

# President's Message

## Aiming to Become a Global, Leading Green Company

## Working as a Group to Contribute Toward Realizing a Sustainable Society.

### To Become a Company That Society Needs

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Companies that thrive for years are those companies that society regards as necessary. Financial matters are not the only factor important toward a company continuing to be seen as needed; its efforts in terms of corporate social responsibility (CSR) are also extremely important.

One of the objectives that the Mitsubishi Electric Group seeks to achieve by fiscal 2021 just ahead of the company's centennial is "net sales of ¥5.0 trillion or more and an operating income ratio of 8% or more." If figures such as these may be likened to a company's "height and weight," then its CSR objectives correspond to its character. For a company to achieve a new, higher level of growth requires that this growth be steadily accomplished both in its "height and weight" as well as in its "character."

At the foundation of all our corporate activities is Mitsubishi Electric Group's corporate philosophy of working to improve our technologies, services, and manufacturing abilities, and in so doing contribute toward realizing a society that is vital and comfortable. To give this corporate philosophy more concrete expression, we set down four materialities in the area of CSR and in fiscal 2017 began efforts that would shift them into full swing.

### Progress in CSR Materialities Initiatives

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The first two materialities are, respectively, "Realize a sustainable society" and "Provide safety, security, and comfort." Our objective is to become a global leading green company that fulfills these two objectives and through this helps toward realizing an affluent society. As such, we are contributing toward efforts to resolve present-day problems related to the environment as well as resources and energy issues through our global-level approaches to products, systems, and services. In fiscal 2017, CDP—an international nongovernmental organization—gave us its highest score of "A-list company" in its assessments in the categories of "Climate Change," "Water," and "Supply Chain." We believe these results were due not simply to our work to reduce the Company's environmental load, but also for efforts that have served to make people's lives more safe, secure, and comfortable. With pride in this evaluation we are now working steadily toward fulfilling our Environmental Vision 2021, whose target year of 2021 corresponds to the centennial of our founding.

The third materiality is "Respect human rights and promote the active participation of diverse human resources." The Mitsubishi Electric Group as a matter of course engages in behavior with respect for human rights, and does not discriminate with regard to nationality, race, religion, or gender. Additionally, the Group strives to enable a diverse workforce to demonstrate its capabilities by encouraging women's participation, nurturing talent globally, supporting varied ways for senior citizens to work, and promoting the hiring of people with disabilities. Quite sad to say, in the past industrial accidents have occurred at the Group due to long working hours. So that this situation may not arise again, the entire Group is striving to reform our styles of working by making efforts to reduce total working hours and manage them appropriately while also creating workplaces that allow for employees to balance their jobs and private lives and where they can maintain their health while thriving at work.

The fourth materiality is "Strengthen corporate governance and compliance on a continuous basis." In the area of corporate

governance in order to further improve our capacity to monitor management we have established venues for supplying information to and exchanging views with outside directors and reviewing the Board of Directors on an ongoing basis. Through these steps, we expect to further improve the functioning of the Board. Additionally, in fiscal 2017 we added an outside director who is a woman and thus bring more diverse perspectives into management, all done with the goal of creating a management structure with a sound ability to monitor itself. Compliance initiatives are fundamental to a company's continued existence, and they needed to be addressed on an ongoing basis. Our objective is to contribute to society, and the sales and profits we achieve will come along with this as a result. So that our objectives not be misunderstood, it is crucial that all of our employees are fully aware of why it is that they are engaged in their business activities and behave accordingly.

### Innovation that Contributes to Resolving Social Issues

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As a global company, we must also increase our sensitivity in our international endeavors such as with respect to the Sustainable Development Goals (SDGs\*) adopted by the United Nations General Assembly in 2015. The Mitsubishi Electric Group has begun to study how it can contribute toward achieving the objectives of the 17 SDGs.

Economic rationality is indispensable to a company's quest to contribute toward resolving social issues through its business, and this in turn requires innovation. The important point here is for the Group to have an impact on solving social issues through innovation of the sort expected of it. For example, originally DC power generated through renewable energy would be distributed after converting AC power which be able to change the voltage easily. However in case of distributing power to equipment which needs DC power (for example, like those in data center), converted AC power requires changing it back into DC power. This in turn results in a power loss at the time of conversion. To address this, our Power Distribution Systems Center has been doing research aimed at commercializing a mechanism for supplying DC power with no need for conversion to AC power. We believe that if this can be put to practical use, it will enable full use of renewable energy and could have a major impact on that field and the field of energy conservation. The Mitsubishi Electric Group has a patent resource base that is among the best in Japan; the diverse range of its intellectual properties is one of the Group's strengths. We believe that developing synergies among our businesses and combining these resources precisely can be linked to generating breakthrough innovations and creating new value.

All of our laboratories are likewise working to find ways to improve collaboration among themselves. The through lines for research and development can be seen in the words indicative of the issues that society wishes to see solved: "internet of things," "smart mobility," "comfortable spaces," and "secure and safe infrastructure." We have revised the structure once in place that saw each laboratory responsible for a specific area, with these four research themes now transecting all research being undertaken. The Small World Project that the Center of Future Innovation at our Industrial Design Center is leading can be seen as a prime example of a contribution we are making toward the world of the future. This project has brought together designers normally are involved with different fields of business to participate in an initiative to assist people in developing countries in their daily lives.

For example, in Indonesia an idea for refrigerators that can be carried on motorcycles that would help improve the income of people who make a living selling fish by delivery by allowing them to distribute fresh food has just entered the stage at which it can be implemented. In ways such as this, we continue working to decipher latent needs in society and engage in future-oriented research and development.

\* The Sustainable Development Goals (SDGs) comprise a set of targets adopted by the U.N. General Assembly in 2015 as part of an action plan to be accomplished by 2030 that would end poverty, protect the planet, and ensure prosperity for all.

## "Changes for the Better": Through Continuous Innovation, We Develop New Frontiers

In recent years, the Mitsubishi Electric Group has seen changes among the stakeholders gathered around the Company. We can palpably sense that their interest in not only the financial affairs that our "height and weight" but also in our "character" is rising. To get them to think of the Mitsubishi Electric Group as a company that society needs, it is important for them to understand both our corporate philosophy and our "character." Accordingly, we want to engage all the more proactively than ever in communicating with our stakeholders.

In February 2016, we signed a sponsorship program contract for the 2020 Tokyo Olympic and Paralympic Games. As an Official Partner in the "Elevator, escalator, and moving walkways category," the Group will contribute toward making Olympic-related facilities and adjacent infrastructure barrier free. We will also be engaged in activities at creating a better society, such as kicking off the Mitsubishi Electric Going Up Campaign—a project aimed at improving understanding at what an inclusive society is through various sports such as wheelchair basketball.

Our ongoing goal through all this is to contribute toward realizing a society that is vital and comfortable as set down in our corporate philosophy. It is extremely important that each and every one of the 140,000 or so people who work for the Group put our corporate philosophy into practice. To encourage shared understand of and vision for our Group, in fiscal 2017 we created a variety of audiovisual materials for employees. The videos are in multiple languages, including Japanese, English, Chinese, Spanish, and Thai, among others, so that employees around the world can understand them, and we have begun distributing them to Group companies everywhere. I have made "develop new frontiers through continuous innovation" my motto. A society's needs may change with the times, but our company can keep that society's trust if all of our employees are constantly pursuing new challenges with an awareness of what they can and should do toward realizing a society that is vital and comfortable. That won't change in 2020, and it won't change in the years beyond that. In keeping with the sentiment of our Corporate Statement of "Changes for the better," we will continue with our aim to become a global, leading green company with the Group united in its effort to contribute toward realizing an affluent society.



M. Sakuyama

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