Energy and Electric Systems	¥ 51,710	¥ 65,457	¥ 82,501	¥ 82,309	¥ 108,944	¥ 62,170	
Industrial Automation Systems	190,826	187,350	142,563	68,962	40,582	96,839	
Information and Communication Systems	11,987	11,340	12,247	26,457	16,437	14,727	
Electronic Devices	14,554	14,164	1,442	8,701	6,292	16,814	
Home Appliances	56,057	55,496	59,451	78,206	75,760	70,960	
Others	23,900	24,034	24,172	26,050	13,628	21,993	
Subtotal	349,034	357,841	322,376	290,685	261,643	283,503	
Eliminations and Corporate	(30,397)	(30,397)	(31,899)	(31,024)	(31,448)	(31,452)	
Consolidated total	¥ 318,637	¥ 327,444	¥ 290,477	¥ 259,661	¥ 230,195	¥ 252,051	

### Energy and Electric Systems

The market for the social infrastructure systems business saw buoyant investment in the public utility business in Japan, while demand relating to power systems decreased in Japan and there was the reconsideration of the capital expenditure plans by railway companies in Japan due to the impact of COVID-19. In this environment, orders won by the business remained substantially unchanged compared to the previous fiscal year due primarily to an increase in the public utility systems business in Japan despite a decrease in the power systems and the transportation systems businesses in Japan. Revenue decreased compared to the previous fiscal year due mainly to decreases in the power systems and the transportation systems businesses in Japan.

The market for the building systems business saw recovery from stagnation stemming from COVID-19 primarily in China, while recovery is delayed in some parts of Asia. In this environment, the business saw increases in both orders and revenue compared to the previous fiscal year due mainly to an increase primarily in China.

As a result, revenue for this segment decreased by 3% compared to the previous fiscal year to 1,238.1 billion yen.

Operating profit decreased by 46.7 billion yen compared to the previous fiscal year to 62.1 billion yen due mainly to decreased revenue and a shift in project portfolios.



### Industrial Automation Systems

The market for the factory automation systems business saw a global increase in demand for capital expenditures relating to digital equipment such as semiconductors, electronic components and smartphones, and products in the decarbonization area such as lithium-ion batteries. In this environment, the business saw increases in both orders and revenue compared to the previous fiscal year.

The market for the automotive equipment business saw an increase in electric vehicle-related equipment due to the expansion of electric vehicle market, while sales of new cars decreased in Japan, China Europe and the U.S. due primarily to a semiconductor shortage compared to the previous fiscal year. In this environment, the business saw increases in both orders and revenue compared to the previous fiscal year due mainly to increases in electric vehicle-related equipment such as motors and inverters, as well as electrical components.

As a result, revenue for this segment increased by 17% compared to the previous fiscal year to 1,460.3 billion yen.

Operating profit for this segment increased by 56.2 billion yen compared to the previous fiscal year to 96.8 billion yen, as operating profit for the factory automation systems business increased due mainly to increased revenue and the yen depreciating against other currencies, while operating profit for the automotive equipment business decreased due primarily to the rise in material prices and logistics costs.

### Information and Communication Systems

The market for the information systems and service business saw a decrease in large-scale projects for the IT infrastructure service business, while delayed system development projects restarted, particularly in the manufacturing industry. In this environment, the business saw an increase in orders but a decrease in revenue compared to the previous fiscal year.

The electronic systems business saw an increase in orders compared to the previous fiscal year due primarily to an increase in large-scale projects for the defense systems business, while revenue decreased compared to the previous fiscal year due mainly to a decrease in large-scale projects for the defense systems business.

As a result, revenue for this segment decreased by 7% compared to the previous fiscal year to 354.1 billion yen.

Operating profit decreased by 1.7 billion yen compared to the previous fiscal year to 14.7 billion yen due mainly to decreased revenue.

### Electronic Devices

The market for the electronic devices business saw recovery in demand for power modules used in consumer, industrial and automotive applications. In this environment, the business saw an increase in orders compared to the previous fiscal year and revenue also increased by 18% compared to the previous fiscal year to 241.4 billion yen due primarily to an increase in power modules used in consumer, industrial and automotive applications.

Operating profit increased by 10.5 billion yen compared to the previous fiscal year to 16.8 billion yen due mainly to increased revenue.

### Home Appliances

The market for the home appliances business saw an increase in demand for residential air conditioners primarily in Europe and North America as working from home becomes common, despite the impact of a semiconductor shortage. Demand for industrial air conditioners also recovered gradually as capital expenditures started to recover from the impact of COVID-19. In this environment, the business saw an increase in revenue by 10% compared to the previous fiscal year to 1,144.7 billion yen due mainly to an increase in air conditioners primarily in Europe and North America as well as the yen depreciating against other currencies, despite a decrease in air conditioners in Japan due primarily to a semiconductor shortage.

Operating profit decreased by 4.8 billion yen compared to the previous fiscal year to 70.9 billion yen due mainly to the rise in material prices and logistics costs despite increased revenue and the yen depreciating against other currencies.

### Others

Revenue increased by 12% compared to the previous fiscal year to 676.2 billion yen due primarily to increases in materials procurement and logistics.

Operating profit increased by 8.3 billion yen compared to the previous fiscal year to 21.9 billion yen due mainly to increased revenue.

## Results by Geographic Segment

### Revenue from Customers by Geographic Segment

Years ended March 31	U.S. GAAP	IFRS				
	2018	2018	2019	2020	2021	2022
Japan	¥ 2,423,626	¥ 2,438,942	¥ 2,556,644	¥ 2,610,322	¥ 2,430,839	¥ 2,332,402
North America	417,423	419,121	429,451	432,096	379,253	461,931
Asia (excluding Japan)	1,075,683	1,089,176	1,013,883	919,973	926,540	1,114,951
Europe	431,316	431,316	453,748	437,214	391,618	495,308
Others	83,150	65,869	66,195	62,904	63,183	72,166
Consolidated total	¥ 4,431,198	¥ 4,444,424	¥ 4,519,921	¥ 4,462,509	¥ 4,191,433	¥ 4,476,758

### Japan

Revenue decreased by 4% year on year to 2,332.4 billion yen primarily due to decreases in the home appliances business and social infrastructure systems business, despite an increase in the factory automation systems business.

### North America

Revenue increased by 22% year on year to 461.9 billion yen primarily due to an increase in home appliances business.

### Asia (excluding Japan)

Revenue increased by 20% year on year to 1,114.9 billion yen primarily due to increases in the factory automation systems business and home appliances business.

In China, revenue increased by 22% year on year to 588.8 billion yen primarily due to increases in the factory automation systems business and home appliances business.

### Europe

Revenue increased by 26% year on year to 495.3 billion yen primarily due to an increase in home appliances business.

### Others

Revenue in other regions, including Oceania, increased 14% year on year to 72.1 billion yen.

## Analysis of Financial Position

Total assets as of the end of this fiscal year increased compared to the end of the previous fiscal year by 310.0 billion yen to 5,107.9 billion yen. The change in balance of total assets was mainly attributable to increases in inventories by 215.8 billion yen and other non-current assets by 100.4 billion yen.

Inventories increased due primarily to recovery in demand for Industrial Automation Systems and Home Appliances segments as well as the impact of semiconductor and electronic components shortages. Other non-current assets increased due mainly to an increase in net defined benefit assets mainly reflecting a rise in stock prices.

Total liabilities increased compared to the end of the previous fiscal year by 83.2 billion yen to 2,010.5 billion yen due primarily to increases in trade payables by 59.8 billion yen and accrued expenses by 24.2 billion yen. Bonds and borrowings decreased compared to the end of the previous fiscal year by 31.7 billion yen to 217.1 billion yen, with the ratio of bonds and borrowings to total assets recording 4.3%, representing a 0.9 point decrease compared to the end of the previous fiscal year.

Mitsubishi Electric Corporation stockholders' equity increased by 221.6 billion yen compared to the end of the previous fiscal year to 2,975.9 billion yen. The stockholders' equity ratio was recorded at 58.3%, representing a 0.9 point increase compared to the end of the previous fiscal year. These changes mainly result from increases due to recording a net profit attributable to Mitsubishi Electric Corporation stockholders of 203.4 billion yen and accumulated other comprehensive income by 72.7 billion yen mainly reflecting the yen depreciating against other currencies, despite a decrease due to a dividend payment of 85.7 billion yen.

<Indices related to the Statement of Financial Position>

	As of Mar. 31, 2021	As of Mar. 31, 2022	YoY changes
Trade receivables turnover (times)	3.55	3.63	0.08
Inventory turnover (times)	5.64	4.66	(0.98)
Bonds and borrowings to total assets (%)	5.2	4.3	(0.9)
Mitsubishi Electric Corp. stockholders' equity ratio (%)	57.4	58.3	0.9

Note: 1. Trade receivables turnover is calculated based on the sum of trade receivables and contract assets.

2. Bonds and borrowings to total assets is calculated based on the balance of borrowings and bonds, excluding lease liabilities.

## Capital Resources and Funding Liquidity

### Basic Policies Regarding Financial Strategies

In order to maintain a solid balance sheet, the Mitsubishi Electric Group continuously strives to improve its cash flow by enhancing its business performance, achieve greater asset efficiency through inventory reduction initiatives and promotion of the collection of trade receivables, and improve fund efficiency through more effective use of Group funds.

In addition, the Group will further increase capital efficiency under its capital allocation policy stated in the Medium-Term Management Plan towards fiscal 2026, by implementing its capital measures, including the enhancement of shareholder returns through profit growth while giving the top priority to investment in growth.

In order to secure funds needed to implement its growth strategies, including those for capital investment, research and development, and M&As, the Group will flexibly raise funds from financial institutions as necessary while using cash on hand generated from cash flows from operating activities with a focus on Key Growth Businesses.

### Status of Cash Flows

Cash flows from operating activities for fiscal 2022 was 282.3 billion yen (cash in), while cash flows from investing activities was 114.8 billion yen (cash out). As a result, free cash flow was 167.5 billion yen (cash in). Cash flows from financing activities was 241.3 billion yen (cash out), and cash and cash equivalents at end of period decreased from the end of the previous fiscal year by 40.2 billion yen to 727.1 billion yen.

Net cash provided by operating activities decreased by 259.7 billion yen from the previous fiscal year due primarily to an increase in inventories despite increased profit.

Net cash used in investing activities decreased by 61.6 billion yen from the previous fiscal year due mainly to an increase in proceeds from sale of investment securities and a decrease in purchase of property, plant and equipment in fiscal 2022 as a result of restricted capital expenditures in the previous fiscal year.

Net cash used in financing activities increased by 83.9 billion yen from the previous fiscal year due primarily to an increase in the purchase of treasury stock and a decrease in proceeds of short-term borrowings.

### Status of Funding and Liquidity

The main component within the need for working funds is operating expenses such as costs for purchasing necessary materials for production, manufacturing costs and selling, general and administrative expenses. The need for funds for investment is due to components such as capital expenditure and M&As.

Short-term working funds are derived from cash on hand and short-term borrowings from financial institutions. Capital expenditure and long-term working funds are derived from long-term borrowings from financial institutions and issuance of corporate bonds while utilizing cash on hand.

The balance of cash and cash equivalents is 727.1 billion yen and the balance of bonds, borrowings and lease liabilities totaled 329.4 billion yen as of the end of fiscal 2022. Of these, short-term borrowings totaled 74.9 billion yen, bonds and long-term borrowings totaled 142.2 billion yen, and lease liabilities totaled 112.2 billion yen.

Steadily executing the strategies above, the Group will work to further enhance its corporate value.

Research and Development Expenditures

Years ended March 31	Yen (billions)					
	U.S. GAAP 2018	2018	2019	IFRS 2020	2021	2022
Energy and Electric Systems	¥ 35.4	¥ 35.4	¥ 34.7	¥ 35.1	¥ 34.7	¥ 36.1
Industrial Automation Systems	69.5	69.5	70.8	67.4	60.4	63.9
Information and Communication Systems	17.9	17.9	15.3	13.4	8.8	8.0
Electronic Devices	13.4	13.4	14.1	12.5	10.4	9.5
Home Appliances	41.8	41.8	43.8	44.9	42.3	43.4
Others/Common	32.2	32.2	33.9	33.2	33.7	34.0
Consolidated total	¥ 210.3	¥ 210.3	¥ 212.7	¥ 206.8	¥ 190.5	¥ 195.1
R&D expenditures /revenue (%)	4.7	4.7	4.7	4.6	4.5	4.4

Capital Expenditures

Years ended March 31	Yen (millions)					
	U.S. GAAP 2018	2018	2019	IFRS 2020	2021	2022
Energy and Electric Systems	¥ 30,861	¥ 30,861	¥ 27,165	¥ 29,414	¥ 30,021	¥ 26,411
Industrial Automation Systems	68,376	68,376	79,257	78,722	54,117	45,874
Information and Communication Systems	17,522	17,522	21,925	29,982	22,376	17,156
Electronic Devices	17,197	17,197	21,072	31,298	22,009	20,786
Home Appliances	32,849	32,849	31,199	38,720	19,488	25,628
Others	4,758	4,758	7,437	6,426	11,863	9,326
Commons	9,950	9,950	10,387	12,888	20,159	22,591
Consolidated total	¥ 181,513	¥ 181,513	¥ 198,442	¥ 227,450	¥ 180,033	¥ 167,722

\* The data above are based on the recognized value of property, plant and equipment.

Mitsubishi Electric Corporation and Subsidiaries  
March 31, 2021 and 2022

	Yen (millions)	
	2021	2022
<b>(Assets)</b>		
Cash and cash equivalents	¥ 767,406	¥ 727,179
Trade receivables	906,831	944,405
Contract assets	274,231	287,697
Other financial assets	51,657	62,135
Inventories	743,782	959,660
Other current assets	103,065	109,220
<b>Current assets</b>	<b>2,846,972</b>	<b>3,090,296</b>
Investments accounted for using the equity method	205,464	221,467
Other financial assets	353,624	321,056
Property, plant and equipment	857,645	855,746
Goodwill and intangible assets	153,512	161,494
Deferred tax assets	183,134	159,915
Other non-current assets	197,570	297,999
<b>Non-current assets</b>	<b>1,950,949</b>	<b>2,017,677</b>
<b>Total assets</b>	<b>¥ 4,797,921</b>	<b>¥ 5,107,973</b>

## Consolidated Statement of Financial Position

	Yen (millions)	
	2021	2022
<b>(Liabilities)</b>		
Bonds, borrowings and lease liabilities	¥ 152,657	¥ 173,213
Trade payables	541,774	601,606
Contract liabilities	174,666	188,300
Other financial liabilities	157,750	167,687
Accrued expenses	302,418	326,703
Accrued income taxes	30,959	33,575
Provisions	97,292	106,112
Other current liabilities	47,865	49,526
<b>Current liabilities</b>	<b>1,505,381</b>	<b>1,646,722</b>
Bonds, borrowings and lease liabilities	212,774	156,248
Net defined benefit liabilities	161,388	162,353
Provisions	5,435	4,921
Deferred tax liabilities	5,759	4,774
Other non-current liabilities	36,573	35,558
<b>Non-current liabilities</b>	<b>421,929</b>	<b>363,854</b>
<b>Total liabilities</b>	<b>1,927,310</b>	<b>2,010,576</b>
<b>(Equity)</b>		
Common stock	175,820	175,820
Capital surplus	202,777	202,695
Retained earnings	2,266,490	2,464,966
Accumulated other comprehensive income (loss)	111,801	184,528
Treasury stock, at cost	(2,595)	(52,068)
<b>Mitsubishi Electric Corp. stockholders' equity</b>	<b>2,754,293</b>	<b>2,975,941</b>
<b>Non-controlling interests</b>	<b>116,318</b>	<b>121,456</b>
<b>Total equity</b>	<b>2,870,611</b>	<b>3,097,397</b>
<b>Total liabilities and equity</b>	<b>¥ 4,797,921</b>	<b>¥ 5,107,973</b>

## Consolidated Statement of Profit or Loss

Mitsubishi Electric Corporation and Subsidiaries  
Years ended March 31, 2021 and 2022

	Yen (millions)	
	2021	2022
Revenue	¥ 4,191,433	¥ 4,476,758
Cost of sales	3,017,059	3,212,216
Selling, general and administrative expenses	953,602	1,013,674
Other profit (loss)	9,423	1,183
<b>Operating profit</b>	<b>230,195</b>	<b>252,051</b>
Financial income	12,136	11,910
Financial expenses	2,828	2,702
Share of profit of investments accounted for using the equity method	19,251	18,434
<b>Profit before income taxes</b>	<b>258,754</b>	<b>279,693</b>
Income taxes	57,071	61,808
<b>Net profit</b>	<b>201,683</b>	<b>217,885</b>
<b>Net profit attributable to:</b>		
Mitsubishi Electric Corp. stockholders	193,132	203,482
Non-controlling interests	¥ 8,551	¥ 14,403
<b>Earnings per share (attributable to Mitsubishi Electric Corp. stockholders)</b>		
		Yen
Basic	¥ 90.03	¥ 95.41
Diluted	90.03	95.41

## Consolidated Statement of Comprehensive Income

Mitsubishi Electric Corporation and Subsidiaries  
Years ended March 31, 2021 and 2022

	Yen (millions)	
	2021	2022
Net profit	¥ 201,683	¥ 217,885
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	64,457	6,762
Remeasurements of defined benefit plans	84,501	64,720
Share of other comprehensive income of investments accounted for using the equity method	2,159	342
Total items that will not be reclassified to net profit	151,117	71,824
Items that may be reclassified to net profit		
Exchange differences on translating foreign operations	61,880	80,060
Net changes in the fair value of cash flow hedges	92	(2)
Share of other comprehensive income of investments accounted for using the equity method	1,182	9,118
Total items that may be reclassified to net profit	63,154	89,176
Total other comprehensive income (loss)	214,271	161,000
Comprehensive income	415,954	378,885
Comprehensive income attributable to:		
Mitsubishi Electric Corp. stockholders	401,559	356,926
Non-controlling interests	¥ 14,395	¥ 21,959

## Consolidated Statement of Changes in Equity

Mitsubishi Electric Corporation and Subsidiaries  
Years ended March 31, 2021 and 2022

	2021							
	Mitsubishi Electric Corp. stockholders' equity							
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost	Total	Non-controlling interests	Total equity
<b>Balance at beginning of year</b>	¥ 175,820	¥ 202,832	¥ 2,071,817	¥ (17,802)	¥ (2,924)	¥ 2,429,743	¥ 109,116	¥ 2,538,859
Comprehensive income								
Net profit			193,132			193,132	8,551	201,683
Other comprehensive income (loss), net of tax				208,427		208,427	5,844	214,271
Comprehensive income	—	—	193,132	208,427	—	401,559	14,395	415,954
Reclassification to retained earnings			78,824	(78,824)		—		—
Dividends			(77,283)			(77,283)	(7,107)	(84,390)
Purchase of treasury stock					(367)	(367)		(367)
Disposal of treasury stock		(696)			696	0		0
Transactions with non-controlling interests and others		641				641	(86)	555
<b>Balance at end of year</b>	¥ 175,820	¥ 202,777	¥ 2,266,490	¥ 111,801	¥ (2,595)	¥ 2,754,293	¥ 116,318	¥ 2,870,611

	2022							
	Mitsubishi Electric Corp. stockholders' equity							
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost	Total	Non-controlling interests	Total equity
<b>Balance at beginning of year</b>	¥ 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)
<b>Balance at end of year</b>	¥ 175,820	¥ 202,695	¥ 2,464,966	¥ 184,528	¥ (52,068)	¥ 2,975,941	¥ 121,456	¥ 3,097,397

## Consolidated Statement of Cash Flows

Mitsubishi Electric Corporation and Subsidiaries

Years ended March 31, 2021 and 2022

	Yen (millions)	
	2021	2022
<b>Cash flows from operating activities</b>		
Net profit	¥ 201,683	¥ 217,885
Adjustments to cash flows from operating activities		
Depreciation and amortization	213,320	206,813
Impairment losses	7,826	4,080
Loss (gain) on sales and disposal of property, plant and equipment, net	(10,749)	1,142
Income taxes	57,071	61,808
Share of profit of investments accounted for using the equity method	(19,251)	(18,434)
Financial income and financial expenses	(9,308)	(9,208)
Decrease (increase) in trade receivables	13,005	(7,319)
Decrease (increase) in contract assets	70,164	(12,145)
Decrease (increase) in inventories	(28,115)	(183,436)
Decrease in other assets	5,543	5,456
Increase in trade payables	6,938	50,011
Increase (decrease) in net defined benefit liabilities	(7,593)	(7,859)
Increase in other liabilities	65,201	37,071
Others, net	(557)	(9,908)
Subtotal	565,178	335,957
Interest and dividends received	20,252	21,704
Interest paid	(2,699)	(2,477)
Income taxes paid	(40,612)	(72,813)
Cash flows from operating activities	542,119	282,371
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(168,920)	(134,337)
Proceeds from sale of property, plant and equipment	14,226	3,122
Purchase of intangible assets	(19,439)	(21,725)
Purchase of investment securities and others, net of cash acquired	(15,903)	(13,558)
Proceeds from sale of investment securities and others, net of cash disposed	13,445	53,227
Others, net	39	(1,596)
Cash flows from investing activities	(176,552)	(114,867)
<b>Cash flows from financing activities</b>		
Proceeds from bonds and long-term borrowings	485	825
Repayments of bonds and long-term borrowings	(37,874)	(35,514)
Increase in short-term borrowings, net	20,225	1,677
Repayments of lease liabilities	(54,992)	(55,896)
Dividends paid to Mitsubishi Electric Corp. stockholders	(77,283)	(85,723)
Purchase of treasury stock	(367)	(50,526)
Disposal of treasury stock	0	0
Dividends paid to non-controlling interests	(7,834)	(13,474)
Transactions with non-controlling interests	288	(2,688)
Cash flows from financing activities	(157,352)	(241,319)
Effect of exchange rate changes on cash and cash equivalents	21,632	33,588
Net increase (decrease) in cash and cash equivalents	229,847	(40,227)
Cash and cash equivalents at beginning of year	537,559	767,406
Cash and cash equivalents at end of year	¥ 767,406	¥ 727,179

### 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

**Corporate Data**

Mitsubishi Electric Corporation  
 Tokyo Building, 2-7-3, Marunouchi,  
 Chiyoda-ku, Tokyo 100-8310, Japan  
 Tel: +81(3)3218-2111

Established: January 15, 1921  
 Paid-in Capital: ¥175,820 million  
 Shares issued: 2,147,201,551 shares  
 Employees: 145,696

**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**

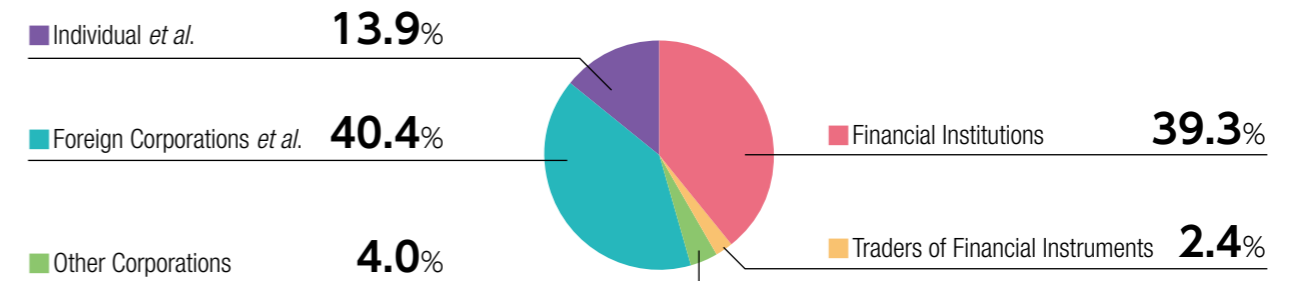
Japan: Tokyo  
 Europe: London

▶ **Major Shareholders**

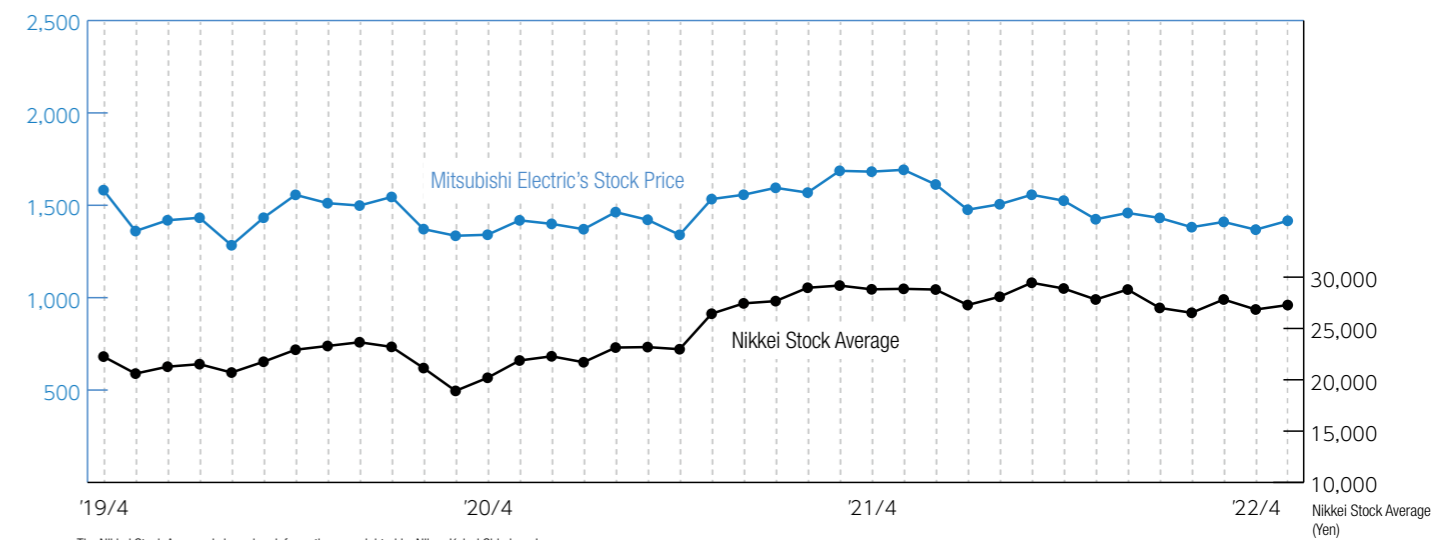
Shareholder	Holdings of the Company's Share	
	Number of Shares Held (Thousand Shares)	Percentage of Ownership
The Master Trust Bank of Japan, Ltd. (Trust Account)	357,390	16.9%
SSBTC CLIENT OMNIBUS ACCOUNT	106,213	5.0%
Custody Bank of Japan, Ltd. (Trust Account)	97,804	4.6%
Meiji Yasuda Life Insurance Company	81,862	3.9%
Mitsubishi Electric Group Employees Shareholding Union	44,478	2.1%
JP MORGAN CHASE BANK 380055	37,375	1.8%
Nippon Life Insurance Company	36,339	1.7%
STATE STREET BANK WEST CLIENT-TREATY 505234	30,422	1.4%
JP MORGAN CHASE BANK 385781	25,072	1.2%
THE BANK OF NEW YORK MELLON 140044	24,180	1.1%

Note: The Company owns 34,098,523 company-owned shares, but is excluded from the above list of principal shareholders. Shareholder ratio calculations deduct company-owned shares (figures are rounded to the first decimal place).

▶ **Distribution of Shareholders**



▶ **Stock Price (Yen)**



The Nikkei Stock Average is based on information copyrighted by Nihon Keizai Shimbun, Inc.

# **MITSUBISHI ELECTRIC CORPORATION**

<http://www.MitsubishiElectric.com>

Please address inquiries for further information to:  
Mitsubishi Electric Corporation, Sustainability Planning Div.  
Tokyo Building, 2-7-3, Marunouchi, Chiyoda-ku, Tokyo 100-8310, Japan  
Phone: 81-3-3218-2111