

[Translation]

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# Mitsubishi Electric Corporation Corporate Governance Guidelines

## General Provisions

### 1. Mitsubishi Electric Group's Basic Policies on Management

Mitsubishi Electric operates under the basic policies on management founded on the corporate philosophy system, which was revised on the occasion of the Company's 100th anniversary. The Mitsubishi Electric Group's Purpose, "We, the Mitsubishi Electric Group, will contribute to the realization of a vibrant and sustainable society through continuous technological innovation and ceaseless creativity," represents the reason for our existence in society. The Group has also formulated "Our Values" and "Commitment" as a code of conduct for realizing our Purpose.

In accordance with the Purpose, the Group has set its management policy as follows: "In addition to realizing well-balanced corporate management from the three perspectives of growth, profitability/efficiency, and soundness, we will return to our fundamental principle of addressing social challenges through our businesses and position the realization of sustainability as the cornerstone of our management."

To achieve this, 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. From this approach, the Group will pursue a sustained enhancement of its corporate value and fulfill its responsibility to society, to our customers, shareholders and employees, and to all other stakeholders.

#### [Mitsubishi Electric Group's Basic Policies on Management]

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, and 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.

## 2. Basic Views on Corporate Governance

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. The Group has identified five areas as materiality (important challenges) to “provide solutions to social challenges through our businesses” and to “strengthen our business foundation to enable sustainable growth.” Through these materiality initiatives, the Group will create economic and social value and will contribute to solving social challenges.

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

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

## 3. Formulation of Corporate Governance Guidelines

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

In regard to compliance with the Corporate Governance Code established by the Tokyo Stock Exchange (issued in June 2021), “Mitsubishi Electric Corporation Initiatives to Comply with the Corporate Governance Code” is disclosed based on the Corporate Governance Guidelines.

The Corporate Governance Report contains the Company’s corporate governance policies and information for the fiscal year, in accordance with the format prescribed by the Tokyo Stock Exchange.

## Chapter 1. Responsibilities of the Board of Directors, etc.

As a company with a three-committee system, Mitsubishi Electric will establish a structure where the Board of Directors is dedicated to supervising management. The Board will indicate the direction of the Company's management by making critical decisions that form the foundation of management, including setting basic policies on management (Purpose, Our Values, Commitment, Management Policy, and Corporate Strategy). In addition, the Board of Directors will set and discuss the "key agenda items" for the Mitsubishi Electric Group in order to promote the medium- to long-term and sustainable enhancement of our Group's corporate value. From July 2023 to June 2024, the key agenda items includes medium- to long-term management strategy, sustainability management, human resources strategy, DX, three key reforms, etc. Furthermore, the Three Key Reforms Monitoring Committee, established under the Board of Directors, will continuously supervise the progress and effectiveness of the Three Key Reforms - Quality assurance, Organization culture, and Governance - as part of efforts to restore trust in the Company in response to a series of improper quality control practices that have been identified since June 2021.

To ensure swift and decisive business execution, the Executive Officers in charge of execution are granted extensive decision-making authority, and a compensation system, etc., will be developed to provide incentives. The Board of Directors will appoint and dismiss Executive Officers and supervise compensation decisions to create an environment that supports appropriate risk-taking by Executive Officers.

Both the Board of Directors and the three statutory committees are chaired by independent outside directors, and a majority of their members are independent outside directors as well. Through this structure, the Mitsubishi Electric Group aims to enhance management transparency by supervising the Group's management and providing related advice from an independent and objective perspective.

### 1.1 Corporate Management Structure

Mitsubishi Electric has chosen to have a three-committee system in place. The Company segregates the 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. This system maintains the flexibility of its operations and promotes management transparency, leading to swift and decisive management decision-making. Through this system, the Company aims to promote sustainable growth in corporate value.

To promote the segregation of supervisory and executive functions, which is the characteristic of this system, the Company's Board of Directors is dedicated to supervising management with specific details of deliberations stipulated as the Board of Directors' deliberation criteria. By delegating to the Executive Officers, the authority to make all business execution decisions within the limits permitted by the Companies Act, the Company ensures swift and decisive decision-making and appropriate risk-taking in business execution.

Both the Board of Directors and the three statutory committees are chaired by independent

outside directors, and a majority of their members are independent outside directors as well, thereby improving the effectiveness of the supervisory function.

In addition, the Executive Officers' meeting has been established as a voluntary body to deliberate and make decisions on important business matters from the perspective of pursuing synergy and multifaceted risk management, in addition to sharing information among Executive Officers.

## 1.2 Roles and Responsibilities of the Board of Directors

Mitsubishi Electric's Board of Directors will indicate the direction of the Company's management by making critical decisions that form the foundation of management, including setting basic policies on management (Purpose, Our Values, Commitment, Management Policy, and Corporate Strategy). In addition, the Board of Directors will set and discuss the "key agenda items" for the Mitsubishi Electric Group in order to promote the medium- to long-term and sustainable enhancement of our Group's corporate value. From July 2023 to June 2024, the key agenda items includes medium- to long-term management strategy, sustainability management, human resources strategy, DX, three key reforms, etc.

In formulating the basic management policy and corporate strategy, the Board of Directors will hold multiple meetings for discussions, taking full account of the opinions of the independent outside directors.

In addition, the Three Key Reforms Monitoring Committee established under the Board of Directors continuously oversees the progress and effectiveness of the Three Key Reforms for restoring trust in our company in response to a series of improper quality control practices that have been identified since June 2021: Quality assurance, Organization culture, and Governance. An overview of the Three Key Reforms is provided in the attachment.

Based on reports on the progress of management execution, the Board of Directors will hold sufficient discussions to periodically monitor whether actions are being taken in line with the basic policy and corporate strategy.

### (1) Medium-term Management Plan as Commitment

The Mitsubishi Electric Group recognizes that the achievement of its Medium-term Management Plan is one of our key commitments to shareholders. Based on this recognition, the Group will make its best efforts to achieve the plan's goal and conduct a review after the end of the planned period. When discussing business portfolio strategy or other matters, particularly those critical to the plan's foundation, the Group will fully respect the opinions of independent outside directors and incorporate them into the next plan's formulation of strategies.

In addition, the Group will work to provide shareholders and investors with information on the Medium-term Management Plan, such as the content, progress, results, and reflections, in a timely and appropriate manner through IR Day and other activities.

## (2) Basic Policy for Sustainability Initiatives

The Board of Directors regards the statuses of sustainability initiatives as one of the "key agenda items" for the Mitsubishi Electric Group, and it holds full discussions from the perspective of risk management and profit-generating opportunities, receiving diverse opinions from independent outside directors, as well as supervising the status of initiatives by Executive Officers.

The policies and planning for the sustainability activities are decided by the Sustainability Committee, which is appointed by Mitsubishi Electric's Executive Officers. The Committee is composed of the heads of Mitsubishi Electric's corporate divisions and business strategy divisions, and discuss the results of activities performed based on materiality, decisions on activity plans, and responses to law amendments, and promoting initiatives from a perspective that spans the entire Mitsubishi Electric Group. The outcomes on the discussions of the Sustainability Committee will also be reported at the Executive Officers' and the Board of Directors' Meetings.

## (3) Management Resource Allocation and Business Portfolio Strategy

Considering the medium- to long-term corporate strategy as one of the "key agenda items", Mitsubishi Electric's Board of Directors will discuss the medium- to long-term strategy for the business portfolio and the allocation of management resources. In addition, the Board of Directors will endeavor to ensure effective supervision by receiving monthly reports from the executive functions on the progress of implementation of the management plan and holding discussions.

Similarly, the Board of Directors has positioned human resources strategy as another key agenda item and will discuss investments in human resources. The Board will supervise recruitment and development initiatives for individuals with diverse values and abilities, as well as intellectual property operations.

## (4) Specialization of Supervisory Functions and Delegation of Authority to Make Decisions on Business Execution

Mitsubishi Electric's Board of Directors is dedicated to supervising management after stipulating specific topics as deliberation criteria for the Board of Directors. By delegating to the Executive Officers the authority to make all business execution decisions within the limits permitted by the Companies Act, it is possible to ensure swift and decisive decision-making and appropriate risk-taking in business execution.

The Board of Directors is chaired by an independent outside director, and a majority of the members are independent outside directors who provide advice and supervision to management from an independent and objective perspective.

On that basis, the Board of Directors will deliberate on the management plans formulated by the Executive Officers and the status of their execution. Also, the Board of Directors aims to

enhance management transparency through sufficient discussions of the key agenda items required for the medium- to long-term sustainable enhancement of the Mitsubishi Electric Group's corporate value.

In addition, to ensure that the opinions of the Board of Directors are communicated to the divisions in charge of business execution in a timely and appropriate manner, the main points of discussions of the Board of Directors are shared in Executive Officers' meetings.

Through these structural improvements, the Board of Directors strives to support swift and decisive decision-making and properly evaluate business execution. Through this, the Executive Officers are encouraged to engage in appropriate risk-taking in order to sustainably build corporate value over the medium- to long-term.

#### (5) Development of Internal Control and Risk Management Systems

To establish an appropriate risk management system, the Board of Directors of Mitsubishi Electric will strive to maintain an appropriate internal control system, monitor internal controls through audits by internal auditors, and engage in thorough discussions on significant risks related to management supervision and execution.

Risk management (risks and opportunities) will be implemented independently by each division and by associated companies in the Mitsubishi Electric Group. Furthermore, the Group has built a framework to enable appropriate and quick decision making where Mitsubishi Electric's each corporate division (division in charge of risk management) supervises and assesses each division and domestic and overseas associated companies in their respective specialized areas, and a CRO (Chief Risk Management Officer) and a Corporate Risk Management Division supervise the entire Group. We will focus on a wide variety of risks according to their degree of impact on the management of the entire Group, and will not only respond to conventional risks such as large-scale disasters and social risks, but also flexibly and strategically investigate and prepare for new risks in areas such as economic security, human rights, and the global environment.

In the carbon-neutral business, the related Corporate Management Divisions and Business Groups will work together to pursue profitable opportunities by taking offensive risks while also appropriately managing defensive risks that could have negative impacts on the Group. After receiving a report on the status, the Board of Directors will have discussions and evaluations based on the opinions of the independent outside directors.

#### (6) Skills the Entire Board of Directors Should Possess

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

#### <Views on the Board of Directors' Skills>

The Mitsubishi Electric Group will appropriately collaborate with all stakeholders, including society, customers, shareholders, and employees, and 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 and pursuing a sustained enhancement of our corporate value.

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

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

The specific skills held by individual Directors are matrixed and disclosed in the Notice of Convocation of the General Meeting of Shareholders. The skill matrix explains the capabilities that the Board of Directors should have as a whole and currently possesses. The skill matrix of the current Board of Directors is provided in the attachment.

### 1.3 Roles and Responsibilities of the Nomination Committee, Compensation Committee, and Audit Committee

#### (1) Roles and Responsibilities of the Nomination Committee

As a company with a three-committee system, Mitsubishi Electric has set up the statutory Nomination Committee chaired by an independent outside director. Recognizing the importance of ensuring independence and objectivity, the majority of the Nomination Committee is composed of independent outside directors.

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

Under this authority and role, the Nomination Committee deliberates on matters relating to the nomination, giving due consideration to the diversity and skills perspective.

## (2) Roles and Responsibilities of the Compensation Committee

As a company with a three-committee system, Mitsubishi Electric has set up the statutory Compensation Committee chaired by an independent outside director. Recognizing the importance of ensuring independence and objectivity, the majority of the Compensation Committee is composed of independent outside directors.

The Compensation Committee has the authority to determine the policies for determining compensation for Directors, Executive Officers, etc., the details of compensation for individual Directors and Executive Officers, performance evaluations related to the incentive compensation of Executive Officers, and the individual compensation of Executive Officers. Under this authority and role, the Compensation Committee deliberates on matters relating to the compensation, giving due consideration to the diversity and skills perspective. In fiscal 2023 (year ending March 31, 2023), the compensation system for Executive Officers has been reviewed, and discussions will be held on how to ensure that the system is fully operational.

## (3) Roles and Responsibilities of the Audit Committee

As a company with a three-committee system, Mitsubishi Electric has set up the statutory Audit Committee chaired by an independent outside director. The full-time internal audit committee members also assist the Audit Committee in collecting information.

The Audit Committee members recognize that they owe fiduciary duty to shareholders, which include contributing to sustainable growth and enhancing corporate value. Considering this recognition, the Committee will, the assistance of the full-time internal audit committee members, monitor each measure by sharing information with the divisions responsible for execution. This will help investigate any potential management issues and risks from the perspectives of legality, appropriateness, and efficiency. To achieve this, the Committee will not limit itself to conducting defensive audits, such as operational and accounting audits. Rather, for enhanced information sharing, it will also attend important meetings such as Executive Officers' meetings and Corporate Compliance Committee Meetings, hold meetings with senior management as appropriate, and assess the management policy and the progress of business execution in each division and base.

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

### 1.4 Fiduciary Duty of the Directors

Mitsubishi Electric's Directors and Executive Officers recognize their fiduciary duty as individuals responsible for the sustained enhancement of corporate value.

Top management, mainly the CEO and CFO, will engage in dialogue with shareholders and investors and share opinions and other information obtained through such dialogue with the Board of Directors and Executive Officers to ensure that they are appropriately reflected in



management. The Executive Officers will perform their duties appropriately in accordance with the corporate strategy and strive to achieve management targets. By appropriately supervising these activities from an independent and objective standpoint, the Board of Directors will appropriately fulfill its accountability to stakeholders and aim to sustainably improve corporate value.

#### 1.5 Roles and Responsibilities of the Independent Outside Directors

Mitsubishi Electric's independent outside directors deliberate on the Mitsubishi Electric Group's management policy, the key agenda items, and other matters and provide objective advice based on their respective professional perspectives. In giving such advice, the independent outside directors recognize the importance of appropriately reflecting the intentions of all stakeholders, including society, customers, shareholders, and employees.

As a company with a three-committee system, Mitsubishi Electric has set up the Nomination Committee, Compensation Committee, and Audit Committee. Each of these committees is chaired by an independent outside director, and the majority of the members are independent outside directors. The independent outside directors, who are committee members, deliberate and make decisions from an objective standpoint regarding the appointment and dismissal of Directors, the CEO succession plan, executive compensation policies, and individual compensation details, while also appropriately supervising management.

#### 1.6 Evaluation of the Effectiveness of the Entire Board of Directors

Mitsubishi Electric's Board of Directors will regularly have a third party evaluate the effectiveness of the Board and discuss the issues identified and initiatives to improve them. This is done in order to continue the evaluation of the effectiveness of the Board's composition and operations and to pursue sustainable improvements in the monitoring board functions. A summary of the evaluation results is disclosed in the Corporate Governance Report.

#### 1.7 Information Gathering by the Directors

Mitsubishi Electric will establish bureaus for the Board of Directors and the three statutory committees. Each bureau is responsible for communication and coordination among the Directors, including independent outside directors, and Executive Officers. In addition, its organizational structure will be continually reinforced, given the significance of each bureau's duties.

The Directors will request information necessary to supervise management from the bureaus and related departments, and the bureaus and departments in charge will provide such information in a timely and appropriate manner.

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

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

## Chapter 2. Securing the Rights and Equal Treatment of Shareholders

The Mitsubishi Electric Group recognizes that shareholders are important stakeholders for the Group and that building long-term relationships of trust with them is one of the key management issues. To this end, the Group will endeavor to establish a framework that ensures substantial equality among all shareholders as well as foster an environment that enables them to exercise their rights properly.

Moreover, the Group takes a proactive approach to disclosing information, particularly corporate information that may have a significant impact on investors' decisions, in a timely and appropriate manner while adhering to the Fair Disclosure Rules. This includes not only positive but also negative information.

### 2.1 Securing the Rights of Shareholders

Mitsubishi Electric recognizes that general shareholder meetings are the highest decision-making body in the Company and an opportunity for making critical decisions and having constructive dialogue with shareholders. The Company strives to ensure that all shareholder rights are substantially secured and to proactively disclose information that enables them to exercise their voting rights and engage in dialogue.

#### (1) Responses to Voting Results

Mitsubishi Electric will take the voting results at the general shareholders meeting seriously, report the results at the Board of Directors' and Executive Officers' meetings, and reflect the discussed matters in the dialogue with shareholders.

#### (2) Considerations for Minority Shareholders

Mitsubishi Electric strives to ensure equal rights for all shareholders, including minority and foreign shareholders, and to provide due consideration for the exercise of their rights.

### 2.2 Exercise of Shareholding Rights at General Shareholder Meeting

#### (1) Accurate Information Provision

To help shareholders better understand the objectives of the general shareholder meeting, including agenda items, Mitsubishi Electric will promote enriching, visualizing, and translating information into English, such as the Notice of Convocation of the General Meeting of Shareholders, and making it available on the Company' website.

#### (2) Sending and Disclosing the Notice of Convocation of the General Meeting of Shareholders, etc.

Mitsubishi Electric will strive to send the Notice of Convocation of the General Meeting of Shareholders as soon as possible so that shareholders have sufficient time to consider agenda items. In addition, this Notice of Convocation will be disclosed in both Japanese and English on the electronic voting platform called TDNet (Timely Disclosure Network) before it is sent

in principle, as well as on the Company's website.

### (3) Exercise of Electronic Voting

Mitsubishi Electric strives to create an environment that facilitates the exercise of voting rights by institutional and foreign investors.

## 2.3 Basic Strategy for Capital Policy

Mitsubishi Electric's basic strategy for capital policy is to improve capital efficiency by executing capital measures such as allocating management resources to key growth businesses and enhancing shareholder returns. The basic policy on shareholder returns is to increase shareholder returns comprehensively. This is accomplished through distributing profits in accordance with the earnings results of each fiscal year and increasing internal reserves to strengthen our financial standing.

## 2.4 Policy on Cross-Shareholdings

Mitsubishi Electric has a basic policy of not holding cross-shareholdings in principle.

However, the Company may hold shares that are deemed necessary for business operations. The Company will periodically check the significance of shareholdings and reduce the number of shares by selling any shares that are deemed to be of little significance for holding are reduced by selling them or other means, taking into account the circumstances of the company in question.

### (1) Examination of Appropriateness of Shareholdings

Mitsubishi Electric determines the significance of shareholdings holistically based on factors such as profitability, business viability, and holdings risk. Every year, such shareholdings are examined and verified in the Executive Officers' and the Board of Directors' Meetings. Profitability is evaluated based on whether the total income and dividends received from related businesses are sufficient to cover capital costs. Business viability is assessed based on whether there have been any significant changes in business relationships, transaction amounts, or other relevant factors. Holdings risk is assessed based on whether there has been a decline in the investee's corporate value.

### (2) Exercise of Voting Rights Related to Cross-Shareholdings

Mitsubishi Electric reviews the exercise of voting rights related to cross-shareholdings based on the separately provided guidelines for voting rights. Our decision to exercise or not exercise these voting rights is based on whether it will benefit not only the investee's corporate value but also contribute to the enhancement of the Company's corporate value. The Company will counter-exercise a proposal if it raises concerns that our corporate values may be negatively impacted.

### (3) Relationships with Cross-Shareholders

If cross-shareholders of the Mitsubishi Electric's shares indicate their intentions to sell their shares, the Company will hold a dialogue in accordance with our policy, assuming that the sales are acceptable in principle. The Company will not take any measures to prevent the sale, such as suggesting a reduction in transactions.

In addition, as per our policy, Mitsubishi Electric will conduct a thorough assessment of the economic rationale of all transactions, whether they involve cross-shareholdings or not. The Company will not engage in any transaction that would harm our own interests or the common interests of our shareholders.

## 2.5 Takeover Defense Measures

At present, Mitsubishi Electric has not established any takeover defense measures. The Company aims to further enhance corporate value by improving business performance. In addition, the Company will make a concerted effort to proactively disseminate information and implement IR activities in order to communicate our management policy, strategy, financial results, and other pertinent information to the market in a timely manner.

However, the Company believes that appropriate actions should be taken against large-scale share acquisitions that do not contribute to our corporate value and the common interests of our shareholders. The Company will carefully consider such actions, while also keeping an eye on future social trends.

## 2.6 Response to Public Tender Offers

If there is a public tender offer for the Mitsubishi Electric's shares, the Company will request the offeror provide an explanation of measures to increase the corporate value and will carefully consider the impact of such measures on both the corporate value and the common interests of our shareholders. The Company will then fully explain our management policies, strategies, financial results, etc. to our shareholders. In the event that the tender offeror's proposal is deemed not to contribute to our corporate value and the common interests of our shareholders, the Company will formulate a counteroffer and explain its contents.

## 2.7 Related Party Transactions

The Mitsubishi Electric's Rules for the Board of Directors specify that any competitive or conflict-of-interest transactions involving Directors and Executive Officers will be addressed by the Board of Directors. The Board of Directors will fully deliberate on such matters based on the opinions of independent outside directors.

### Chapter 3. Appropriate Cooperation with Stakeholders Other than Shareholders

The Mitsubishi Electric Group's management policy is, "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." To achieve this, 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. From this approach, the Group 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.

The Board of Directors will thoroughly discuss the targets for action and ideas necessary for the Group to develop its business, determine them as management policies, and provide instructions and permeate them for implementation.

#### 3.1 Formulation and Implementation of the Code of Conduct

The Mitsubishi Electric Group has formulated our "Purpose," "Our Values," and "Commitment" with regard to appropriate collaboration with stakeholders, respect for their interests, and sound business ethics. These have been formally adopted by the Board of Directors as our basic policies on management. In response to the code of conduct, "Our Values" and "Commitment," the Corporate Compliance Committee, appointed by the Executive Officers' meeting, will develop the "Code of Conduct." This Code is intended to ensure that all officers and employees of the Mitsubishi Electric Group are fully aware of it and ensure its compliance throughout the Group. To further promote the creation of a corporate culture that respects the "Purpose" and other objectives and spirits, the Board of Directors has deliberated and approved Three Key Reforms (Quality assurance, Organization culture, and Governance), in addition to measures to prevent the recurrence of improper quality control practices that have been identified since June 2021. The Three Key Reforms have been continuously monitored by the "Three Key Reforms Monitoring Committee," which was established under the Board of Directors, to ensure their progress and effectiveness. An overview of the Three Key Reforms is provided in the attachment.

#### 3.2 Ensuring Diversity within the Company

In the Mitsubishi Electric Group Medium-term Management Plan towards fiscal 2026, the Group states that 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. To achieve this, the Company recognizes that it is extremely important for employees with diverse values and abilities, regardless of gender, age, nationality, or disability, and other factors, to display their full potential and play an active role, and the Company is promoting various initiatives to ensure diversity.

### 3.3 Whistle-Blowing System

Based on the Whistleblower Protection Act, Mitsubishi Electric has established internal and external ethics and legal compliance hotlines. Each report or consultation received via the hotlines will be investigated for fact-finding. If any improper conduct is confirmed, immediate corrective action will be taken while ensuring that the whistle-blowers are protected and do not suffer any disadvantages.

### 3.4 Roles of Corporate Pension Funds as Asset Owners

Mitsubishi Electric manages its corporate pension funds through the Mitsubishi Electric Pension Fund. In April 2021, the Fund announced the adoption of Japan's Stewardship Code and has requested that entrusted asset management firms engage in stewardship activities.

## Chapter 4. Ensuring Appropriate Information Disclosure and Transparency

The Mitsubishi Electric Group recognizes the importance of disclosing corporate information to investors in a timely and appropriate manner, as such information could significantly impact their investment decisions. This is crucial in gaining the understanding and trust of stakeholders, as well as protecting investors and ensuring the credibility of the capital markets. Therefore, the Group discloses legally required Business Reports and Annual Securities Reports in a lawful and appropriate manner. The corporate strategy, management issues, and sustainability initiatives, as well as other financial and non-financial information that is highly useful to shareholders and investors and contributes to dialogue, will also be proactively provided through disclosure media such as the Company's website, the Integrated Report, and the Sustainability Report. The Board of Directors will be actively involved in ensuring appropriate information disclosure, such as by discussing how to make the information disclosed as informative as possible for users.

### 4.1 Our Stance on Information Disclosure

Mitsubishi Electric's basic stance and internal system on information disclosure will be set forth in the Information Disclosure Policy.

### 4.2 Sustainability Initiatives

The Mitsubishi Electric Group has positioned the realization of sustainability at the cornerstone of our management based on the principle of "Provide solutions to social challenges through our businesses." To address sustainability at the management level and to promote it over the long term, we have identified five areas as materiality to "Provide solutions to social challenges through our businesses" and as part of our "Strengthen our business foundation to enable sustainable growth." The five materiality areas are: Realize a sustainable global environment; Realize a safe, secure, and comfortable society; Respect for all people; Strengthen corporate governance and compliance on a sustainable basis; and Create a sustainability-oriented corporate culture. Through these materiality initiatives, we will create economic and social value and will contribute to solving social challenges, starting with contributing to the achieving the SDGs. In our materiality-related initiatives, we promote continuous activities for improvement by implementing the PDCA cycle for mid- to long-term goals as well as for targets/Key Performance Indicators (KPIs).

In order to communicate with our stakeholders, the Company discloses the views, policies and initiatives on sustainability on the Company's website, in the Integrated Report, the Sustainability Report, etc.

The Board of Directors regards the statuses of sustainability initiatives as one of the "key agenda items" for the Mitsubishi Electric Group, and it holds full discussions from the perspective of risk management and profit-generating opportunities, receiving diverse opinions from independent outside directors, as well as supervising the status of initiatives by Executive Officers.

### (1) Investment in Human Resources

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. People are the driving force behind this sustainable growth, and we will continue to promote "human capital management", which views "people as the capital that creates future value." To regain the trust of society and to develop as a "Circular Digital-Engineering Company" amid increasingly intense global competition, the Group places extreme importance on the hiring and development of human resources with diverse values and abilities. Thus, the human resources strategy is selected as one of the "key agenda items" by the Board of Directors and discussed based on the opinions of independent outside directors.

Specific initiatives are disclosed on the Company's website, in the Integrated Report, the Sustainability Report, etc.

### (2) Investment in Intellectual Property

The proper protection and utilization 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 IP rights represent a vital management resource essential to its future and must be protected.

From this perspective, the Mitsubishi Electric Group will integrate business, R&D, and IP activities to proactively strengthen its global IP assets, which are closely linked to the Group's business growth strategies and contribute to both business and society, while also working on protecting and utilizing IP rights.

Specific initiatives for R&D and IP activities are available on the Company's website, in the Integrated Report, the Sustainability Report, etc.

### (3) Disclosure of Risks and Opportunities Related to Climate Change

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.

The Mitsubishi Electric Group is working to achieve carbon neutrality from the aspects of responsibility and contribution. While continuing and growing our business, we aim to achieve net zero greenhouse gas emissions from our own operations and to achieve carbon neutrality throughout our value chain by 2050. The interim target is "aiming for net zero greenhouse gas emissions from factories and offices by fiscal 2031."

These specific measures are disclosed on the Company's website, in the Integrated Report, the Sustainability Report, etc.



#### 4.3 Outside Accounting Auditor

Mitsubishi Electric recognizes that outside accounting auditors assume a responsibility to ensure the reliability of financial reports disclosed by listed companies through audits, etc., for the benefit of shareholders and investors, who are information users.

Based on this recognition, the Company is committed to collaborating with the auditors to ensure that proper auditing practices are followed. For instance, the Audit Committee receives reports from the accounting auditors on a regular basis to discuss audit policies, methods, implementation status, results, etc.

## Chapter 5. Dialogue with Shareholders

The Mitsubishi Electric Group recognizes that its basic approach to dialogue is “In order to achieve sustainable growth and increase medium to long-term corporate value, it is crucial to give due consideration to the opinions of shareholders, who are important stakeholders, and actively engage in dialogue to reflect their perspectives into management decisions.”

Through presentations concerning IR Day, financial results, as well as through individual meetings, the Company will strive to communicate its management policy, strategy, initiatives, financial results, etc., in a timely manner and to foster constructive dialogue.

### 5.1 Views on Dialogue with Shareholders

The Mitsubishi Electric Group’s basic view on constructive dialogue with shareholders is that, “in order to promote initiatives to achieve sustainable growth and increase medium- to long-term corporate value, it is crucial to acknowledge the significance of engaging in dialogue with stakeholders, including shareholders. The Group believes that it is important to actively engage in dialogue, give due consideration to their opinions, and reflect their perspectives into management decisions.”

#### (1) Information Management

Mitsubishi Electric has developed its Insider Information Management Rules to ensure that all dialogues are carried out in compliance with the Fair Disclosure Rules and appropriate information management practices. Based on the rules, the Company strives to promote dialogue through timely, appropriate, and proactive disclosure of corporate information that has a significant impact on the investment decisions of shareholders and investors.

### 5.2 Formulation and Publication of Corporate Strategy and Management Plan

Mitsubishi Electric’s Directors and Executive Officers set specific medium-term management targets under the Mitsubishi Electric Group’s Basic Policies on Management, taking into account the relationship between calculated and identified capital costs. The financial targets for fiscal 2026 are set at consolidated net sales of 5 trillion yen or more, an operating profit margin of 10%, a return on equity (ROE) of 10%, and cash generation of 3.4 trillion yen in five years. The Company aims to strengthen our business portfolio and achieve our management targets by classifying businesses according to their characteristics in terms of growth and profitability and allocating investment appropriately to areas such as capital investment, research and development, human resources, and intellectual property.

The Company strives to gain the understanding of shareholders and investors by disclosing and explaining information, such as our Purpose, Corporate Strategy, Management Plan, and specific management targets, through various presentations including IR Day, and on the Company’s website.

### **Supplementary Provisions**

1. These Corporate Governance Guidelines will be established on April 27, 2023.
2. The establishment, revision, and abolition of the Guidelines (except for minor amendments) will be by resolution of the Board of Directors.
3. The Japanese version of the Guidelines will be regarded as the original. Both the Japanese and English versions will be posted on the Company's website for external publication.

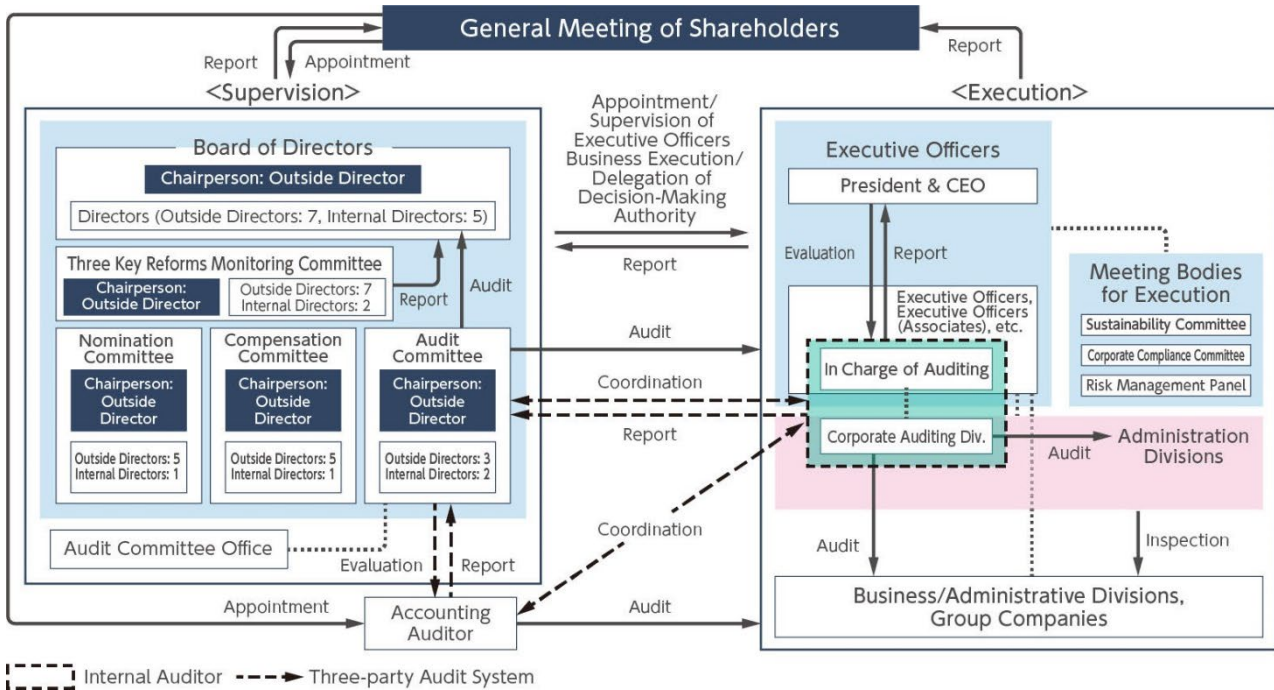
#### **(Revision History)**

Established on April 27, 2023

Revised June 29, 2023

**Attachment**

[Corporate Governance Framework]



[Mitsubishi Electric’s 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.

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

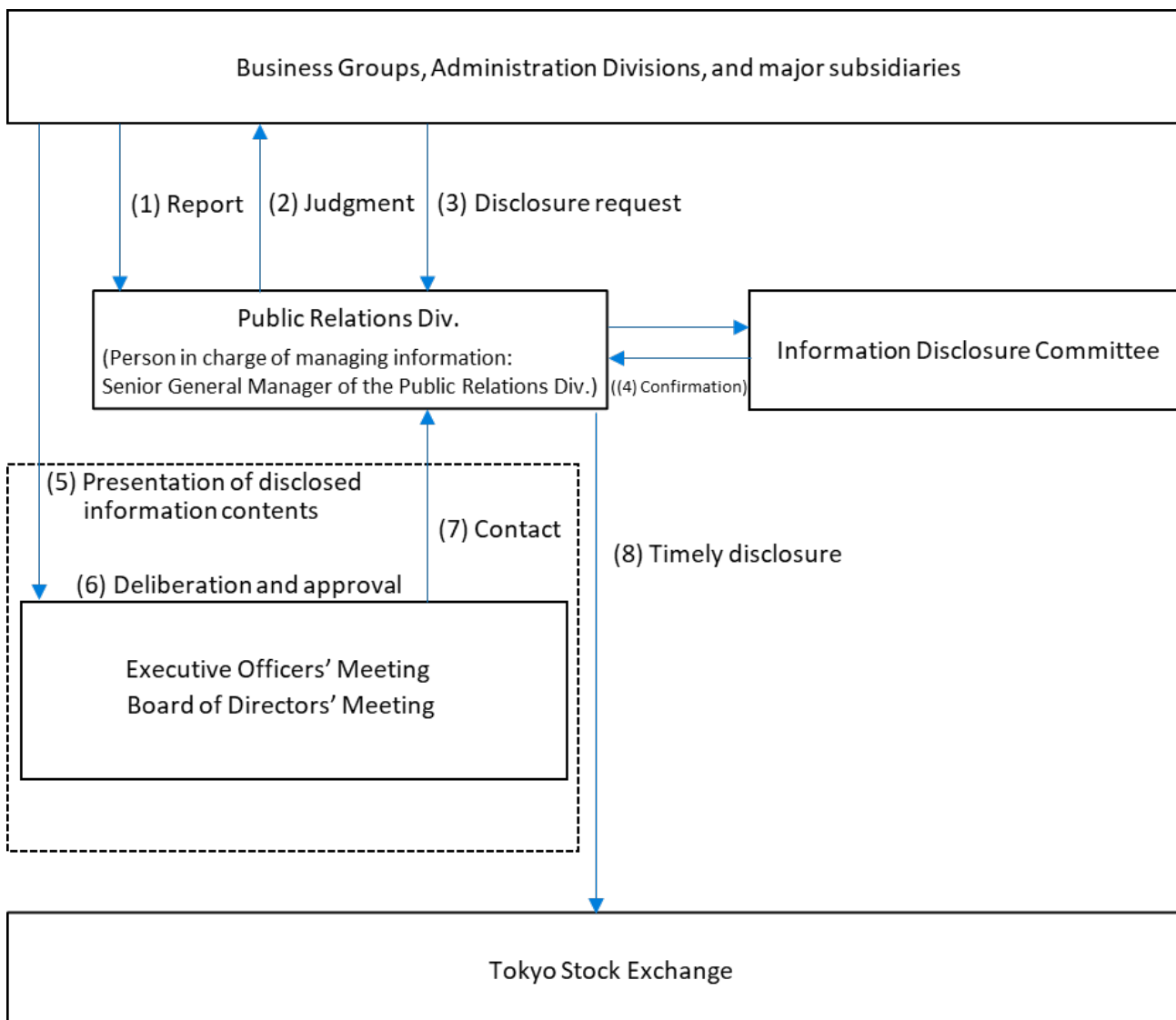
[Skill Matrix of Directors]

For the purpose of continuously improving the supervisory function to be performed by the Board of Directors of Mitsubishi Electric, the skills held by each Director are matrixed and disclosed as below. (The data in the table below is as of the end of June 2023.)

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

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

[Internal Timely Disclosure System Overview]



[Three Key Reforms, Including Measures to Prevent the Recurrence of Improper Quality Control Practices]

Since it was discovered in June 2021 that air conditioning systems and other equipment for railway vehicles were not properly inspected, the Mitsubishi Electric Group has worked with an external investigative committee to determine the facts and root causes of the improper quality control practices and developed the Three Key Reforms, including measures to prevent recurrence.

As a top management priority, the Group will continue to promote the Three Key Reforms, and the latest updates on their progress will be disclosed on our website. While responding to customers and people in society with the utmost sincerity, the Group will endeavor to restore public trust by implementing fundamental reforms and promoting measures to prevent recurrence.

■ Three Key Reforms

In collaboration with the company-wide transformation project, Mitsubishi Electric will make every effort to transform itself towards creating a new Mitsubishi Electric by enhancing and developing the Three Key Reforms of quality assurance, organizational culture, and governance.



Overview of the Three Key Reforms

■ Progress and Related Information on Three Key Reforms

In April 2023, Mitsubishi Electric will implement an organizational restructuring, including reform of the Business Area (BA) management system, to promote dynamic collaboration among people and technologies across BAs and the provision of solution businesses in order to solve social issues through the realization of synergies beyond the boundaries of business divisions. The Company will continue to make company-wide, all-out efforts to implement reforms, led by the CSO, CRO, CHRO, and the Three Key Reforms Div.

The progress of measures to prevent recurrence has been announced on the Company's website. The Company will continue to announce the progress of the measures on the website.

“Progress of the Three Key Reforms” (In Japanese text) <https://www.mitsubishielectric.co.jp/reform/>