

# Communication with Stakeholders

## Status of Communication

The Mitsubishi Electric Group's corporate activities have widely varying impacts on society. Based on this awareness, steady efforts are made to maintain communication with all stakeholders and listen to their expectations, requests and opinions.

Major stakeholders	Responsibilities and issues	Major contact departments	Communication opportunities
<b>Customers</b> Individual and corporate customers	<ul style="list-style-type: none"> <li>Improvement of customer satisfaction</li> <li>Product safety and quality</li> <li>Customer response and support</li> </ul>	<ul style="list-style-type: none"> <li>Sales departments</li> <li>Quality departments</li> <li>PR and advertising departments</li> </ul>	Inquiry centers (home appliances: Customer Relations Center; building systems: Information Center, etc.), sales activities, websites, showrooms, events, exhibitions, customer questionnaires, mass media / commercials
<b>Employees</b> Workers related to the Mitsubishi Electric Group in general	<ul style="list-style-type: none"> <li>Occupational health and safety</li> <li>Respect for human rights</li> <li>Human resource development</li> <li>Respect for diversity</li> </ul>	<ul style="list-style-type: none"> <li>Personnel departments</li> <li>CSR departments</li> </ul>	Hotlines, intranets, in-house bulletins, training programs, meetings between management and employees, employee awareness surveys
<b>Government, local governments, industrial organizations</b> Governmental institutions, local governments and industrial organizations relevant to the business activities of the Mitsubishi Electric Group	<ul style="list-style-type: none"> <li>Compliance with laws and regulations</li> <li>Compliance with restrictions</li> <li>Policy proposals</li> </ul>	<ul style="list-style-type: none"> <li>External affairs department</li> </ul>	Participation in advisory councils and committees, participation in the activities of industrial and economic organizations
<b>NGOs and NPOs</b> NPOs/NGOs, citizens groups, etc. with relevance to the social and environmental aspects of Mitsubishi Electric	<ul style="list-style-type: none"> <li>Grants and partnerships through contributions to regional communities</li> </ul>	<ul style="list-style-type: none"> <li>Administration departments</li> </ul>	Philanthropic activities (funds, foundations, volunteer activities)
<b>Business partners</b> Business partners that supply raw materials and parts	<ul style="list-style-type: none"> <li>Fair transactions</li> <li>CSR promotion through the supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Materials departments</li> </ul>	Activities aimed at the joint creation of costs, information sessions on CSR procurement, BCP seminars, meetings based on the results of fair selection and evaluation of suppliers
<b>Regional communities</b> Communities near Mitsubishi Electric offices	<ul style="list-style-type: none"> <li>Contribution to four activity areas (social welfare; science and technology; global environmental conservation; culture, art and sports)</li> </ul>	<ul style="list-style-type: none"> <li>Administration departments</li> </ul>	Contributions through business, philanthropic activities (funds, overseas foundations, volunteer activities), grants to universities, plant inspection tours, factory open-house events
<b>Shareholders</b> Shareholders, investment institutions, etc. directly or indirectly possessing Mitsubishi Electric shares	<ul style="list-style-type: none"> <li>Increase in corporate value</li> <li>Proper redistribution of profits</li> <li>Information disclosure</li> <li>Response to SRI</li> </ul>	<ul style="list-style-type: none"> <li>IR departments</li> </ul>	Financial results presentation meeting (4 times yearly), general meetings of shareholders (once a year), IR events / individual meetings, websites (IR resource library), responses to interviews, shareholder communications
<b>Others</b> Academic institutions and research institutions	<ul style="list-style-type: none"> <li>Cooperation in creating innovation</li> <li>Joint studies</li> </ul>	<ul style="list-style-type: none"> <li>R&amp;D departments</li> </ul>	Industry-academia cooperation in research, stakeholder dialogues (once a year)
<b>Future generations</b>	<ul style="list-style-type: none"> <li>Provision of education opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Administration departments</li> <li>Overseas foundations</li> </ul>	Inquiry centers, philanthropic programs, factory inspection tours, grants via foundations, events

## Results of Reader Surveys

### Questionnaire-based Survey Conducted in Japan and Overseas on CSR Reports

The Mitsubishi Electric Group conducted a survey questionnaire among its stakeholders in Japan and abroad regarding the Group's CSR initiatives and the CSR Report 2016, resulting in responses from 815 individuals. The survey elicited responses overseas from 215 persons connected with the Group. Their answers first reaffirmed the necessity of taking into account regional peculiarities and other factors tied to diversity in external environments. The Group hopes to get the views of even

more people globally in the future. A portion of the survey results is presented here. The Group's initiatives were quite well-thought of overall, with the responders offering many positive options. They also raised certain issues. The Group takes these points seriously and will adjust based on them in future activities, with the Group as a whole seeking to push further forward on its CSR efforts.

### Survey Summary and Partial Results

#### [Period Survey]

December 2016 to March 2017

#### [Main Questions]

- Is senior management pursuing CSR initiatives in earnest?
- Does the company have the framework that will allow it to implement CSR efforts as a total organization?
- Are company initiatives truly moving forward?
- Is the company engaging in dialogue with the relevant parties in its orbit?
- Does the company consider ease of comprehension and access to information?
- Please select all those items in the report that made a particular impression on you (e.g. evoked positive feelings, sparked interest, felt you could approve of it, etc.).
- Are the Mitsubishi Electric Group's initiatives enough when it comes to crucial CSR issues?

#### [Domestically]

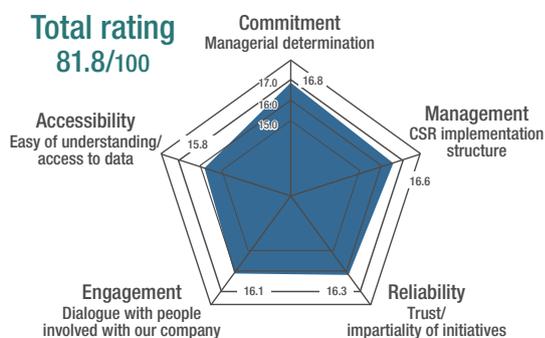
##### ★ Questionnaire responders :

- Japan
- 600 persons
- General population nationwide, men and women aged 15 or older (people with a strong interest in the environment and CSR)

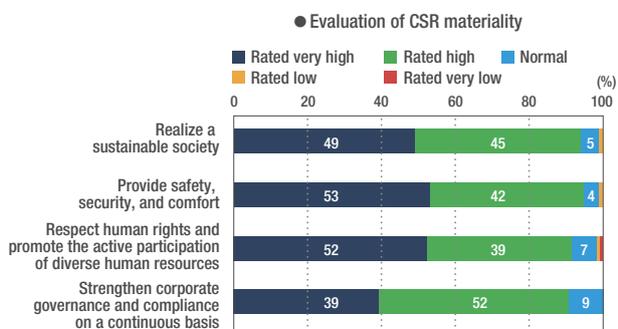
#### [Overseas]

##### ★ Questionnaire responders :

- U.S.A., Europe, Asia, China, Taiwan
- 215 persons
- Customers, stockholders and investors, business partners, CSR and corporate environmental policy staff, NGO and NPO representatives, people living adjacent to Mitsubishi Electric offices, government workers, university students, Mitsubishi Electric Group workers and family members, others



Results of reader surveys [domestically]



Results of reader surveys [overseas]

## Interviews with Experts

The Mitsubishi Electric Group has held interviews with experts with profound knowledge who play an active role in their respective fields to hear their opinions on the Group's CSR initiatives, in light of the latest CSR trends. Personnel responsible for advancing CSR initiatives and representatives of departments closely involved in CSR

efforts interviewed the experts about the Mitsubishi Electric Group's CSR materialities, which were formulated in fiscal 2016, and their expectations for the Group from the perspectives of the environment, society, and governance.



Board Member, United Nations Global Compact  
Representative Director, Global Compact Network Japan

### Toshio Arima

Field of specialization: CSR management

#### Opinions offered:

- Giving priority to customer satisfaction and contributing to society in a sustainable manner over the long term will lead to sales for the Group, even if they may not lead to sales for each company over the short term.
- Within the process of achieving Group management strategy targets, it is important to consider how to create social value and how to differentiate the Group from other companies.
- With regard to environmental issues, we hope the Group will set a long-term CO<sub>2</sub> emissions target and promote innovation toward achieving that target.
- Based on its possession of a wide range of businesses, the Mitsubishi Electric Group is expected to combine its technologies and services to contribute to the SDGs.



Chief Researcher, Daiwa Institute of Research Ltd.;  
Co-CEO, Japan Sustainable Investment Forum (JSIF)

### Mariko Kawaguchi

Field of specialization: CSR as a whole, ESG Investment,  
and Ethical Consumption

#### Opinions offered:

- The Government Pension Investment Fund (GPIF) has issued questionnaires to companies on their status of ESG dialogue with investors ESG. Thanks to this, ESG knowledge and awareness is rapidly increasing among investors.
- It is best for the Mitsubishi Electric Group to show investors in an easy-to-understand manner how its ESG initiatives are helping enhance corporate value, as part of its managerial strategy.
- We hope Mitsubishi Electric will establish long-term CSR targets toward FY2021, the 100th anniversary of the company's founding, and even further beyond that, toward 2050.



Director and Head of Business Development  
Lloyd's Register Japan

## Hidemi Tomita

Field of specialization: CSR in general (has engaged in the design of various standards, such as the Tokyo 2020 Olympic and Paralympic Games Sustainable Sourcing Code, ISO20400, and GRI)

### Opinions offered:

- With regard to CSR materialities, it is hoped that the company will provide steady information on how they are related to its businesses, why they are important, and whether it places importance on risks or opportunities.
- Assessing where the risks lie in each business forms the foundation of supply chain management.
- Networking with overseas sites is indispensable for promoting CSR globally. It is best to develop CSR officers in overseas sites and establish regular forums for communication.
- Given the company's broad-ranging businesses, the company may be influenced by CSR frameworks in different industries. However, it is important to maintain a firm core vision and promote an original approach to CSR.



Representative, Sustainavision Ltd.

## Takeshi Shimotaya

Field of specialization: Human rights issues, CSR trends in Europe

### Opinions offered:

- The handling of human-rights issues needs to continue, following the Guiding Principles on Business and Human Rights.
- With the 2020 Tokyo Olympic and Paralympic Games approaching, interest in how Japanese firms handle human rights is growing. To start off, we need to grasp whether there are human-rights risks in our company's plants and supply chains, as well as hold dialogues with human-rights NGOs to discuss responses.
- Stakeholders need to be identified on a regular basis. We need to communicate regularly with stakeholders for every site in the world, taking in opinions/expectations/needs and communicating progress/results on managerial and strategic initiatives based off of them.
- A strong emphasis is placed on "SDG 17: Partnerships for the goals," with the understanding that there is only so much a single firm can engage in. There is increasing awareness of the importance of firms participating in international initiatives to solve environmental and social issues.

## Dialogues with Experts



The Mitsubishi Electric Group identified four CSR materialities (priority issues) in FY2016, to more strongly promote CSR on a long-term basis as an integral part of management. To work out initiatives for FY2017 based on these materialities, dialogues were held with three guest experts to gain their objective views from an external perspective.

In their capacities as experts in their respective fields, the guests offered their views on the Mitsubishi Electric Group's initiatives and made a wide range of proposals from the standpoint of CSR trends. They also introduced CSR trends in international institutions and the best

practices of advanced firms, specifically regarding the Group's response to the SDGs (sustainable development goals) adopted by the UN General Assembly in 2015, its current ESG investment status, its supply chain management, and its responsibilities as an official partner of the Tokyo Olympic and Paralympic Games. The views obtained through these dialogues provided a renewed awareness of the importance of going beyond Japanese conventions and maintaining a wide, global perspective as a company aiming to become a leading global green company.

### Important Opinions and Suggestions Offered by Our Guest Experts

#### ■ Strengthen Initiatives for Solving Social Issues from an Outside-In Perspective

Initiatives for contributing the 17 goals and 169 targets of the SDGs should not be made in a comprehensive, all-encompassing manner, but by clarifying the areas the Mitsubishi Electric Group can concentrate its strengths in. Rather than focusing on a single goal, a starting point should be defined, from which initiatives can expand toward related goals.

Many companies are attempting to use their responses to the SDGs as business opportunities, rather than regarding them as part of their social contribution. What is important here is to think not from the inside-out perspective of "what can be done along the extension of CSR initiatives taken to date," but from the outside-in perspective of "how the company's abilities and resources can be used to solve issues that exist in society today." Given the great expectations societies have for companies, how a company responds to these expectations has a large influence on its brand power.

The Mitsubishi Electric Group's efforts to disseminate CSR across the company, and particularly its CSR training for new employees immediately upon joining the company, are admirable and well worth continuing.



Board Member, United Nations  
Global Compact  
Representative Director, Global  
Compact Network Japan

Toshio Arima



Chief Researcher, Daiwa Institute of Research Ltd.;  
Co-CEO, Japan Sustainable Investment Forum (JSIF)

## Mariko Kawaguchi

### ■ The SDGs are an Effective Tool for Communication with Society

Having also participated in this dialogue last year, I feel I have witnessed the Mitsubishi Electric Group's underlying power for steady development. This is illustrated, for example, by its being selected among the highest ranking A List Companies in various fields by the international NGO CDP in FY2017. The SDGs are gaining attention throughout the world, and will come to have even greater influence on global businesses. The strategic use of the SDGs is also spreading among ESG investment processes as a tool for measuring a company's long-term value. By regarding the SDGs as a common language shared by businesses, administrations and NGOs/NPOs, and disseminating information about the Group's initiatives for the SDGs, communication with stakeholders is bound to get smoother.

Furthermore, presenting a long-term vision of the future direction of the Group, and the quantitative results of greenhouse gas reductions and other such initiatives, will facilitate greater understanding of the company among investors. I hope that the Group will continue to implement thorough activities and make dedicated efforts to disseminate relevant information.

### ■ It is Important for CSR Activities to Have a Clear Relevance to Business

Through interactions with various levels of employees at Mitsubishi Electric, I have found that the management has a consistent policy, and that an excellent corporate culture exists where the policy is fully reflected in all employees and their activities. At the same time, however, there are areas where the relationship between social/environmental initiatives and business is ambiguous and should be clarified. New initiatives might also emerge by making changes in schemes, such as by setting targets from the CSR perspective and incorporating the results into business evaluations in each department.

In promoting supply chain management, it is important to thoroughly evaluate risks and properly assess which suppliers and items pose what types of risks. It is unrealistic to apply a unified approach to a diverse range of suppliers, so prioritized initiatives are essential. Additionally, with a view to the Tokyo Olympic and Paralympic Games, the Tokyo 2020 Olympic and Paralympic Games Sustainable Sourcing Code has been formulated to set forth CSR requirements for the environment, labor, and human rights. Not only companies that deliver products, but businesses along their supply chain will be required to comply with the code, so it is becoming even more important to promote CSR initiatives with the supply chain.



Director and Head of Business Development  
Lloyd's Register Japan

## Hidemi Tomita

### In Response to the Dialogues

As a goal toward fiscal 2021, the year of the company's 100th anniversary, we have set forth a growth target of consolidated net sales of ¥5.0 trillion or more and an operating income ratio of 8% or more. As mentioned in the President's message, this target corresponds to the pure stats of a person—their height, weight, and so on—while CSR initiatives represent that person's character. Thus, CSR initiatives are another extremely important indicator for measuring corporate value. We will strive to grow comprehensively—in terms of both statistics and character—to strengthen our management foundation. We have once again received various opinions and proposals through dialogues with experts. Each theme discussed will be shared with the relevant departments and incorporated into our activities, which will also include a review of the CSR materialities and initiatives we have set forth. We will also focus on disseminating relevant information on a global scale in cooperation with our affiliates in Japan and overseas, in reference to international standards for CSR. Thank you very much for offering your input and insights today.



Senior Vice President (In charge of CSR)  
Mitsubishi Electric Corporation

## Nobuyuki Okuma