

Changes for the Better



CSR Policy



▶ CSR Philosophy

An introduction to the Mitsubishi Electric Group's views of and promotional system for Corporate Social Responsibility (CSR).

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▶ President's Message

Setsuhiro Shimomura, President & CEO of Mitsubishi Electric Corporation, introduces the CSR of the Mitsubishi Electric Group.

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▶ Corporate Governance

Pursuing continuous growth by enhancing flexibility in our operations and by promoting management transparency.

▶ [More](#)

▶ Compliance

Ensuring legal compliance and carrying out corporate activities that are in accordance with laws and ethics.

▶ [More](#)

▶ Risk Management

We have a multi-dimensional risk management system to ensure the stable continuation of business activities while fulfilling our responsibilities to stakeholders.

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CSR Policy

CSR Philosophy



Our Policy of Corporate Social Responsibility

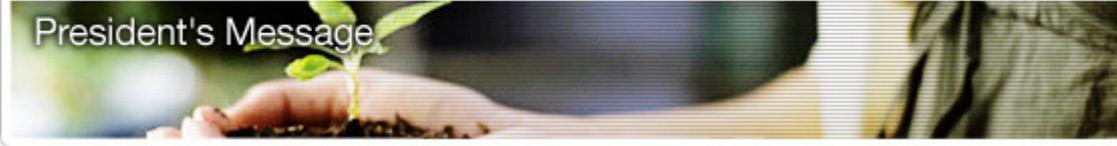
Mitsubishi Electric Group believes that Corporate Social Responsibility (CSR) initiatives sustain the foundation for the Company's business endeavors. The Group's Corporate Mission and its Seven Guiding Principles form its basic CSR policies. The Mitsubishi Electric Group engages especially in thorough measures related to corporate ethics and compliance, working to improve educational programs and strengthen its internal control structure. Mitsubishi Electric is undertaking active initiatives in the areas of quality management, environmental preservation, philanthropy and improved communication with all stakeholders.

Promotional System for CSR

Considering that our CSR activities involve a wide range of initiatives such as corporate ethics and compliance, securing as well as improvement of quality, environmental preservation, philanthropy and improved communication with all stakeholders, Mitsubishi Electric's CEO is assigned as the officer responsible for overseeing these measures. The executive officers are in charge of carrying out each initiative within the scope of their assigned duties.

CSR Policy

President's Message



Within the spirit of our corporate statement, "Changes for the Better," we will continually seek to improve, pressing ahead with sincerity, and we will continue our efforts indefinitely in order to help realize a sustainable society.

Prioritizing Corporate Social Responsibilities Since the Time of Our Founding

In recent years, the corporate operating environment has been undergoing dramatic changes reflecting the global situation, revisions of laws, and other factors. What must remain steadfast regardless of how the times may change is a commitment to corporate ethics and compliance and not to compromise on environmental issues and product quality.

This commitment of the Mitsubishi Electric Group was first articulated in the Keiei no Yotei, or Keys to Management, which was drawn up at the time of the

company's founding in 1921. The spirit of this document, which states our contributions in areas such as the prosperity of society, product quality and customer satisfaction, lives on today in our Corporate Mission and Seven Guiding Principles. With these tenets as our core principles, the company promotes various initiatives in order to carry out our Corporate Social Responsibilities.

Economic Aspects: Enhancing Corporate Value

In fiscal 2007, the Mitsubishi Electric Group achieved all three of its management targets due to structural reforms, changes in business conditions, the application of measures to strengthen production and sales systems in both domestic and overseas markets, the promotion of collaborative efforts to boost competitiveness and other factors.

For fiscal 2008 we have set more challenging targets to lower the ratio of interest-bearing debt to total assets to 15% or less. We will also carry on our initiatives to continually hit other targets.

Management Target to be Continuously Achieved

	Management Target	2006 results
Ratio of operating income to net sales	5% or more	6.0%
ROE	10% or more	12.3%
Ratio of interest-bearing debt to total assets	20% or less => 15% or less	18.6%

Environmental Aspects: Carrying out Our Fifth Environmental Plan

Mitsubishi Electric Group promotes environmental management through its Environmental Plan, which we develop every three years. In fiscal 2007, the first year of our Fifth Environmental Plan, we worked on initiatives of the countermeasure to global warming, and for example, we reduced emission of carbon dioxide (CO₂) by 10,052 tons within fiscal 2007. We have also been active in promoting local environmental philanthropy by activities such as the Mitsubishi Electric Yagai Kyoshitsu, or an "outdoor classroom" of nature conservation lectures, in order to cultivate an environmental mindset.

Based on the Fifth Environmental Plan, we will continue in fiscal 2008 to enhance environmental management, promote factories and offices that place less of a burden on the environment, bolster businesses that make positive contributions to the environment, and more.

Social Aspects: Contribution to Society through Technology

As a member of society, it is necessary to demonstrate Corporate Social Responsibility through initiatives in such areas as corporate ethics and compliance, as well as philanthropy. It is also important to contribute to society through various technologies that we have developed up to now. One example is our high-density ozone generator, which received the Prime Minister's Prize at the 36th Japan Industrial Technology Awards. It is an environmental-friendly way of processing water by ozone, which is expected to contribute to the realization of a recycling-based society.

In fiscal 2008 we will put our CSR initiatives into practice and continue to contribute to society through the Group's technologies, products and services.

Through these initiatives, the Mitsubishi Electric Group will work to gain trust from stakeholders and help realize a sustainable society. Within the spirit of our corporate statement, "Changes for the Better," we will constantly pursue improvement and continue to make our best efforts. We greatly appreciate everyone's understanding and support.

CSR Policy

Corporate Governance

Basic Corporate Governance Policy

Mitsubishi Electric strives to pursue continuous growth by enhancing flexibility in operations and management transparency, and at the same time consistently endeavors to reinforce the supervisory functions of management. Our basic policy consists in establishment of an efficient corporate governance structure responsive to various expectations from various stakeholders (among other customers and shareholders) and, by this way, we aim further increase of our corporate value.

Current Status of Implementation of Various Measures Relating to Corporate Governance

Company Organization and Development of Internal Control Systems

In June 2003 Mitsubishi Electric reformed its management structure when it changed to a company with a committee system. The supervisory and executive powers of management were thus separated, with the board of directors handling supervisory decisions and executive officers handling executive decisions.

The present board consists of twelve directors (five of whom are outside directors) offering advice and supervision to management from an objective standpoint. The board of directors has three internal bodies: the Auditing, Nomination and Compensation Committees. Each body has five members of which three are outside directors. The Auditing Committee has its own dedicated, independent staff, which supports the auditors.

A key feature of our management structure is the separation of the Chairman and CEO, with the Chairman as the head of the supervisory functions as a member of the board of directors and the President & CEO as the head of the executive officers. Neither the Chairman nor President is a member of the Nomination or Compensation Committees. This clear separation of supervising and execution powers makes our corporate governance more effective.

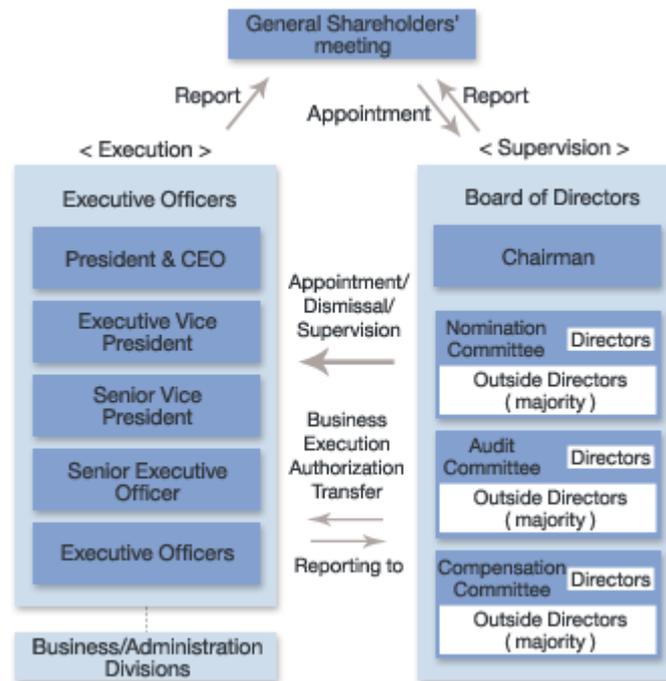
To maintain compliance and secure management efficiency, each executive officer possesses responsibility for their individual scope of duties, with operating conditions being audited by internal auditors (Audit Department). The internal auditors (Audit Department) and outside auditors report their audit results to the Audit Committee and executive officers in charge.

Internal Audit and Inspections by Audit Committee, Independent Auditors

The Audit Department conducts its internal audits from a fair and impartial standpoint by having its own dedicated staff in addition to supporting auditors that represent the special interests of relevant departments.

The Auditing Committee consists of five directors of which three are outside directors. In accordance with the policies and assignments agreed to by the committee, inspections are conducted by competent members, into the performance of the directors and executive officers as well as mutual exchanges of opinion.

KPMG AZSA & Co. has been retained as the independent auditor. KPMG AZSA & Co. appoints partners in charge, and the firm has designated Mr. Yoshino Nakamura, Mr. Hiroto Kaneko, and Mr. Ryoji Fujii as the partners in charge handling auditing for Mitsubishi Electric. Support staff for handling auditing will consist of appropriate CPA and JA from KPMG AZSA & Co. Mitsubishi Electric will maintain an environment in which fair and impartial audits can be conducted, such as providing relevant management information to KPMG AZSA & Co.





Formulating and Familiarizing Employees with the Corporate Ethics and Compliance Statement

Mitsubishi Electric first clarified and formulated its code of corporate ethics in April 1990. The code has since undergone a series of revisions to reflect amendments to legislation and changes in the social environment. In 2001, we released the Corporate Ethics and Compliance Statement, which identifies six basic policies: compliance with the law, respect for human rights, contribution to society, collaboration and harmonization with the community, consideration of environmental issues and awareness of personal integrity.

To raise awareness of this statement throughout Mitsubishi Electric, we not only display posters but also hand out cards for each employee in Japan to carry. We have also distributed to every Mitsubishi Electric Group employee a booklet titled "Corporate Ethics and Compliance Code of Conduct", which contains the Corporate Ethics and Compliance Statement and specific action policies. The booklet has been revised four times to reflect revisions of laws and changes in society. The most recent version was issued in March 2007.



Corporate Ethics and Legal Compliance Statement Poster



Portable Card



Ethics and Compliance Activities Booklet

The Corporate Ethics and Compliance Statement

Compliance with the Law

We will conduct ourselves always in compliance with applicable laws and with a high degree of sensitivity to changes in social ethics or local practices. We will never establish a target, nor make a commitment, that could be achieved with conduct that would violate applicable laws or generally accepted community standards.

Respect for Human Rights

We will conduct ourselves always with a respect for human rights. We will not tolerate discrimination based on nationality, race, religion, gender, disability or any other reason prohibited by applicable laws nor will we tolerate other conduct that violates international laws, covenants or principles regarding respect for individual and human rights.

Contributing to Society

Concurrently with the pursuit of a reasonable profit, we will conduct ourselves always with an awareness of our corporate social responsibility in order to further the progress of the entire society.

Collaboration and Harmonization with the Community

As a good corporate citizen and neighbor, we will support worthwhile civic and charitable organizations and activities in the communities where we reside or work that contribute to community development.

Consideration of Environmental Issues

As part of our goal to achieve a recycling-oriented society, we will do our best to pay attention to and respect the global environment in every aspect of our business.

Awareness of Personal Integrity

We will conduct ourselves with the highest integrity, making a proper distinction between public and private matters and, will use company resources, including monetary resources, time and information for legitimate business purposes. We will use company computers and various networks and on-line services, including e-mail and Internet access, primarily for company business.

Structure to Thoroughly Implement Compliance

Chaired by an executive officer responsible for legal affairs, the Corporate Compliance Committee formulates across-the-board policies and action codes for the employees regarding corporate ethics and compliance activities in the Mitsubishi Electric Group worldwide. Established in 1991, the same year in which Nippon Keidanren created its Corporate Conduct Charter, the Corporate Compliance Committee holds regular meetings two times per year and extraordinary meetings as needed.

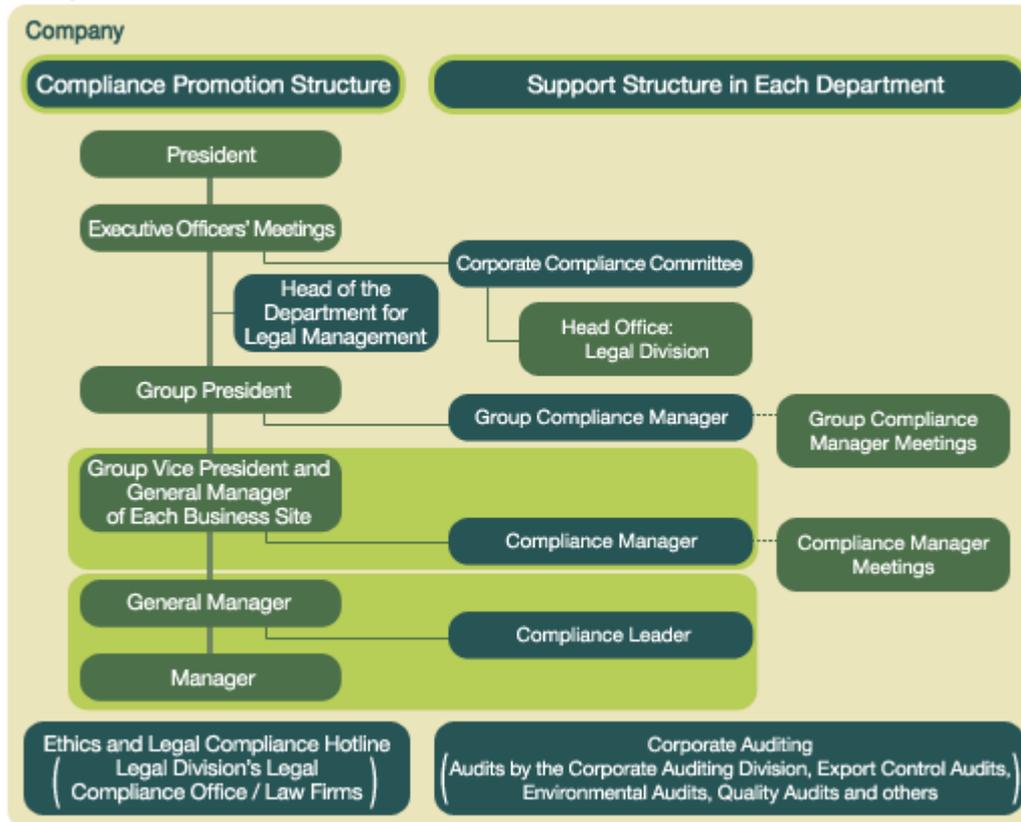
In April 2007, Mitsubishi Electric has further clarified the inextricable link between compliance and business promotion, reinforcing its primary compliance promotion systems in each division and the organizations that support them.

In each division and at each operational site, we have established a compliance promotion committee that determines specific measures regarding compliance in its own department. At the same time, at all organization levels in each business division and at each operational site, we have appointed group compliance managers, compliance managers, and compliance leaders. In divisions and at operational sites, compliance managers and compliance leaders regularly hold compliance coordinating meetings.

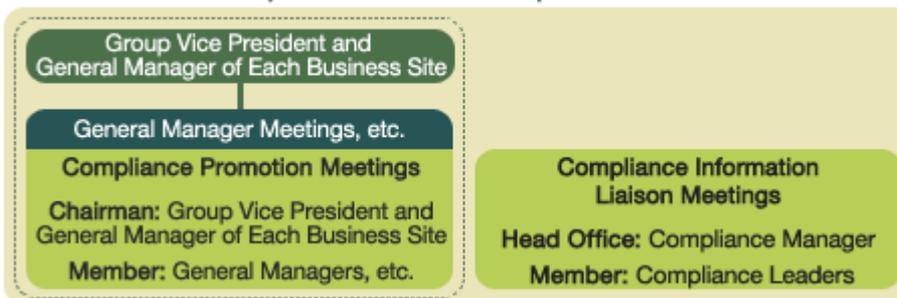
In April 2007, the title of "legal manager" was changed to "compliance manager" in order to promote compliance in a broader sense that includes corporate ethics as well as legal compliance.

In international operations, Mitsubishi Electric Group companies formulate their own corporate ethics codes based upon the Corporate Ethics and Compliance Code of Conduct, taking into account local laws, culture and customs. In addition, compliance meetings are held in an effort to thoroughly entrench compliance concepts.

Compliance Promotion Structure



Each Business Group's Administrative Department and Business Sites



Communication Channel "Ethics and Legal Compliance Hotline" Established Inside and Outside the Company

Mitsubishi Electric has set up an ethics and legal compliance hotline to prevent improper conduct before it occurs. The information communicated through the hotline is investigated by the Legal Division's Legal Compliance Office, and if improper conduct is discovered, the investigated division is requested to punish the perpetrator or institute corrective measures. Anonymity and other protections for the whistleblower are prescribed in internal rules along with a prohibition against unfair treatment of whistleblowers.

In April 2006, an external communication channel was set up at the offices of legal counsel in conjunction with enforcement of the Whistleblower Protection Act. These communication channels are open to affiliate companies in Japan as well.

The ethics and legal compliance hotline is explained in the Code of Conduct for Corporate Ethics and Compliance, which is distributed to each employee. As well as posters displayed in each department, the employees are acquainted with the communication channels through the Legal Division's intranet site and other information outlets.

Compliance Audits

The Auditing Division leads audits of corporate ethics and legal compliance at the business divisions of Mitsubishi Electric and affiliated companies in Japan and overseas. Following the auditing of Mitsubishi Electric and its affiliated companies in Japan and overseas, divisions are requested to make improvements if found in need of corrective actions.

Compliance Education Using Manifold Methods

Mitsubishi Electric conducts on-demand education regarding compliance through e-learning methods, group classes, and correspondence classes. We also hold compliance seminars accordingly. Managers in each division also distribute materials containing commonplace examples, practice lessons, and other information in an effort to prevent the occurrence of improper conduct.

Mitsubishi Electric's Legal Division and Associated Companies Division provide support for education at domestic Group companies to hold compliance seminars as necessary. Overseas, our companies run compliance training while taking into account local laws, regulations, culture and customs.

Mitsubishi Electric will re-educate our salespeople on antimonopoly law through e-learning methods as well as further educate compliance leaders.

CSR Policy

Risk Management

Risk Management Structure

The risk management structure is constructed so that each executive officer possesses responsibility for his assigned duties. In addition, important management implementations are discussed and decided by all the executive officers in the executive officers' meetings. The synergistic effect of all executive officers participating in management and information creates a multi-dimensional risk management structure.

Promoting Risk Management and Strengthening Internal Controls

To fulfill its obligations to stakeholders, Mitsubishi Electric makes every effort to minimize business risks and to avert the occurrence of incidents in such areas as ethics, compliance, environment, product quality and others that significantly affect society, working to discover risks as early as possible and formulate countermeasures.

From fiscal 2009, the Financial Instruments and Exchange Law will mandate the introduction of an internal control reporting system, requiring enhancement of internal control frameworks. In order to ensure reliability in Group financial reporting, the Mitsubishi Electric Group established a division in July 2006 to promote the construction of an internal control system. This division continues to reinforce the Group's internal control structure.

Responding to Environmental Risk

The Group works to quickly discover latent risks in business activities that can impact or potentially impact the environment in a substantial way.

In order to prepare for the event of an accident or emergency, head office divisions, which are responsible for manufacturing facilities, R&D centers, branch offices and affiliates, as well as branch offices, which handle sales operations, have developed detailed risk descriptions and procedure manuals that specify departmental responsibilities. Mitsubishi Electric also anticipates the possibility of accidents, claims, or violations of the law occurring by construction subcontractors or companies working under outsourcing agreements, and informs these outside parties of our risk response procedures, as well as request that they ensure to implement the proper procedures in their respective organizations.

Each of our business sites run tests once a year to determine if the managers in charge are capable of appropriately responding to an emergency. The tests simulate an emergency that has the potential of occurring to determine whether communication channels, the chain of command, movement methods at the site, and reporting procedures function properly. When problems are uncovered, the procedures are revised and the new version is publicized throughout the organization. The tests also serve as drills to help employees become proficient in the proper response procedures.

Protection of Personal Information and Management of Confidential Corporate Information

The Mitsubishi Electric Group has occasions to obtain personal information of customers through questionnaires, registration of purchased products, and after-sales service. At times, we also obtain personal information of people who desire to become employed at the Mitsubishi Electric Group. To take care in the handling and proper management of this information, we have set up a management system to protect personal information and are working to make it mandatory to Mitsubishi Electric's personnel (executives, employees, part-time workers, temporary employees, etc.) and other affiliated persons. In October 2001 we created company rules pertaining to the protection of personal information, and in April 2004 announced a personal information protection policy. On March 1, 2007 we enacted revisions according to the standard "JIS Q15001; 2006," meeting requirements to attain the Privacy Mark.

We strengthened security management not only for personal information but also for confidential corporate information, which includes information on sales, technical matters and intellectual property. This information is managed through organizational, human, physical and technological security measures. As a part of this effort, in February 2005 we announced the "Declaration of Confidential Corporate Information Security Management" in order to clearly publicize our stance both internally and externally that the company enforces the proper handling of various types of information. For information that has been entrusted to us by other companies, we uphold confidentiality agreements by all means, and we also work to manage and protect such information using the same security measures we use for our own information.

Confidential Corporate Information and Security Measures

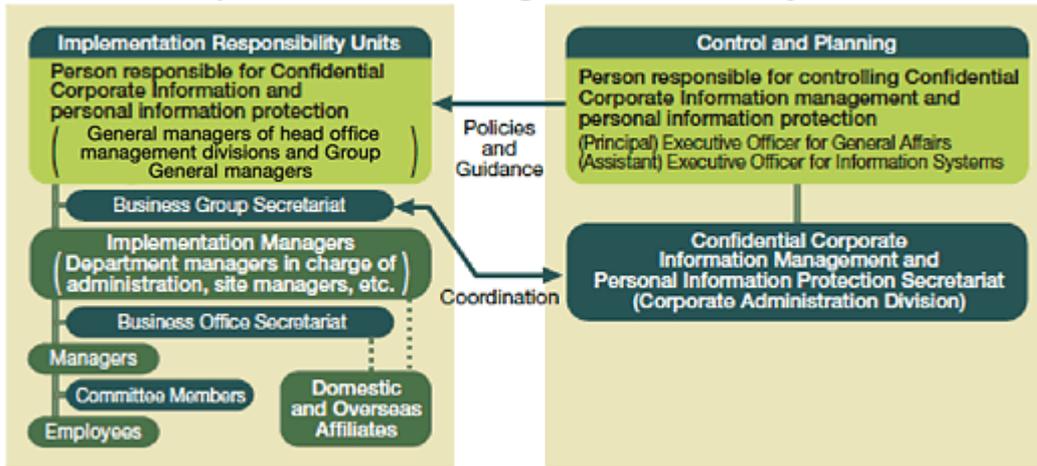


PDCA Cycle Applied to Information Security Management

Mitsubishi Electric strives to constantly make improvements in its activities for managing confidential corporate information and to protect personal information through application of a plan-do-check-act, or PDCA, cycle. First of all, we revised internal rules as needed to comply with current law. Also, we have been conducting e-learning educational training since fiscal 2005 and distributed procedures for the management of company secrets to all Mitsubishi Electric employees in October 2005 in order to ensure employees are fully aware of the goals of the "Declaration of Confidential Corporate Information Security Management." In addition, self-audits are conducted at the workplace level along with internal audits by staff from the head office on the status of confidential corporate information and personal information management.

Systems and structures have been established at affiliate companies as well, based on the policies laid out by Mitsubishi Electric and in accordance with the conditions prevailing at each company and location. We intend to improve the quality of management across the entire Group by building and following PDCA procedures for the protection of Confidential Corporate Information and personal information.

Structure of Responsibilities for Ensuring Information Security



Ensuring the Safety of People and Infrastructure

Mitsubishi Electric has a system for responding to accidents and natural disasters in which the Disaster Response Headquarters, Management Response Headquarters and Business Group Response Headquarters work together under General Headquarters, which is headed by the President.

In the event an emergency situation involving an accident or natural disaster arises, we first ensure the safety of people and physical infrastructure, then work to restore operations. The safety of people and physical infrastructure is our utmost priority, so educational activities are conducted by our Health and Safety Committee on a regular basis to ensure prompt action is taken, and general disaster prevention drills are conducted every year that include drills on escape routes and extinguishing initial outbreaks of fire.

In addition, reporting on the impact inside and outside the company follows a set channel, from the business site to the business group's administrative department to the Group president of the business group to the president. A company-wide response is determined and taken while instituting emergency measures at each stage.

Creation of Disaster Response Manual for Major Earthquakes

Mitsubishi Electric created a disaster response manual in April 1996 to minimize injuries and physical damage and facilitate prompt relief and recovery in the event of a major earthquake. It includes measures in advance and establishes an emergency response measures directly following an earthquake, including setting up a disaster response organization and a code of conduct. Presently we are working on our business continuation plan based on the latest disaster response manual.

We have also established use of a digital Multi Channel Access (MCA) wireless system as an emergency lifeline. In addition, the information communication system and safety confirmation system using cell phone-based email have been introduced and well used in the earthquakes on Japan's Noto Peninsula and in Mie prefecture. We will continue to enforce the operational and hardware aspects in order to attain information efficiently in emergency situations.



Confidential Corporate Information and Security Measures