

G: Governance

Corporate Governance

Basic Corporate Governance Policy

To realize sustained growth and increase corporate value, the Mitsubishi Electric Group works to maintain the flexibility of its operations while promoting management transparency. These endeavors are supported by an efficient corporate governance structure that clearly defines and reinforces the supervisory functions of management while ensuring that the Company is responsive to the expectations of customers, shareholders, and all of its stakeholders.

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Corporate Management and Governance Structure

Corporate Management Structure

In June 2003, Mitsubishi Electric became a company with a committee system. Key to this structure is the separation of 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.

The present Board is comprised of twelve members (five of whom are Outside Directors, one of whom is a woman), who objectively supervise and advise the Company's management. The Board of Directors has three internal bodies: the Audit, Nomination and Compensation committees. Each body has five members, the majority of whom are outside directors. The Audit Committee is supported by dedicated independent staff.

A salient characteristic of Mitsubishi Electric's management structure is that the roles of Chairman of the Board, who heads the supervisory function, and the President & CEO, who is head of all executive officers, are clearly separated. Additionally, neither is included among the members of the Nomination and

Compensation Committees. The clear division of supervisory and executive functions allows the Company to ensure effective corporate governance.

Internal Control System

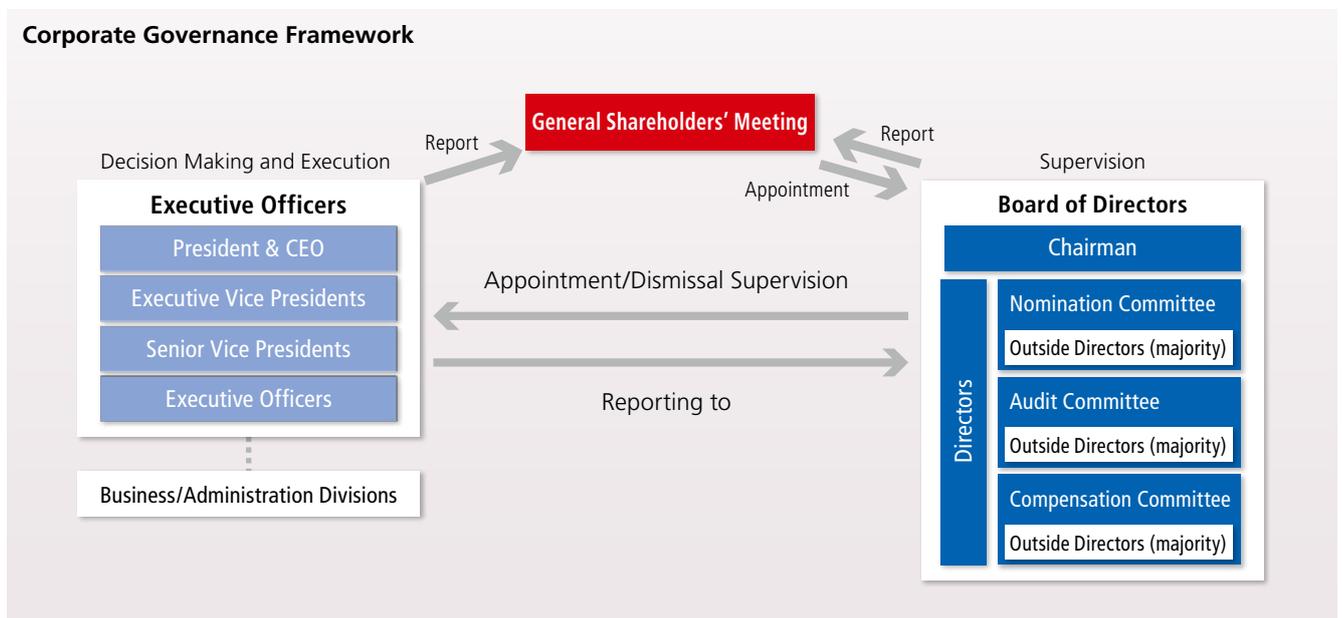
(A) For proper execution of duties by the Audit Committee, the committee's independence is ensured such as by assigning dedicated employees to assist in its duties, and the expenses and responsibilities incurred by the committee in the course of executing its duties are appropriately processed according to internal regulations.

A framework is also in place for reporting to the Audit Committee. The Internal Control Department keeps the Audit Committee informed of information about Mitsubishi Electric and affiliate companies, and an internal reporting system is used to report that information to audit committee members.

Audit committee members attend executive officers' meetings and other such important conferences, and conduct hearings and surveys of executive officers and the executive staff of Mitsubishi Electric offices and affiliated companies. It also receives regular reports from the accounting auditor and executive officer in charge of auditing, and discusses auditing policies and methods and the implementation status and results of audits.

(B) Internal regulations and system are in place to ensure proper operations by the Mitsubishi Electric Group. Within this system, executive officers undertake their duties on their own responsibility and hold executive officers' meetings to deliberate on important matters.

Executive officers themselves make periodic inspections of the operational status of the system, and the Internal Control Department inspects the design and operation of the internal



control framework and regulations, and the status of internal reporting system and then report the result to audit committee members.

Furthermore, an internal auditor audits the operational status of the framework, and through an executive officer in charge of auditing, regularly reports the results of such audits to the Audit Committee.

Corporate Auditing Division and Audit Committee

Acting independently, Mitsubishi Electric's Corporate Auditing Division conducts internal audits of the Company from a fair and impartial standpoint. In addition, the division's activities are supported by auditors with profound knowledge of their particular fields, assigned from certain business units.

The Audit Committee is made up of five directors, three of whom are outside directors. In accordance with the policies and assignments agreed to by the committee, the performances of directors and executive officers as well as affiliated companies are audited.

The Corporate Auditing Division, through the executive officer in charge of auditing, submits reports to the Audit Committee, which holds periodic meetings to exchange information and discuss auditing policies. In addition, the Audit Committee discusses policies and methods of auditing with accounting auditors, who furnish it with reports on the status and results of the audits of the Company that they themselves conduct.

Providing Directors with Appropriate Information at the Appropriate Time, and Conducting Reviews of the Board with Analyses and Evaluations

To strengthen the Board's capacity to supervise Company's management, the bureaus of the Board of Directors and each committee provide the directors with the information necessary for supervising management, in a timely and appropriate manner. And, to further improve the Board of Directors' capacity to supervise management, venues have been established for supplying information to and exchanging views with outside directors, and the Company is working to further enhance the provision of management-related information to the Board of Directors itself.

Additionally, in order to further enhance the functioning of the Board of Directors, the Board meetings are reviewed on an annual basis, and analyses and evaluations are conducted in the following areas.

- Frequency, scheduling, and time spent on the meetings
- The information supplied in relation to discussions at the meetings (quality and quantity) and the method of its provision
- Materials, details and methods of explanation, question-and-answer guidelines, time apportioned for each proposal on the meetings
- Other mechanisms for improving the functioning of the Board of Directors.
- Points for improvement of policies based on previous reviews of the Board of Directors, etc.

As a result of the recent review, the Board of Directors was evaluated for making ongoing improvements in response to the results of previous reviews and engaging in discussions in an even more active and open manner compared to before, based on the understanding that sharing timely and appropriate management information with executive officers is essential for the Board to properly fulfill its business supervisory function. This evaluation in effect endorses the performance of the Board of Directors, but further efforts will be made to enhance debates and discussion by the Board, such as by expanding deliberation times.

Policies regarding decisions on compensation, etc.

Compensation scheme for Directors and Executive Officers

Policies regarding decisions on compensation, etc. will be made through resolutions by the Compensation Committee, the majority of which consists of Outside Directors. A summary of the policies is as follows.

Compensation scheme for Directors

1. Directors give advice to and supervise the Company's management from an objective point of view, and therefore, the compensation scheme for Directors is the payment of fixed-amount compensation and the retirement benefit upon resignation.
2. Directors will receive their compensation as a fixed amount, and the compensation to be paid will be set at a level considered reasonable, while taking into account the contents of the Directors' duties and the Company's conditions, etc.
3. Directors will receive the retirement benefit upon their resignation, and the retirement benefit to be paid will be set at a level decided on the basis of the monthly amount of compensation and the number of service years, etc.

Compensation scheme for Executive Officers

1. The compensation scheme for the Executive Officers focuses on incentives for the realization of management policies and the improvement of business performance, and performance-based compensation will be paid in addition to the payment of fixed-amount compensation and the retirement benefit upon resignation.
2. Fixed-amount compensation will be set at a level considered reasonable taking into account the contents of the Executive Officers duties and the Company's conditions.
3. The level of performance-based compensation will be decided while taking into account the consolidated business performance and the performance of the business to which the respective Executive Officer is assigned, etc. With the purposes of meshing the interest of shareholders with the Executive Officers and further raising management awareness that places importance on the interest of shareholders, and increasing the incentives for the improvement of business performance from the mid- and long-term perspectives, 50% of performance-based

compensation will be paid in the form of shares. The Company sets a rule that, when the Executive Officers acquire the Company shares as a part of compensation, they are required to continue the shareholding until 1 year has passed from resignation.

4. The amount of the retirement benefit will be decided on the basis of the monthly amount of compensation and the number of service years, etc.

* For the amount of compensation given to directors and executive officers, please refer to our financial statements. (Japanese only)

http://www.MitsubishiElectric.co.jp/ir/data/negotiable_securities/

Outside Directors

Effective Utilization of Outside Directors

The Board of Directors comprises twelve members, five of whom are Outside Directors (one of whom is a woman), who objectively supervise and advise the Company's management (composition ratio of outside directors: 42%).

Outside Directors receive reports about the activity status of internal auditors, the audit committee, accounting auditors, and internal control departments via the Board of Directors, and provide their impartial views regarding Mitsubishi Electric's management from an objective perspective. By doing so, they bring greater transparency to the management framework and strengthen the Board's function of supervising management.

Criteria for Judgment of the Independence of Independent Outside Directors

Outside Directors are expected to supervise management from a high-level perspective based on their abundant experience. Those who are comprehensively judged to possess the character, acumen, and business and professional experience suited to fulfill that role, and who satisfy the requirements of independent executives specified by the Tokyo Stock Exchange and the requirements specified in Mitsubishi Electric's Guidelines on the Independence of Outside Directors (see note at right) and thus possess no risk of

giving rise to any conflict of interest with the general shareholders of the company, are selected as outside director candidates by the Nominating Committee.

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. Note that each of the following 1), 2), 4) and 5) includes a case in any fiscal year during the past three fiscal years.

1. Persons who serve as Executive Directors, Executive Officers, managers or other employees (hereinafter "business executors") 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
2. Persons who serve as business executors at a company to which the Company has borrowings that exceed 2% of the consolidated total assets
3. Persons who are related parties of the Company's independent auditor
4. Persons who receive more than ¥10 million of compensation from the Company as specialists or consultants
5. 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
6. Persons who are the Company's major shareholders (holding more than 10% of voting rights) or who serve as their business executors
7. Persons who are related parties of a person or company that have material conflict of interest with the Company

Outside Directors (as of June 28, 2018)

Title	Name	Positions Held	Reasons for Nomination	Board Attendance Rate (FY2018)
Outside Director	Mitoji Yabunaka	Member of the Nomination Committee Member of the Compensation Committee	Mr. Yabunaka's experience and insights as an expert in international affairs cultivated through the course of a career are highly beneficial to Mitsubishi Electric. Mitsubishi Electric thus expects him to bring an objective viewpoint to the overseeing of the Company's business operations.	100% (7/7)
Outside Director	Hiroshi Obayashi	Chairman of the Nomination Committee Member of the Audit Committee	Mr. Obayashi's experience and insights cultivated through the course of a career as a lawyer (public prosecutor, attorney-at-law) are highly beneficial to Mitsubishi Electric. Mitsubishi Electric thus expects him to bring an objective viewpoint to the overseeing of the Company's business operations.	100% (7/7)
Outside Director	Kazunori Watanabe	Member of the Audit Committee Member of the Compensation Committee	Mr. Watanabe's experience and insights as a certified public accountant cultivated over the course of his career are highly beneficial to Mitsubishi Electric. Mitsubishi Electric thus expects him to bring an objective viewpoint to the overseeing of the Company's business operations.	100% (7/7)
Outside Director	Katsunori Nagayasu	Member of the Nomination Committee Member of the Audit Committee	Mr. Nagayasu's experience and insights as a business specialist cultivated over the course of his career in bank management are highly beneficial to Mitsubishi Electric. Mitsubishi Electric thus expects him to bring an objective viewpoint to the overseeing of the Company's business operations.	86% (6/7)
Outside Director	Hiroko Koide	Member of the Nomination Committee Member of the Compensation Committee	Ms. Koide's experience and insights as a business specialist cultivated over the course of her career in international corporate management are highly beneficial to Mitsubishi Electric. Mitsubishi Electric thus expects her to bring an objective viewpoint to the overseeing of the Company's business operations.	100% (7/7)

Mitsubishi Electric Corporation held seven Board of Directors meetings during the fiscal year.

Compliance

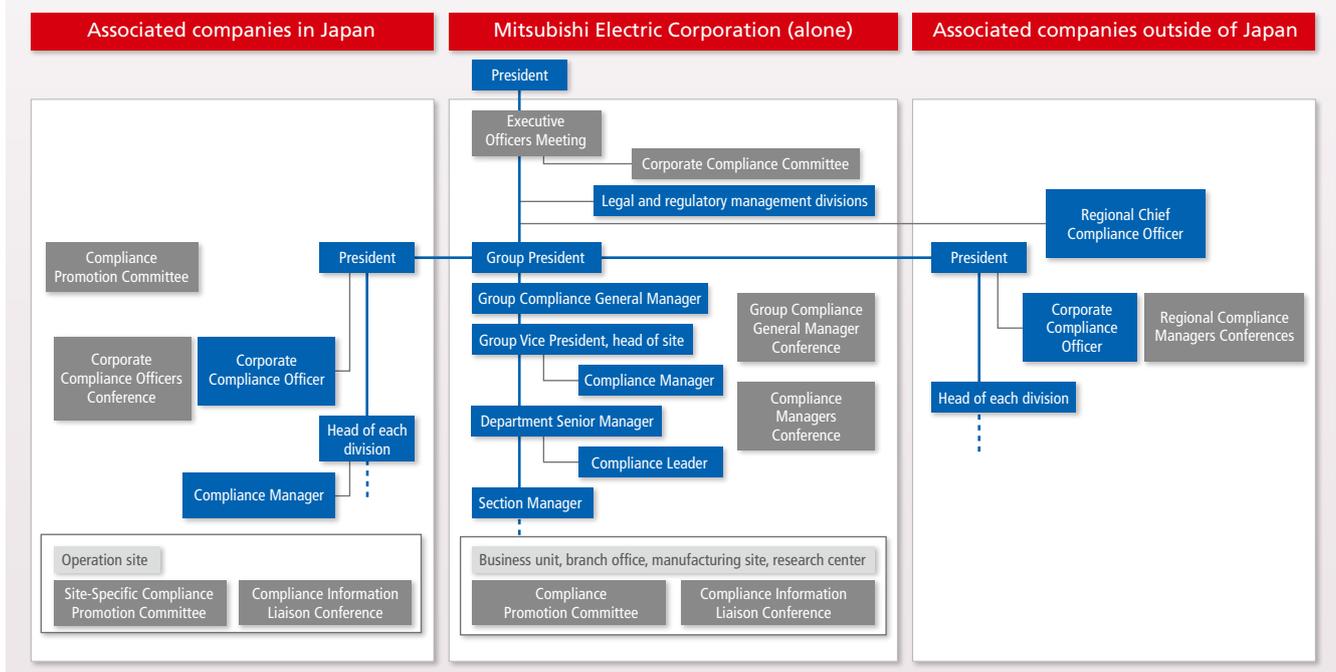
Our Concept of Compliance

With the Mitsubishi Electric Group Corporate Ethics and Compliance Statement formulated in 2001 as our basic guideline for compliance, the Mitsubishi Electric Group recognizes the importance of ethics and absolute compliance with legal requirements as a fundamental precondition for the Group's continued existence. Based on this awareness, we are attempting to perfect a compliance system which promotes compliance in the broadest sense, encompassing the perspective of corporate ethics, rather than merely focusing on following the letter of the law. At the same time, we are working to educate our employees in this area.

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 can only be achieved with conduct that would violate applicable laws or business ethics or practices.
Respect for Human Rights	We will conduct ourselves always with a respect for human rights. We will not discriminate based on nationality, race, religion, gender, disability, or any other reason prohibited by applicable laws nor will we violate international laws providing protection for individual and human rights or any treaties providing such protection to which the country where any of our companies is located is a party.
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 society as a whole.
Collaboration and Harmonization with the Community	As a good corporate citizen and neighbor, we will support civic and charitable organizations and activities in the communities where we reside or work that in our view contribute to community development.
Consideration of Environmental Issues	As part of our goal to achieve a recycling-oriented society, we will 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 we will use company resources—including money, time, and information—for legitimate business purposes. We will use company computers and various networks and online services, including e-mail and Internet access, primarily for company business.

Mitsubishi Electric Group compliance promotion structures



Risk management

Basic policy

The Mitsubishi Electric Group engages in the development, manufacture and sale of a broad range of products in diverse sectors, including the Energy & Electric Systems, Industrial Automation Systems, Information & Communication Systems, Electronic Devices and Home Appliances. Moreover, the Group operates these businesses not only in Japan but overseas, such as in North America, Europe and Asia.

To respond to the expectations of all stakeholders beginning with society, customers and shareholders, and to realize sustainable growth, the Group has a framework in place for managing business-related risks in an appropriate manner.

The framework provides proper responses to risks depending on their type, size and impact. For example, by incorporating risk

management into business activities, risks are managed according to the size and characteristics of each business, and important risks that cover the entire Group are mainly managed by corporate departments.

