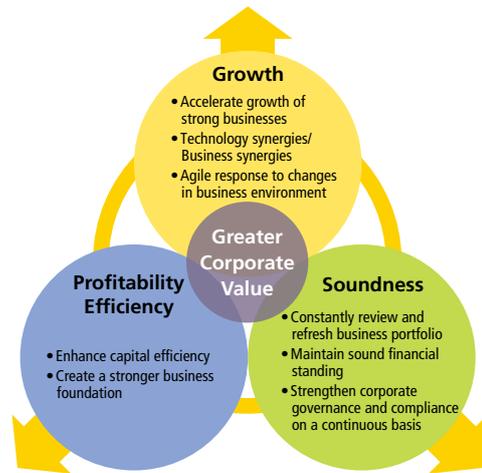


Management Philosophy and Policy

The Mitsubishi Electric Group has positioned corporate social responsibility (CSR) as a pillar of its corporate management, based on its Corporate Mission and Seven Guiding Principles. Accordingly, the Group has made committed efforts to become a corporation whose efforts are appreciated through its initiatives toward solving social issues. Or in other words, a corporation that is trusted by its stakeholders, including its society, customers, shareholders, and employees as a whole, and that earns their satisfaction through its business practices.

The Group has taken on the challenge of resolving environmental issues, resource and energy issues, and other social issues all of us face today on a global scale through its products, systems and services. In doing so, it aims to be recognized as a "Global, Leading Green Company" contributing to the realization of a prosperous society that simultaneously achieves "sustainability" and "safety, security and comfort." In these ways, the Mitsubishi Electric Group pursues the sustainable development of the entire Group.



Corporate Mission

The Mitsubishi Electric Group will continually improve its technologies and services by applying creativity to all aspects of its business. By doing so, we enhance the quality of life in our society.

Embodiment of the Corporate Mission

"Global, Leading Green Company"  
Contribute to the realization of a prosperous society that simultaneously achieves "sustainability" and "safety, security and comfort"

Growth Targets to be Achieved by FY2021  
**Net Sales 5 trillion JPY or more**  
**OPM 8% or more**

Initiatives to Create Value

Provide Products, Systems, and Services Globally

Make Strong Businesses Stronger

Technology Synergies/ Business Synergies

Contemporary Challenges in Society

Environmental issues

Resource/ Energy issues

Management Targets

Toward "High-Quality" Growth

In line with its efforts to achieve a higher level of growth, the Mitsubishi Electric Group has revised its growth targets for fiscal 2021 to consolidated net sales of ¥5.0 trillion or more, and an operating income ratio of 8% or more. The Group will also work to continuously and stably achieve the following management targets: secure an ROE of 10% or more, and secure an interest-bearing debt ratio of 15% or less of total assets.

In fiscal 2018, the Mitsubishi Electric Group achieved consolidated net sales of ¥4,431.1 billion and operating income of ¥318.6 billion, achieving record highs for both. In addition, the Group continued to achieve its management targets for ROE of 10% or more and an interest-bearing debt of 15% or less of total assets, recording figures of 12.6% and 7.3%, respectively, as of March 31, 2018.

Growth Targets to be Achieved by FY2021

Net sales	Operating income ratio
<b>¥5.0</b> trillion or more	<b>8%</b> or more

Management Targets to be Continuously and Stably Achieved

ROE	Ratio of interest-bearing debt to total assets
<b>10%</b> or more	<b>15%</b> or less

To ensure its corporate growth is sustainable, since fiscal 2002 the Group has adhered to the management policy of maintaining Balanced Corporate Management based on three perspectives: growth, profitability and efficiency, and soundness. Through these perspectives it has striven to secure greater corporate value.

The Group is also committed to continuously enhancing its corporate governance and compliance systems.

Bolstering Growth Strategies

The Mitsubishi Electric Group's distinctive strengths lie in the following three areas: 1) A wide range of technological assets such as controls and power electronics; 2) Activities in diverse businesses with different business features; and 3) "Kaizen" (improvement) culture taking root in every field, including production, quality management, sales, services, etc.

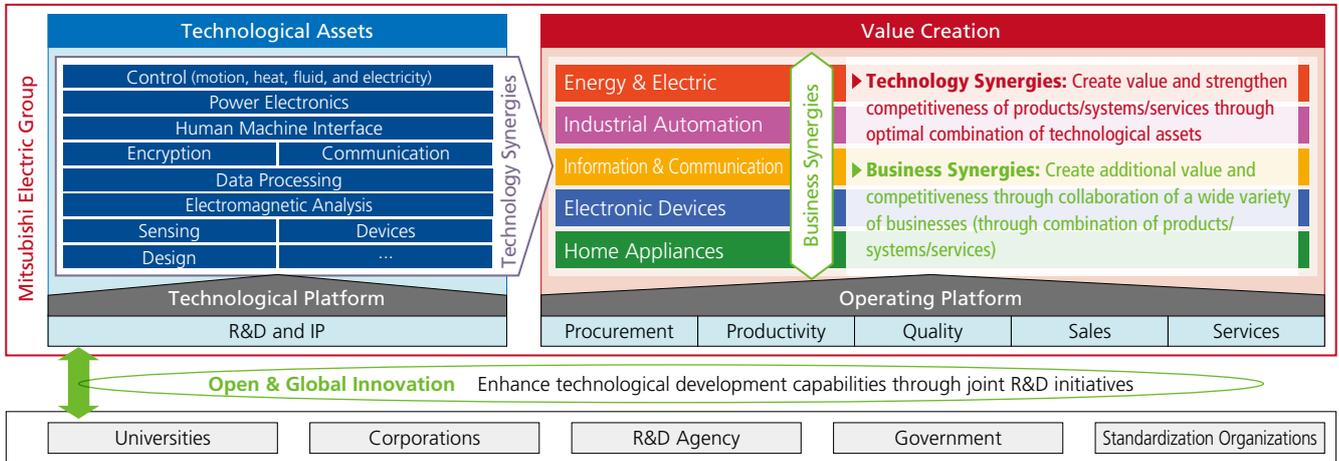
Fully utilizing these strengths, the Group is striving to make strong businesses stronger while taking advantage of technology synergies and business synergies. Having positioned these pursuits as the core of its growth strategies, the Mitsubishi Electric Group will thus endeavor to achieve its fiscal 2021 growth targets and secure sustained business expansion thereafter.

**Growth Strategy  
(Initiatives for value creation)**

**Make Strong Businesses Stronger:** Promote investments and improvements to further strengthen growth drivers  
**Technology Synergies and Business Synergies:** Pursue value creation and competitiveness by leveraging our strengths

**Strength of the  
Mitsubishi Electric Group**

- A wide range of technological assets such as controls and power electronics
- Activities in diverse businesses with different business features
- “Kaizen” (improvement) culture taking root in every field, including production, quality management, sales, services, etc.



**Make Strong Businesses Stronger**

Currently, the Group has identified eight businesses—Power Systems, Transportation Systems, Building Systems, Factory Automation (FA) Systems, Automotive Equipment, Space Systems, Power Devices, and Air-Conditioning & Refrigeration Systems—as growth drivers. In addition to these businesses being prioritized for the allocation of management resources, ongoing initiatives are under way to improve these operations and enhance their strengths. Focusing on these businesses, the Group will thus expand its operations into markets worldwide, ranging from Japan, North America, Europe, and China to newly emerging markets, including those elsewhere in Asia. By satisfying the needs of each market, the Group will continue to provide and create value for its customers, and thereby secure sustainable growth going forward.

**Technology Synergies and Business Synergies**

Fully employing its strengths, the Mitsubishi Electric Group will pursue the coordination of diverse technologies and businesses to create additional value and secure greater competitiveness.

Specifically, the Group seeks to improve the performance and reliability of every product and system it offers by creating technology synergies through optimal combinations of its strong technological assets, which encompass a wide range of technological fields, as well as business synergies through the coordination of its diverse business activities. At the same time, the Group will improve its ability to respond to its customers’ business challenges and needs by further accelerating the strategic combination of its technologies, products, systems, and services. Through these efforts, the Group will secure greater reputation with its customers in existing markets while developing new businesses and markets.

While executing its growth strategies, the Mitsubishi Electric Group will continue to allocate a high volume of investment resources, including research and development and capital, while actively pursuing collaborative ties and M&As to boost corporate growth for the Group with the following three perspectives in mind: Supplement missing parts (products/ technology) essential for business expansion; Secure distribution-/ service-network

(supply chain) in entering new regions/ markets; and Acquire talent in order to strengthen business execution capabilities. By doing so, the Group will maximize its investment outcome.

At the same time, the Group will review and refresh its business portfolio to reallocate its management resources to areas that show growth. Moreover, the Group will strengthen this portfolio by continuously creating new strong businesses capable of driving future growth.

**Building Robust Management Foundation**

To strengthen its management foundation, the Mitsubishi Electric Group continuously strives to improve its capital efficiency. As a part of initiatives to this end, the Group continues to expand net sales and reduce costs while engaging in activities with the aim of improving inventory turnover, trade receivables turnover, and Just in Time operations. In addition to implementing these efforts in an exhaustive manner, in fiscal 2016 the Group began utilizing an internal performance indicator, ROIC (Mitsubishi Electric version) to monitor asset efficiency by business segment, thereby improving the ROE of all Group operations.

Looking ahead, the Mitsubishi Electric Group will continue to focus on generating stable cash flows while maintaining a well-balanced approach in securing funds for executing strategic growth investment and enhancing shareholder returns in step with profit growth. In these ways, the Group will diligently work to increase corporate value.

**Striving for Continuous Innovation**

The Mitsubishi Electric Group will steadfastly carry out its management policies guided by a commitment to Balanced Corporate Management, while putting into practice the concept behind its overarching corporate statement: Changes for the Better. Each and every employee will share the common goal of “Always improving” and “Always delivering new value,” and the Mitsubishi Electric Group—by continuing to undergo transformation itself—will mature into a corporation that is always producing something better.