

Summary of the Q&A at the Sustainability Briefing (The Press)

Date and time:	Tuesday, March 26, 2024 from 10:00 a.m. to 11:30 a.m.
Venue:	Head Office of Mitsubishi Electric Corporation (Online briefing)
Respondents:	Kei Uruma, Representative Executive Officer, President & CEO Satoshi Takeda, Executive Officer, CSO

Q. You mentioned that Mitsubishi Electric will invest approximately 900 billion yen in green-related R&D. Have you decided on the areas and allocation of this investment? Also, what is the actual investment done so far?

A. We have not made any specific decisions on future investment at this time. We will make appropriate decisions as we strategically make investments in Key Growth Businesses. During the three-year period from FY2022 to FY2024, we invested approximately 370 billion yen in green-related R&D. (Uruma)

Q. I would like to know more about the future evolution of power modules for automobiles and the direction of next-generation products.

A. The new SiC/Si power semiconductor modules for xEV J3 Series are currently being provided as a sample and we will coordinate with customers toward mass production. Over the next few years, we will focus on R&D to refine the products. (Takeda)

In order to secure a stable supply of SiC substrates, we are working to strengthen our partnership with Coherent Corp., a US company, as we have previously announced. (Uruma)

Q. You mentioned that Mitsubishi Electric aims to “power all factories and offices with 100% clean energy by FY2031.” Will this include the sites of Mitsubishi Electric Mobility Corporation, a new company formed as part of the spin-off of Mitsubishi Electric’s automotive equipment business in April?

A. Yes. Mitsubishi Electric Mobility Corporation’s offices and factories are included. (Takeda)

Q. Among the next-generation power modules, which markets will gallium oxide target?

A. We believe that the target market is the area of high withstand voltage compared to Si/SiC. We will continue R&D to select the best target market.

Q. What is your perception of the current ratio of females in managerial positions (2.6%), which I think is low compared to other companies in the same industry? What are your specific efforts to achieve the target of 12% by FY2031?

A. We recognize that the ratio is still low. Based on the recognition that the total number of female employees is, in the first place, still small, we are taking various measures to increase the number, and we will also work on the early selection and training of candidates for managerial positions. (Uruma)

As part of our efforts to expand the number of female employees, we are promoting the hiring of a diverse range of human resources, and we will actively recruit human resources with software and digital skills in the engineering field. In addition, by creating an environment in which individual career aspirations can be realized,

such as by providing a variety of work experiences and in-depth training from an early age, we hope to improve the ratio of females in managerial positions. (Takeda)

Q. I think that the small number of female employees is a common issue for other companies in the same industry, but do you recognize that there are some specific issues unique to Mitsubishi Electric that are causing the low ratio of females in managerial positions?

A. We do not believe that there are any specific issues that are unique to Mitsubishi Electric. First, we would like to increase the number of female employees, and within this process, we would like to promote various initiatives to increase the ratio of those in managerial positions. As for senior management, the number of candidates is further limited, so we will also consider the appointment of outside human resources. (Uruma)

Q. Some companies appear to be postponing investments related to decarbonization and DX in response to soaring material prices and labor shortages. You have explained that Mitsubishi Electric will invest 900 billion yen in green-related R&D, but how will these changes in the external environment affect your investment policy?

A. We intend to focus on “addressing social challenges through business, ” and we will continue to make the investments necessary to achieve this goal. (Uruma)

Q. What impact do you expect the Bank of Japan's policy change to have on your business environment?

A. We do not expect any material impact at this point. We will make appropriate decisions as we work to enhance business value. (Uruma)

Q. Regarding the 900 billion yen investment in green-related R&D, what is the expected ratio if divided into short-, medium-, and long-term investments?

A. R&D investment in the current Medium-term Management Plan (FY2022–FY2026) is expected to be 1.1 trillion yen, of which green-related investment accounts for about 58%. We hope to continue investing at the same level in FY2026 and beyond. We will consider and determine the timing and amount of investment, taking into account the business environment of each of our relevant businesses. (Uruma)

Q. You mentioned that you will strive for “Trade-On (mutual benefits)” between society/environment and business. How large do you expect the revenue and profit of sustainability-related businesses to be in the future?

A. We are at the stage of narrowing down the themes to be addressed by Mitsubishi Electric, and nothing has been decided yet. (Uruma)

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