


Mitsubishi Electric Corporate Strategy



Jun 3, 2021
Mitsubishi Electric Corporation

1

Formulate a medium-term management plan that targets revenue of ¥5 trillion and operating profit margin of 10% in FY2025 (p.10)

2

Select five Key Growth Businesses to enhance our business portfolio (pp.12-16)
<FA Control Systems, Building Systems, Air-Conditioning & Refrigeration Systems, xEV/ADAS, Power Semiconductor Devices>

3

Make capital allocation of ¥3.4 trillion in total for FY2021-2025 (p.24)

- **Allocate ¥2.8 trillion for growth investment, etc., and separately set an amount of ¥0.5 trillion for strategic investment (M&A, etc.)**
- **Set a shareholder return target of approximately ¥0.6 trillion in total**

4

Declare net-zero greenhouse gas emission in the entire value chain in FY2050 (pp.27-28)

Introduction

1. Corporate Principle

2. Management Policy

3. Strategy

4. Medium-term Management Plan Towards FY2025

4-1. Important Measures to Achieve Financial Targets

a. Strengthening of Business Portfolio Strategy

b. Expansion of Integrated Solutions

c. Enhancement of Business Foundation

d. Capital Allocation

4-2. Sustainability Initiatives

a. Establishment of Materiality

b. Status of Various Initiatives

<Appendix>

Business Portfolio (Reference)

Single-year Outlook for FY2021 (Consolidated Performance)

Outlook for FY2021 (Segment Forecast)

Outlook for FY2021 (Sub-segment Forecast)

Note

FY2018 : April 1, 2018 -March 31, 2019

FY2019 : April 1, 2019 -March 31, 2020

FY2020 : April 1, 2020 -March 31, 2021

FY2021 : April 1, 2021 -March 31, 2022

FY2025 : April 1, 2025 -March 31, 2026

Thank you for your continued understanding and support for the activities of the Mitsubishi Electric Group.

On February 1, 2021, we celebrated the 100th anniversary of our founding. This could not have been possible without the support of all of you and I would like to take this opportunity to express my sincere appreciation for your kindness and support over the many years. We have included in our management policy our commitment to realize sustainability through all of our activities, and have started taking steps towards the next 100 years.

Mitsubishi Electric has formulated a new medium-term management plan that incorporates the strengthening of business portfolio strategy, expansion of Integrated Solution offerings, enhancement of business foundation, and sustainability initiatives, including support for decarbonization, as its aims to be pursued. We are strongly determined to promote the transformation of our business and operations through digital transformation (DX), and hope that we can provide unique value to society, customers, shareholders, employees, and their families. In addition to setting management targets towards the year 2025, we would like to show how we are trying to change over the next five years.

We sincerely apologize for the series of work-related issues that occurred in the past few years. We would also like to apologize for the tremendous inconvenience caused by the leak of information due to unauthorized access and improper quality issues. We take these issues very seriously, sincerely regret any inconvenience this may have caused, and are committed to working as an entire group to tackle the various issues we face including measures to prevent recurrence. We will strive to continue to be a company that is needed by all of you for the next 100 years as well, and therefore look forward to your continued support.



Takeshi Sugiyama
President & CEO

On the occasion of the 100th anniversary, the company has revised its corporate philosophy system to update the Group's reason for existence as well as the core values and attitude that all employees are asked to embrace and cherish in serving customers and society as a whole.

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**

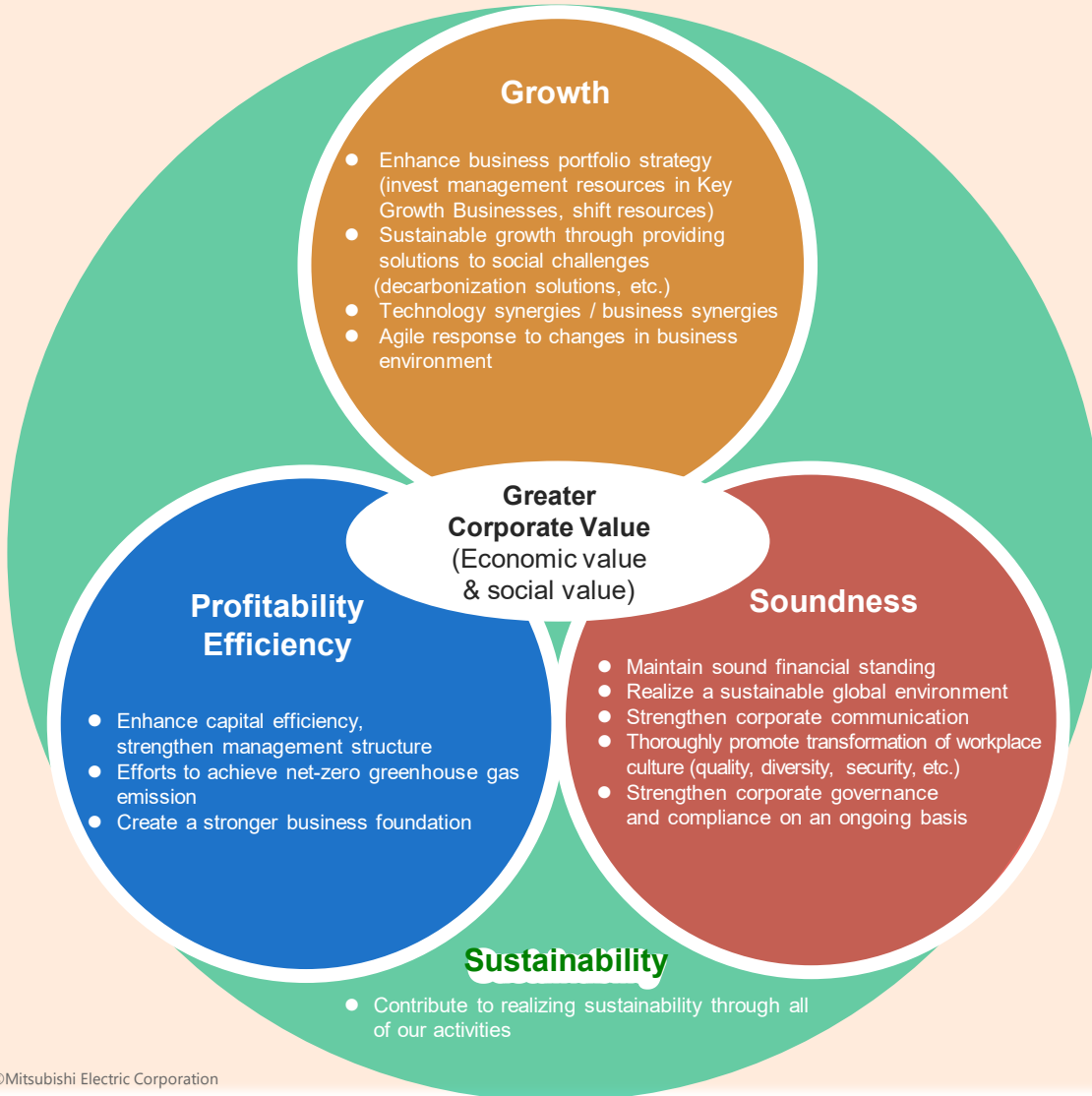
Commitment

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."



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.



■ Pursue the Satisfaction of the four Stakeholder Categories

- Society** Social Contributions
- Customers** Excellent Products and Services
- Shareholders** Increase Corporate Value
- Employees** Rewarding Workplace

■ Materiality to realize sustainability

Provide solutions to social challenges through our business	 Realize a sustainable global environment
	 Realize a safe, secure, and comfortable society
Strengthen our business foundation to enable our sustainable growth	 Respect for all people
	 Strengthen corporate governance and compliance on a sustainable basis
	 Create a sustainability-oriented corporate culture

Provide Integrated Solutions to address diversifying social challenges, in the four fields of Life, Industry, Infrastructure and Mobility, uniting all the capabilities inside and outside of the Group. For this purpose, we will enhance our business foundation fostered over the past 100 years and further transform business models.

*Business foundation fostered over the past 100 years: connection with customers, technologies, personnel, products, corporate culture, etc.

Social challenges



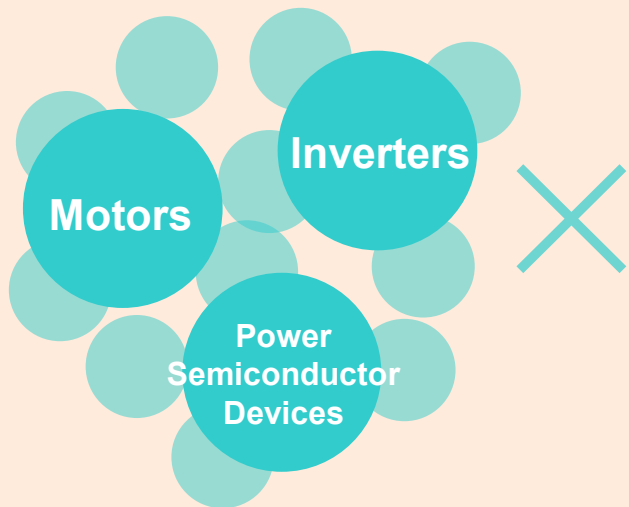
Activities for value creation

Provide Integrated Solutions
uniting all the capabilities inside and outside of the Group

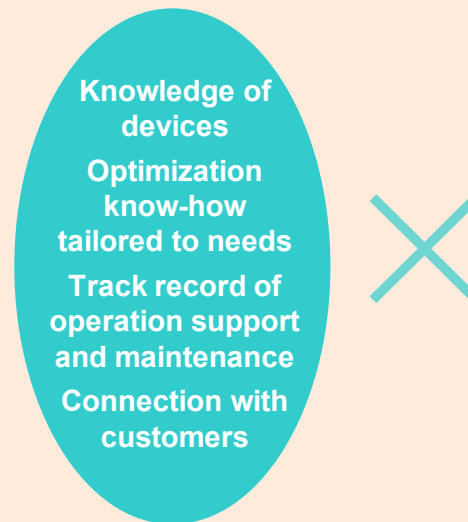
What is Mitsubishi Electric Integrated Solutions?

Offer Integrated Solutions that only we can provide by combining our strong core components with a wealth of Field Knowledge and advanced digital technologies.

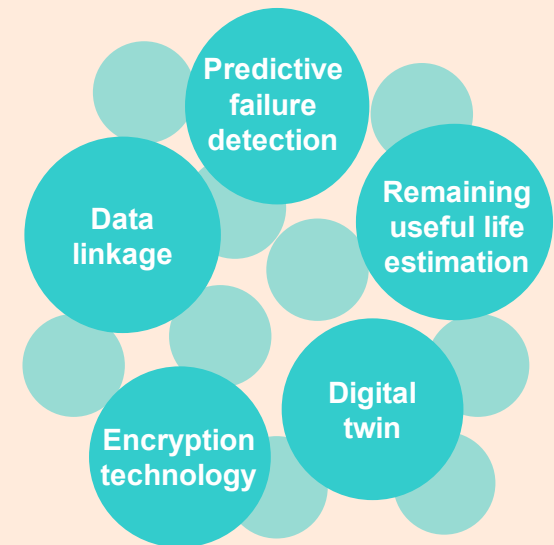
Core components



Field Knowledge



Advanced digital technologies



4

Medium-term Management Plan Towards FY2025

FY2025 Financial Targets

Revenue

¥5 trillion

Operating Profit Margin

10%

ROE

10%

Cash Generation(*)

¥3.4 trillion/5 years

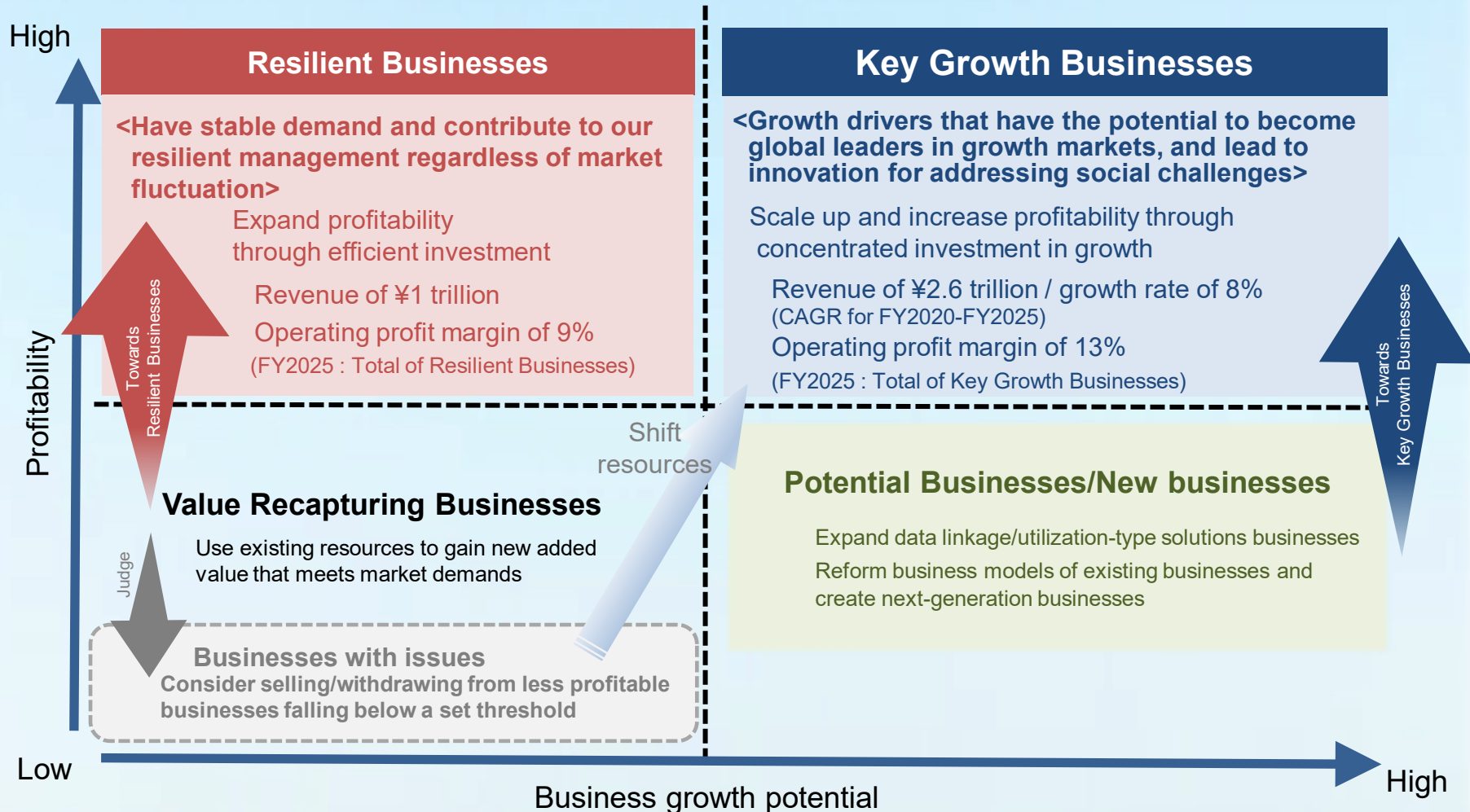
* Adjusted operating cash flow (CF)

4-1

Important Measures to Achieve Financial Targets

Approach to Business Portfolio Strategy

Classify businesses according to their characteristics and optimize investment of management resources.



Expansion of Key Growth Businesses

Select five Key Growth Businesses that can make major contributions to addressing social challenges in domains expected to grow at a high rate globally. Provide Integrated Solutions with core components as the source of market competitiveness.

Key Growth Businesses		Core components	Field Knowledge	Advanced digital technologies
Power Semiconductor Devices	FA Control Systems	High-speed & High-precision FA Controller (Programmable Logic Controller, Servo, Computerized Numerical Controller) :	Knowledge of devices Optimization know-how tailored to needs Track record of operation support and maintenance Connection with customers . . .	Heterogeneous data linkage of various devices and systems Encryption technology Predictive failure detection Remaining useful life estimation of devices Optimized control and operation using digital twins . .
	Air-Conditioning & Refrigeration Systems	High-efficiency Compressor High-efficiency Inverter High-performance Infrared Sensor :		
	Building Systems	High-efficiency/High-quality/Excellent energy-saving Elevator (Traction Machine, Control Panel) :		
	xEV/ADAS	Compact & High-power Motor for xEV High-efficiency Inverter for xEV Highly-reliable ADAS Control Unit :		
		IGBT SiC		

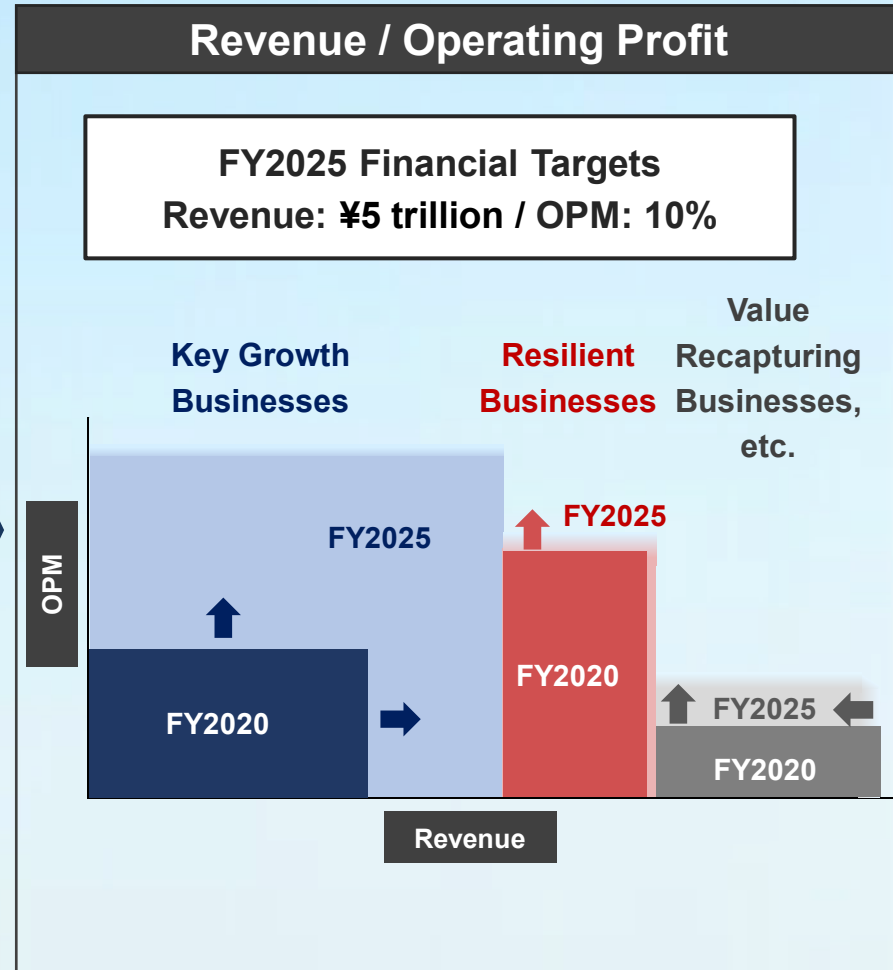
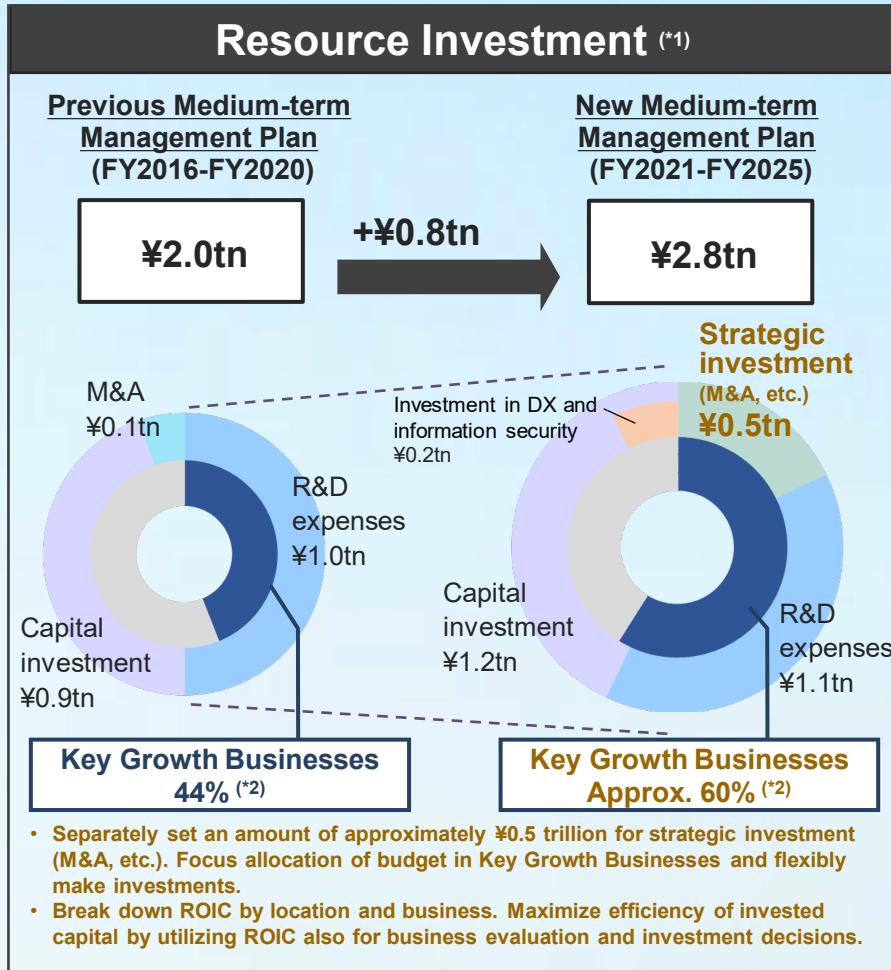
ADAS: Advanced Driver Assistance System IGBT: Insulated Gate Bipolar Transistor

SiC: Silicon Carbide

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Priority Allocation of Resource Investment

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. Attain the FY2025 financial targets (revenue of ¥5 trillion, OPM of 10%).

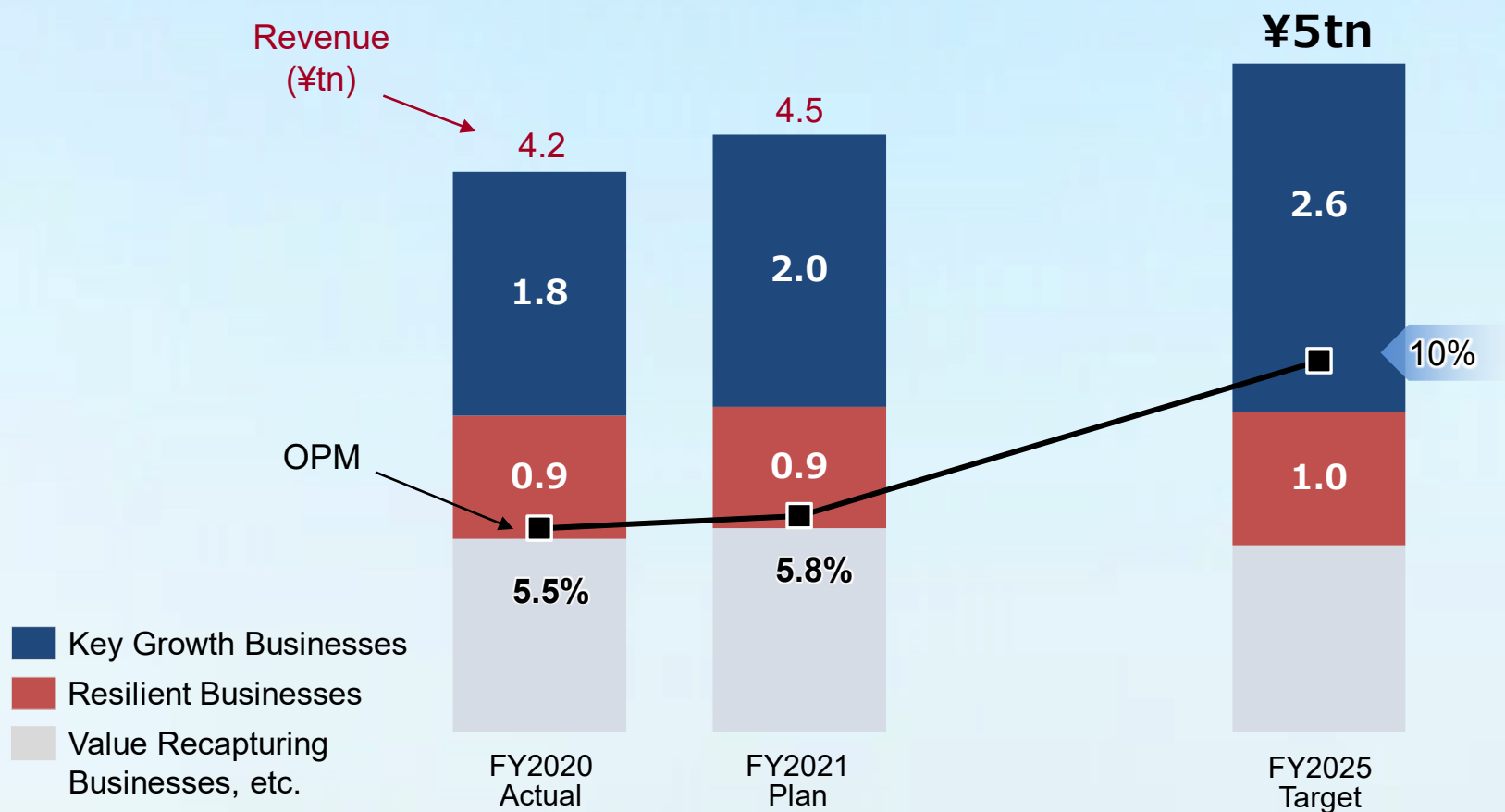


*1 Allocation to growth investment, etc. (M&A and other strategic investment, R&D expenses, capital investment)

*2 Ratio of Key Growth Businesses to total investment in all business divisions (excluding investment in non-business divisions)

Growth Targets for FY2025

Aim to achieve revenue of ¥5 trillion and operating profit margin of 10% in FY2025 by focusing on increasing the scale of Key Growth Businesses and improving profitability.



Initiatives in Key Growth Businesses

Factory Automation (FA) Control Systems Business [PLC, Servo, and CNC]

Help build a foundation for industry and technological innovation by globally providing machines, equipment, and solutions that realize the automation of manufacturing, improving quality and productivity.



Air-Conditioning & Refrigeration Systems Business

Contribute to creating a safe, secure and comfortable society and achieving a decarbonized society as a global comprehensive air-conditioning & refrigeration manufacturer offering excellent air conditioning and ventilation technologies as well as life cycle solutions.



Building Systems Business

Based on the expansion of maintenance services, realize Smart Buildings and Smart Cities by providing solutions making use of accumulated technologies and data, as well as multi-business synergies.



Automotive Equipment Business (xEV/ADAS)

Contribute to the global environment and safety/security through product development using our xEV technology (power device, cooling, high density winding) and ADAS technology (high precision-positioning, millimeter waves, image recognition).



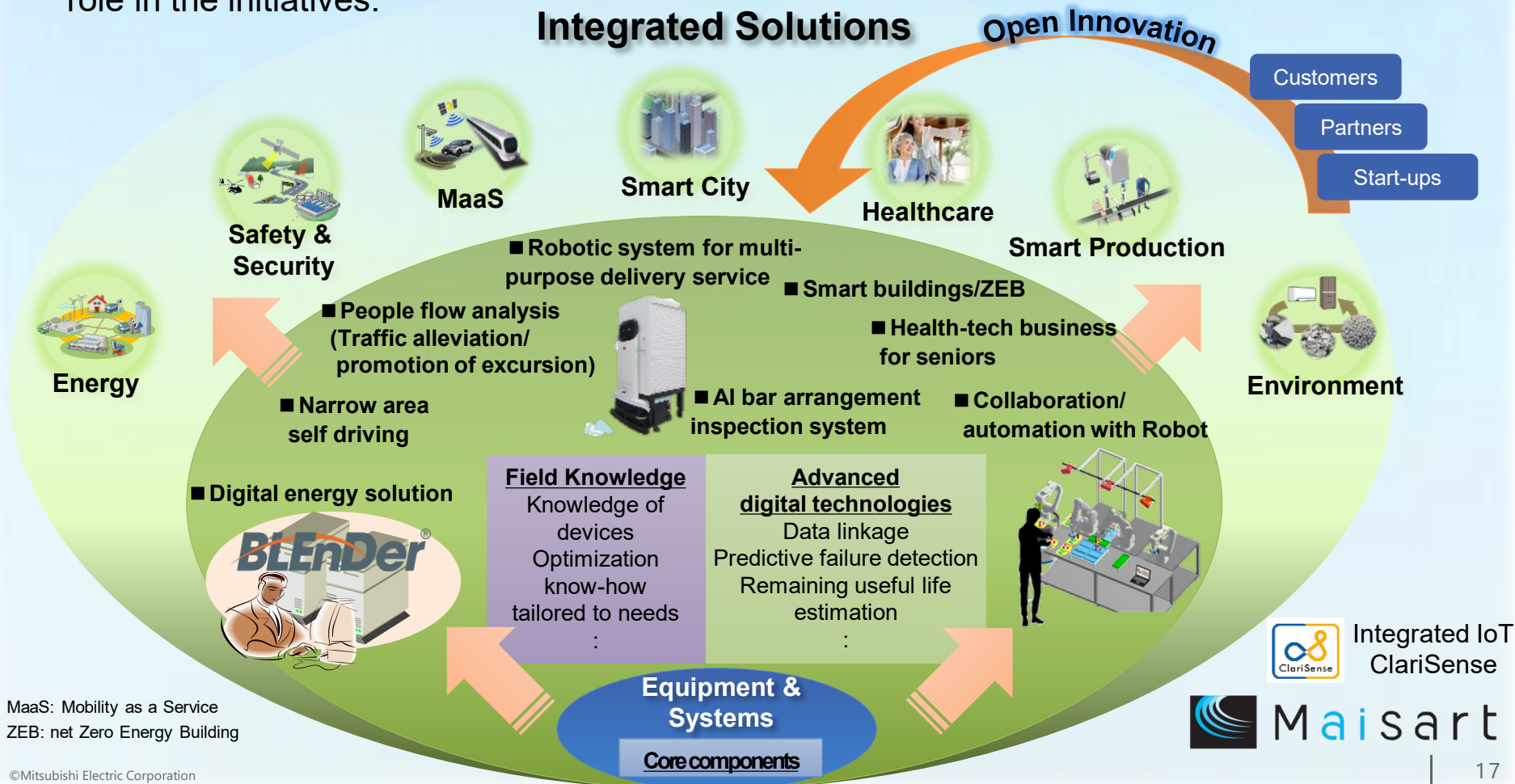
Power Semiconductor Devices Business

Focus on the automotive/consumer product fields where high growth is expected, using IGBT/SiC cultivated through business synergies. Contribute to a decarbonized society by providing key devices that save energy in equipment.



Business DX and Open Innovation

Link and analyze data from a variety of devices and systems, and provide customer-optimized solutions. Expand the solution domain through co-creation with customers and active use of M&As, etc. Business Innovation Group established in Apr. 2020 plays a central role in the initiatives.



MaaS: Mobility as a Service
ZEB: net Zero Energy Building

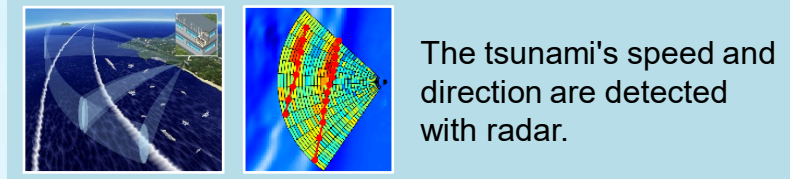
Key Technologies for Integrated Solutions

Promote utilization of our proprietary “compact artificial intelligence (AI) technology,” “IoT Suite: ClariSense,” and “communication technology” intended for use in a wide range of businesses.



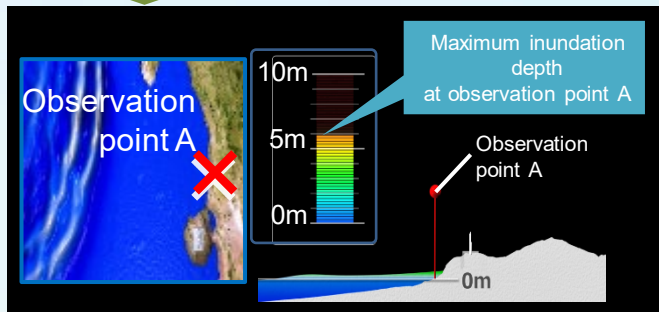
Radar-Based Tsunami-flooding Prediction AI

The AI accurately predicts inundation depths and contributes for disaster prevention/mitigation. The prediction is performed as soon as the tsunami is detected.



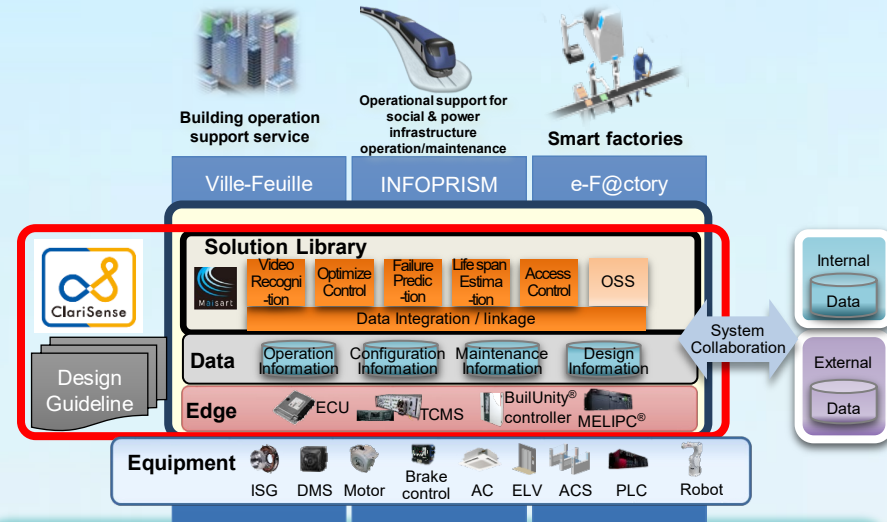
AI for tsunami inundation depth prediction

AI predicts inundation depths at each point using observation data



IoT Suite: ClariSense

Collect knowledge of various devices and technical assets including AI. Efficiently realize Integrated Solutions in collaboration with customers and across business fields.



Communication technology

- Respond to the diversification of communication networks and next-generation technologies.
- 5G Open Innovation Laboratory, a place for cooperative creation with customers will open.

Operation DX

In April 2021, Process & Operation Re-engineering Group has been established. Its mission is to optimize the Mitsubishi Electric Group as a whole by revamping operational processes, and promoting Operation DX through streamlining operations and improving productivity utilizing data and digital technologies.

Total optimization extending
beyond the boundaries of business

Revamping
operational processes

Reorganizing
information systems

Developing
data infrastructure

Investment exceeding ¥100 billion

Dramatic increase in operational efficiency
More sophisticated business management

Transform into a highly-profitable company

Global Response

Strengthen supply and engineering chains globally. Quickly detect and analyze changes in the global political and economic environment in order to respond with agility.

■ Strengthen our global business structure

- Formulate and promote strategies optimized for each region based on their respective environment, information regulations, policies, and geopolitical background.
- Develop and allocate global human resources, including promoting local staff to executive positions.
- Strengthen governance by establishing corporate functions in areas that are regarded as growth markets but are considered to have business risks, such as those related to tax and labor affairs.

■ Strengthen the launch of overseas business models

- Promote locally led marketing, PoC, and commercialization as a way to address social challenges in each region.
From China: Develop E-JIT (Environment & Energy Just In Time) solution
From the U.S.: Make a model case for global corporate venturing activities
From Europe: Promote business model studies in the mobility field (DGDR, RDDS)

■ Build a supply chain that can flexibly respond to various changes

- Rebuild a flexible and sustainable procurement system in preparation for sudden social changes and disasters.
- Enhance sustainable procurement initiatives (continuous efforts to enhance green procurement and to respect human rights).

■ Establish Corporate Economic Security Div.

- Respond to rapid changes in international affairs, and survey and analyze political trends and legal systems to comprehensively control risks from the perspective of economic security in relation to group-wide procurement, export, information security, investment, development, human resources management, etc.

Optimal Group Management System

Pursue an optimal group management system by strengthening the functions and reviewing the division of roles of affiliated companies in each value chain.

Design

Develop structures and strengthen the development capability of S/W design companies that can accommodate the enhancement of Key Growth Businesses and the expansion of Integrated Solutions (improve productivity, increase personnel, incorporate new technology, etc.).

Logistics

Develop a logistics system with the option of concluding strategic partnerships with global logistics companies, and rapidly respond to changes in the logistics environment and improve efficiency by introducing an advanced platform.

Maintenance & Service

Enhance our recurring revenue business by taking advantage of connection with customers, establish a business structure that maximizes lifetime profits, and create new business opportunities by sharing and making effective use of information accumulated within the Group.

Internal Operation Support

Focus on employee welfare and tasks essential for rolling out each of our businesses, and improve efficiency primarily through the use of outsourcing.

R&D Strategy

Pursue the enhancement and reform of existing businesses as well as R&D for new value creation in a balanced manner. Aim to address social challenges at an early stage through the active use of open innovation.

Strengthen core technologies
-Driving force for profitability improvement-

Strengthen our differentiated technologies for components and systems, including technology to realize small, high-efficiency motors, and high-speed, high-precision positioning technology, by fusing them with advanced base technologies such as AI and new materials.

Continuously enhance base technologies
-Foundation for business-

Further enhance technologies that support quality of and build trust in our products, systems, and services, such as power electronics, control, modeling, material analysis, AI, security, and data analysis/linkage.

Search for and create new technologies
-New source of growth-

Take on the challenge of developing technologies that meet the needs generated by social change, as well as next-generation technologies that transform existing businesses, in a discontinuous manner, based on future insights and analysis of technological trends. Also, focus on expanding our proprietary technologies to create new usages and develop new customers.

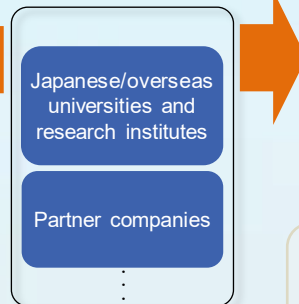
Integrated Solutions



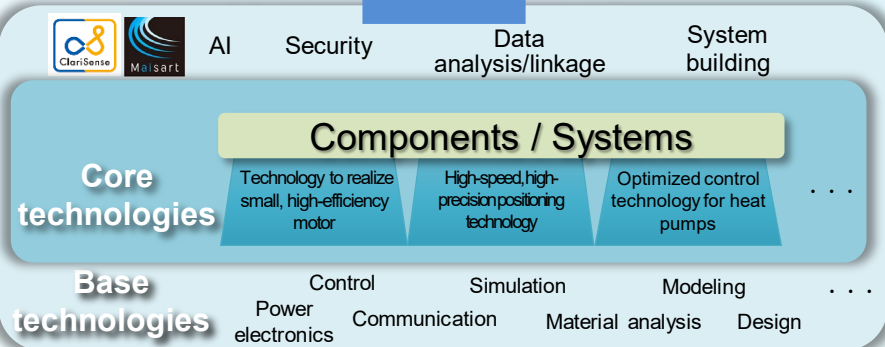
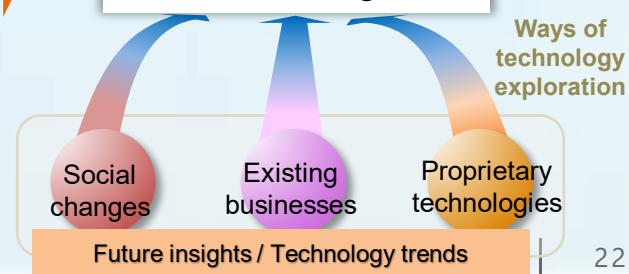
Sustainability



Open Innovation



Search for and create new technologies



Intellectual Property/Standardization Strategy

■ Intellectual Property Strategy

Focus on acquiring intellectual property rights related to AI and solutions that contribute to Business DX, and expand our business through stronger external collaboration based on our technological assets.

Strengthen open innovation activities



Classify and visualize intellectual property (IP) and identify IP suitable for technology licensing



Create open innovation opportunities through license development



Build a network with other companies and realize a virtuous cycle of innovation

Expand business by supplementing missing parts



Clarify what is missing in the gap between our future vision and current situation



Find candidates for cooperation by making full use of IP information



Expand our business through licensing-in and supplementing technology through joint development

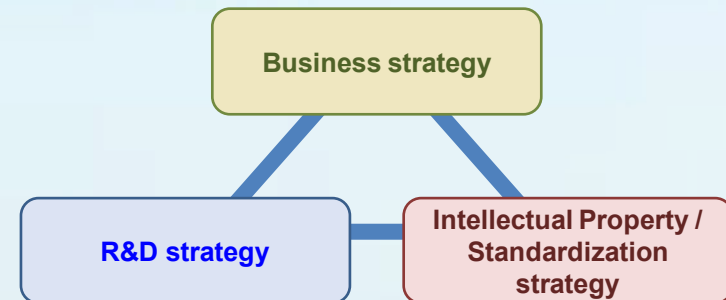
<Mitsubishi Electric IP Strengths>

- Patent PCT application ranking **No. 3 globally**
Announced by World Intellectual Property Organization (WIPO) (aggregate from January 1, 2020 to December 31, 2020)
- Patent asset size ranking **No. 1 in Japan** (all industries)
Announced by Patent Result Co., Ltd. (aggregate from April 1, 2019 to March 31, 2020)
- Patent registration numbers ranking **No. 2 in Japan**
- Design registration numbers ranking **No. 1 in Japan**
Announced by Japan Patent Office (JPO) (aggregate from January 1, 2020 to December 31, 2020)

■ Standardization Strategy

Promote a trinity management that aligns business strategy, R&D strategy, intellectual property/standardization strategy for addressing social challenges and expanding our businesses.

Take part in Japanese/overseas standardization committee activities in the fields of FA, electric power, train, etc.

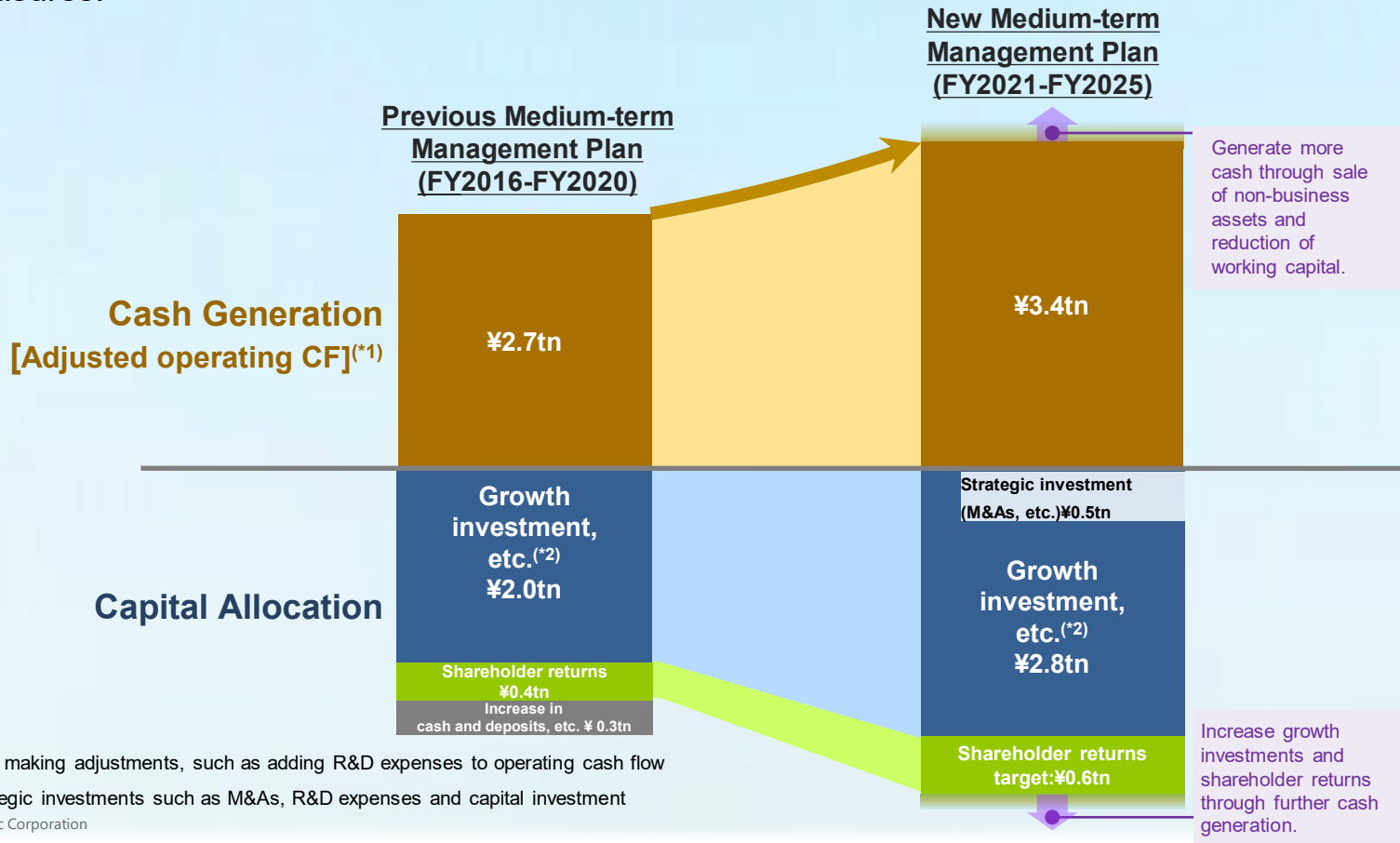


Capital Allocation Policy

For capital allocation, giving top priority to investment in growth, further enhance shareholder returns through profit growth.

In terms of cash generation, the source of capital, aim to generate ¥3.4 trillion over a five-year period, with a focus on Key Growth Businesses.

Return profits to shareholders (dividends + buybacks) with a target of ¥0.6 trillion (Previous Medium-term Management Plan:¥0.4 trillion). In addition, further improve capital efficiency by executing the capital measures.



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

*2 Strategic investments such as M&As, R&D expenses and capital investment

4-2

Sustainability Initiatives

The Mitsubishi Electric Group's Materiality

With a view to realize a vibrant and sustainable society, we have set priority items in our sustainability initiatives as materiality. We will actively disclose information on the status of materiality efforts and promote engagement with stakeholders.

Provide solutions to social challenges through our business	 <p>Realize a sustainable global environment</p>	<p>Priority SDG initiatives</p>  <ul style="list-style-type: none"> - Goal 3 Good Health and Well-Being - Goal 9 Industry, Innovation, and Infrastructure <p>Two new goals (SDGs) added</p>
	 <p>Realize a safe, secure, and comfortable society</p>	
Strengthen our business foundation to enable our sustainable growth	 <p>Respect for all people</p>	<p>SDGs of particular relevance</p> 
	 <p>Strengthen corporate governance and compliance on a sustainable basis</p>	
	 <p>Create a sustainability-oriented corporate culture</p>	
		

SDGs: Sustainable Development Goals

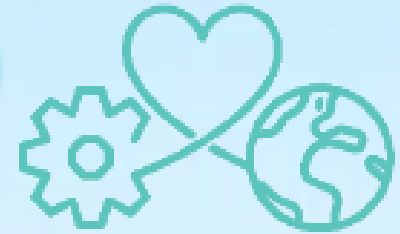
Initiative to Realize a Decarbonized Society



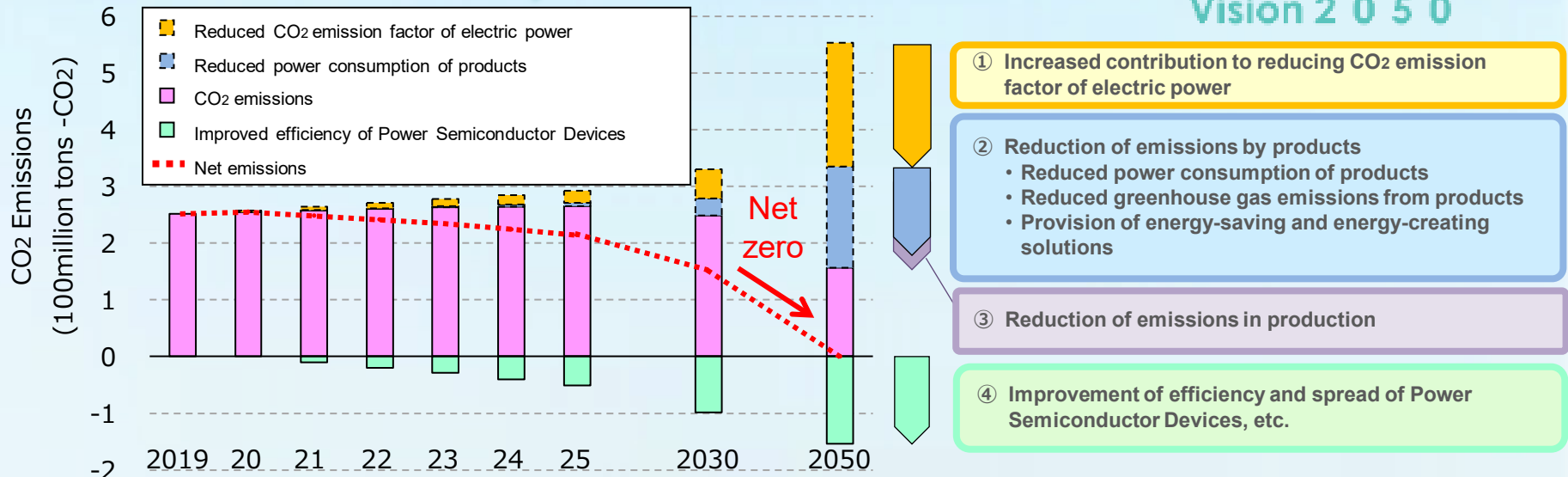
Realize a sustainable global environment

Revise our Environmental Sustainability Vision 2050^(*1) towards the realization of a decarbonized society, further enhancing our initiatives to reduce greenhouse gas emissions.

Greenhouse gas emissions in the entire value chain



Environmental Sustainability Vision 2050



- ① Increased contribution to reducing CO2 emission factor of electric power
- ② Reduction of emissions by products
 - Reduced power consumption of products
 - Reduced greenhouse gas emissions from products
 - Provision of energy-saving and energy-creating solutions
- ③ Reduction of emissions in production
- ④ Improvement of efficiency and spread of Power Semiconductor Devices, etc.

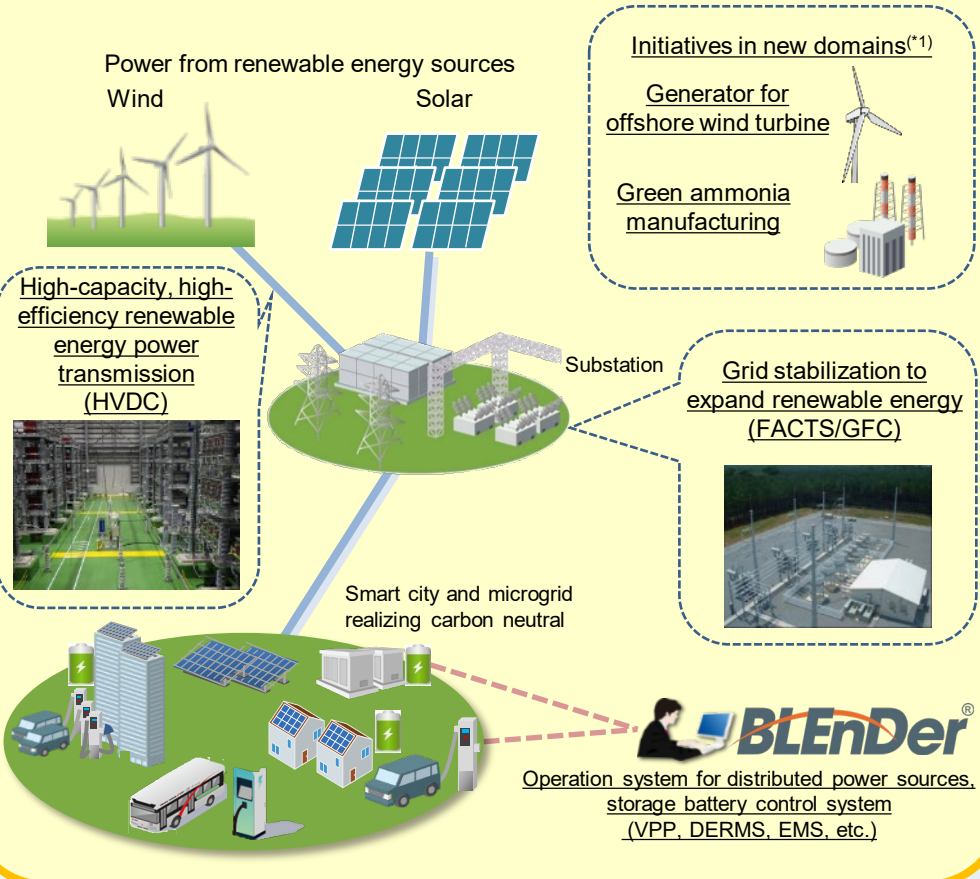
*1 Positions environmental protection as an even greater corporate priority and stipulates increased initiatives to be taken by the Mitsubishi Electric group.
 *2 Compared to FY2013. *3 Achieve net-zero emission by increasing the proportion of contribution from improvement of efficiency and spread of Power Semiconductor Devices, etc. in reducing greenhouse gas emissions to a scale that outweighs the reduction in CO2 emissions.

Initiative to Realize a Decarbonized Society



Realize a sustainable global environment

① Increased contribution to reducing CO2 emission factor of electric power
~Contribution to increased adoption of renewable energy~



② Reduction of emissions by products

Reduction of power consumption by products

Improvement of **1% or more** from previous models

Offering energy saving & generating solutions

ZEB (net Zero Energy Building)

Air Conditioning Systems: Accelerate transition to low-GWP coolant

xEV products (Motor·Inverter)

e-F@ctory solutions

③ Reduction of emissions in production

- Aim to invest **0.15%** of revenue in decarbonization
- Increase adoption rate of renewable energy

④ Improvement of efficiency and spread of Power Semiconductor Devices, etc.

SiC Power Semiconductor Devices

*1 Commercialization TBD
 DERMS: Distributed Energy Resource Management System EMS: Energy Management System
 FACTS: Flexible AC Transmission Systems GFC: Grid Forming Control GWP: Global Warming Potential
 HVDC: High Voltage Direct Current SiC: Silicon Carbide VPP: Virtual Power Plant

Addressing social challenges through Our Businesses

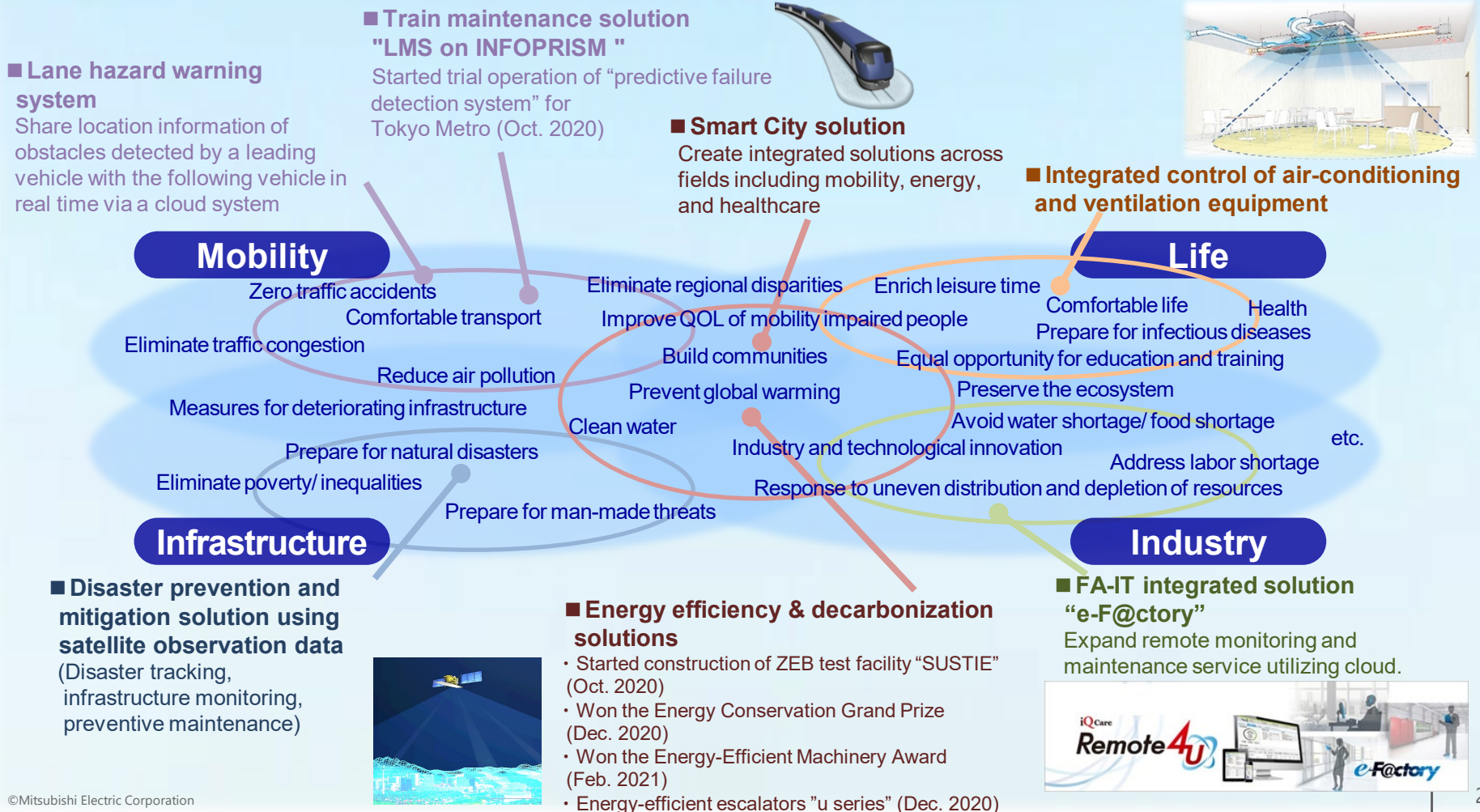


Realize a sustainable global environment



Realize a safe, secure, and comfortable society

Offer solutions to social challenges through our business activities, including responding to changes in how people interact with each other, the increasing intensity of disasters, and the acceleration of digitization.



Human Rights and Diversity



Respect for all people

■ Promote respect for human rights and diversity globally

Promote initiatives based on the Mitsubishi Electric Group Human Rights Policy*¹

**Assess human rights impact
as an entire Group**

**Enhance the quality of support at contact points
for complaints and consultation
related to human rights**

**Ascertain and correct major human rights violation
risks in the supply chain**

*¹ Posted on "Social" page on the Mitsubishi Electric global website.

■ Promote diversity

Enhance activities aimed at creating workplaces where individuals can maximize their talents

Enhance systems that support work-life balance (e.g., trial of remote work system from outside the commuting area, career support leave system, and return-to-work position request system)

Program that systematically offers work experience and training opportunities to future female managers

Increase the ratio of female new graduate hires: 1.2 times (compared to the average between FY2016 and FY2020)

Increase the ratio of female managers: 2 times (compared to FY2020)

**Promote co-creation by diverse human resources through
promoting the understanding of LGBTQ people and
increasing the hiring of people with disabilities**

**Actively promote local staff to managerial positions
at overseas bases**

LGBTQ: Lesbian, Gay, Bisexual, Transgender, Questioning

Employee Engagement



Respect for all people

■ Realize a work environment where all employees can work with vitality

We take the series of work-related issues extremely seriously. Positioning the prevention of recurrence of such issues as our top management priority, the Group as a whole is advancing “Mitsubishi Electric Workplace Reform Program” based on a third-party evaluation conducted by outside experts.

Thoroughly implement measures to prevent harassment, enhance mental-health measures, prevent long working hours, and introduce 360-degree feedback for managers

Build compensation structure with highly convincing evaluations and awareness of market value

Advance work-style reforms by pursuing new work styles through best mix of remote and in-office work

Evaluation indicator: KPI (Employee awareness survey)	FY2020 Actual	Target
Percentage of employees with pride and motivation in their work	63%	80% or more
Percentage of employees who feel that they have a good work-life balance	66%	80% or more

Information Security



Strengthen corporate governance and compliance on a sustainable basis

■ Develop a comprehensive, multi-layered defense system

Based on past incidents of unauthorized access, reinforce our information security infrastructure and strengthen measures against the latest attack patterns, which are becoming increasingly sophisticated and elaborate.

Accelerate zero-trust security measures, and strengthen network access controls and security measures for devices
Going forward, we will invest more than ¥50 billion in security enhancements.

In addition to strengthening security measures, continuously strengthen information management and operation systems, and aim for Level 3 or higher^(*1) of the Cybersecurity Maturity Model

*1 Framework for Cybersecurity Maturity Model certification set forth by the US Department of Defense. Level 3 or higher means that excellent security measures and management systems are put in place.

Product and Service Quality



Strengthen corporate governance and compliance on a sustainable basis



Realize a safe, secure, and comfortable society

■ Provide the best products and services with unsurpassed quality

Considering occurrence of some improper conducts in quality control, thoroughly reinforce our basic quality assurance principles^(*2) and strengthen our quality control system so that our products and services conform with relevant laws, regulations and standards, and surely meet specifications agreed with customers.

Further incorporating the awareness that product quality is our top priority, and strengthening education

Strengthen technology and improve quality in all processes, from the development and design stages, to aftermarket service

Enhance development and production information management system

Thoroughly investigate root causes and prevent recurrence of major defects

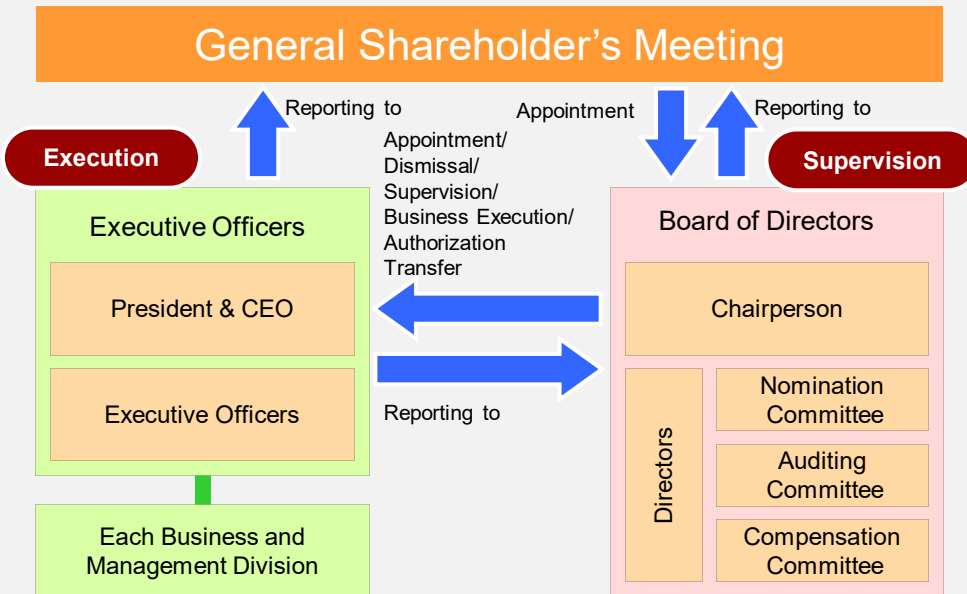
*2 "1. Product quality is our top priority. It comes before price and on-time delivery.", "2. Our commitment to the highest quality under any circumstances is unwavering.", "3. Products must be safe to use, have a long usage life, and have consistent performance." and "4. Every manager and employee involved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

Governance



Strengthen corporate governance and compliance on a sustainable basis

Appoint Outside Directors as chairpersons of Nomination, Auditing and Compensation committees to strengthen the supervisory function, and establish specialized organizations under the direct control of the President to strengthen risk management.



Shifted to a company with a committee system (currently: nomination committee system company) in June 2003.

Actual practices at Mitsubishi Electric

- More than 50% of members composing each of the three committees shall be independent directors
- Planned to appoint an Outside Director as Chairperson of each of the three committees (June 2020 onward)
- Increase in the number of Regular Board of Directors meetings held (6 times/year → 10 times/year(FY2021-))
- "Corporate Information Security Div." was newly established in April 2020 and "Corporate Economic Security Div." in October 2020 as a system maintaining systems to respond to company-wide risks

Appropriate response to revisions of legislation and other external factors

Appropriate disclosure to stakeholders

Activities to Promote Sustainability



Respect for all people



Strengthen corporate governance and compliance on a sustainable basis



Create a sustainability-oriented corporate culture

■ Philanthropic activities

Contribute to sustainability through all corporate activities

Donations by a matching gift system carried out with its employees “Mitsubishi Electric SOCIO-ROOTS Fund”

Donations in FY2020 (after matching): ¥41,297,260

Cumulative donations since program inception (1992): Approx. ¥1,420 million to approx. 2,200 recipients

Parasports support activities

Mitsubishi Electric Going Up Campaign National Caravan
Oct. 2016 to Apr. 2021 (approx. 110,000 participants)

Mitsubishi Electric Science Workshops worldwide (Mitsubishi Electric America Foundation and Mitsubishi Electric Thailand Foundation)

Mitsubishi Electric Science Workshops

FY2019 results: Held 76 times (approx. 3,900 participants)

Satoyama Woodland Preservation Project

FY2019 results: Held 81 times (approx. 2,375 participants)

■ Newly established “Sustainability Promotion Div.” (Apr. 2021)

- Integrate and promote environmental, CSR, philanthropic, and other activities that were conducted by multiple divisions
- Promote medium- to long-term initiatives aimed at contributing to SDGs by addressing social challenges through businesses
- Improve sensibility and adaptability to changes in social values and promote communication with stakeholders

Initiatives



Realize a sustainable global environment



Respect for all people



Create a sustainability-oriented corporate culture

Continue our commitment to the UN Global Compact

Continue CSR activities in accordance with UN Global Compact principles in the areas of Human Rights, Labour, the Environment and Anti-Corruption.



Expressed approval for the recommendations by the Task Force on Climate-related Financial Disclosures (TCFD) (*1)
Continue to promote initiatives and disclose information in accordance with the TCFD recommendations.



External Evaluations



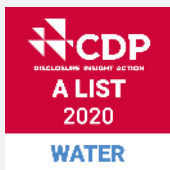
Realize a sustainable global environment



Respect for all people



Create a sustainability-oriented corporate culture



Received the highest rating from CDP(*2) for “Climate Change,” “Water,” and “Supplier Engagement”(*3)

Selected as a constituent of the following investment indexes:

- FTSE4 Good Index Series
- FTSE Blossom Japan Index
- MSCI Japan ESG Select Leaders Index
- MSCI Japan Empowering Women Index (WIN)

The Mitsubishi Electric Group’s greenhouse gas emissions reduction targets acquired SBT initiative(*4) certification (Jan. 2020)



2020 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

2020 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

*1 TCFD (Task Force on Climate-related Financial Disclosures): A task force for disclosure of climate-related financial information led by the private sector, established at the request of the G20 finance ministers and governors of central banks
*2 CDP: An international NGO that surveys, evaluates, and discloses environmental initiatives of corporations and governments

*3 Received the highest rating for the fourth time for Climate Change, for the fifth time for Water (five consecutive years), and for the fourth time for Supplier Engagement
*4 SBT (Science Based Targets) initiative: An international initiative by the UN Global Compact (UNGC), the World Wide Fund for Nature (WWF), the CDP, and the World Resources Institute (WRI)



Appendix

Relationship between segments and businesses

Segment	Sub-segment	Key Growth Businesses	Revenue (FY2020 actual → FY2025 target)	Resilient Businesses	Value recapturing businesses
Energy & Electric Systems	Social Infrastructure			Transportation Systems Public Systems Power Generation Systems Renewable Energy Digital Energy	Power Distribution Systems Low-voltage Power Distribution Products Space Systems High Frequency and Optical Devices Housing Equipment ... etc.
	Building Systems	Building Systems	¥500 billion → ¥650 billion		
Industrial Automation Systems	Factory Automation (FA) Systems	FA Control Systems (PLC, Servo, and CNC)	¥265 billion → ¥350 billion	EPS Motors and Controllers Car Automation Systems	
	Automotive Equipment	xEV/ADAS	¥100 billion → ¥300 billion		
Information & Communication Systems	Information Systems & Service Electronic System			Defense Systems	
Electronic Devices	Electronic Devices	Power Semiconductor Devices	¥150 billion → ¥240 billion		
Home Appliances	Home Appliances	Air Conditioning & Refrigeration Systems	¥810 billion → ¥1,100 billion		

ADAS: Advanced Driver Assistance System EPS: Electric Power Steering

Single-year Business Outlook (Consolidated Performance)

	FY2018	FY2019	FY2020	FY2021
	Actual	Actual	Actual	Forecast (Jun. 2021)
(Billions of JPY)	111JPY/US\$ 128JPY/Euro	109JPY/US\$ 121JPY/Euro	106JPY/US\$ 124JPY/Euro	105JPY/US\$ 125JPY/Euro
Revenue	4,519.9	4,462.5	4,191.4	4,470
Operating Profit (%)	290.4 6.4%	259.6 5.8%	230.1 5.5%	260 5.8%
Profit before income taxes	315.9	281.9	258.7	285
Net Profit ^{*1}	226.6	221.8	193.1	210
ROE (Return On Equity)	9.7%	9.2%	7.5%	
Stockholders' Equity (%)	2,399.9 55.1%	2,429.7 55.1%	2,754.2 57.4%	
Debt (%)	298.4 6.9%	377.0 -	365.4 -	
Debt excluding lease liabilities ^{*2} (%)	275.9 6.3%	267.0 6.1%	248.8 5.2%	
FCF (Free Cash Flow)	29.1	191.8	365.5	
Dividend (JPY per share)	40	40	36	
Dividend ratio (%)	37.9%	38.7%	40.0%	

*1: Net Profit represents Net profit attributable to Mitsubishi Electric Corp. stockholders.

*2: Debt ratio is calculated based on "Debt excluding lease liabilities" that represents bonds and borrowings from FY2019 because IFRS 16 Lease has been applied.

Business Outlook (Segment Forecast)

(Billions of JPY)

		FY2018	FY2019	FY2020	FY2021	FY2025
		Actual	Actual	Actual	Forecast (Jun. 2021)	Target
		111JPY/US\$ 128JPY/Euro	109JPY/US\$ 121JPY/Euro	106JPY/US\$ 124JPY/Euro	105JPY/US\$ 125JPY/Euro	105JPY/US\$ 115JPY/Euro
Energy & Electric Systems	Revenue	1,296.7	1,307.3	1,270.2	1,280	¥1.5tn
	Operating Profit (%)	82.5 6.4%	82.3 6.3%	108.9 8.6%	85 6.6%	9%
Industrial Automation Systems	Revenue	1,467.6	1,349.4	1,248.5	1,410	¥1.6tn
	Operating Profit (%)	142.5 9.7%	68.9 5.1%	40.5 3.3%	86 6.1%	10%
Information & Communication Systems	Revenue	426.2	455.5	380.1	390	¥0.4tn
	Operating Profit (%)	12.2 2.9%	26.4 5.8%	16.4 4.3%	16 4.1%	6%
Electronic Devices	Revenue	199.9	208.7	205.2	240	¥0.3tn
	Operating Profit (%)	1.4 0.7%	8.7 4.2%	6.2 3.1%	10 4.2%	10%
Home Appliances	Revenue	1,074.0	1,090.2	1,038.3	1,100	¥1.3tn
	Operating Profit (%)	59.4 5.5%	78.2 7.2%	75.7 7.3%	81 7.4%	11%
Others	Revenue	676.7	659.6	603.0	620	—
	Operating Profit (%)	24.1 3.6%	26.0 3.9%	13.6 2.3%	15 2.4%	
Total	Revenue	4,519.9	4,462.5	4,191.4	4,470	¥5tn
	Operating Profit (%)	290.4 6.4%	259.6 5.8%	230.1 5.5%	260 5.8%	10%

*Inter-segment sales are included in the above chart.

Business Outlook (Sub-segment Forecast)

(Billions of JPY)

		FY2020	FY2021	FY2025
		Actual	Forecast (Jun. 2021)	Target
		106JPY/US\$ 124JPY/Euro	105JPY/US\$ 125JPY/Euro	105JPY/US\$ 115JPY/Euro
Energy & Electric Systems	Revenue	1,270.2	1,280	¥1.5tn
	Operating Profit (%)	108.9 8.6%	85 6.6%	9%
	Power Systems & Transportation Systems	Revenue Operating Profit (%)	768.0 83.5 10.9%	740 57 7.7%
Building Systems	Revenue Operating Profit (%)	502.1 25.4 5.1%	540 28 5.2%	¥0.7tn 10%
Industrial Automation Systems	Revenue	1,248.5	1,410	¥1.6tn
	Operating Profit (%)	40.5 3.3%	86 6.1%	10%
	Factory Automation Systems	Revenue Operating Profit (%)	587.9 61.4 10.5%	660 85 12.9%
Automotive Equipment	Revenue Operating Profit (%)	660.6 △ 20.8 △ 3.2%	750 1 0.1%	¥0.9tn 8%
Information & Communication Systems	Revenue Operating Profit (%)	380.1 16.4 4.3%	390 16 4.1%	¥0.4tn 6%
Electronic Devices	Revenue Operating Profit (%)	205.2 6.2 3.1%	240 10 4.2%	¥0.3tn 10%
Home Appliances	Revenue Operating Profit (%)	1,038.3 75.7 7.3%	1,100 81 7.4%	¥1.3tn 11%
Others	Revenue Operating Profit (%)	603.0 13.6 2.3%	620 15 2.4%	—
Total	Revenue Operating Profit (%)	4,191.4 230.1 5.5%	4,470 260 5.8%	¥5tn 10%

Cautionary Statement

While the statements herein including the forecast of the Mitsubishi Electric Group are based on assumptions the Group considers to be reasonable under the circumstances on the date of announcement, actual results may differ significantly from forecasts.

Such factors materially affecting the expectations expressed herein shall include but are not limited to the following:

1. Any change in worldwide economic and social conditions, as well as laws, regulations, taxation and other legislation
2. Changes in foreign currency exchange rates, especially JPY/dollar rates
3. Changes in stock markets, especially in Japan
4. Changes in balance of supply and demand of products that may affect prices and volume, as well as material procurement conditions
5. Changes in the ability to fund raising, especially in Japan
6. Uncertainties relating to patents, licenses and other intellectual property, including disputes involving patent infringement
7. New environmental regulations or the arising of environmental issues
8. Defects in products or services
9. Litigation and legal proceedings brought and contemplated against the Company or its subsidiaries and affiliates that may adversely affect operations or finances
10. Technological change, the development of products using new technology, manufacturing and time-to-market
11. Business restructuring
12. Incidents related to information security
13. Large-scale disasters including earthquakes, typhoons, tsunami, fires and others
14. Social or political upheaval caused by terrorism, war, pandemics, or other factors
15. Important matters related to the directors and executive officers, major shareholders and affiliated companies of Mitsubishi Electric Corporation

