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 actions are rated highly through its initiatives toward solving social challenges. In other words, we aim to become a corporation that is trusted by its stakeholders, including society, customers, shareholders, and employees, and that earns their satisfaction through its business practices.

The Group has taken on the challenge of resolving diversifying social challenges including environmental issues and resource and energy issues through its products, systems and services. In doing so, it promotes initiatives to create values, such as simultaneous achievement of “sustainability,” and “safety, security, and comfort.” In these ways, the Mitsubishi Electric Group pursues the sustainable growth of the entire Group.

*Business foundation fostered over the past 100 years: connection with customers, technologies, personnel, products, corporate culture, etc.

*QOL: Quality of Life

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.
Mitsubishi Electric Group will contribute to meeting the SDGs’ globally shared 17 goals by continuing to pursue sustainable growth through all corporate activities, including value creation to solve social challenges.
Corporate Strategy

**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 FY 2021 to consolidated revenue of ¥5 trillion or more, and an operating profit ratio of 8% or more. The Group will work to continuously and stably achieve the following management targets: secure an ROE of 10% or more, and secure a ratio of bonds and borrowings to total assets of 15% or less.

In fiscal 2019, the Mitsubishi Electric Group achieved consolidated revenue of ¥4,519.9 billion and operating profit ratio of 6.4%, achieving record highs for consolidated revenue. In addition, the Group achieved ROE of 9.7% and a ratio of bonds and borrowings to total assets of 6.9% as of March 31, 2019.

As slowdown in economic growth makes the business environment ever more harsh, in FY2020, the Group will keep an eye on outcomes of past investments as well as on the progress of profitability improvements, and continue with initiatives to achieve Growth Targets for FY2021 and sustain growth into the future.

**Sustainable Growth through Providing Solutions to Social Challenges**

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 that has taken root in every field, including production, quality management, sales, services, etc.

Fully utilizing these strengths, the Group has positioned the creation of value toward providing solutions to challenges as the core of its growth strategies by taking full advantage of Technology Synergies and Business Synergies, etc., in the four fields with many social challenges.

Meanwhile, by pursuing sustainable growth of the Group through all its corporate activities including initiatives to create value, the Group will also contribute to achieving the SDGs, common global goals.

The Four Fields

Having defined a social challenge category to which the Mitsubishi Electric Group can contribute solutions by providing its products, systems, and services as a “Field,” we will promote initiatives for value creation in the following four fields where there are many social challenges: “Life” focusing on the daily lives of people, “Industry” enabling creation of things necessary for life, “Infrastructure” providing the foundation for society, and “Mobility” connecting all of the fields above-mentioned. By identifying the challenges and needs of society or each customer and continuing to pursue their satisfaction through proposing and implementing solutions, the Group will secure sustainable growth going forward.

**Technology Synergies and Business Synergies**

In promoting value creation, the Group will continue to strive to strengthen the business foundation (connection with customers, technologies, personnel, products, corporate culture, etc.) through operational improvement and transformation in every site and further unite all the capabilities, from R&D to sales and service, inside and outside of the Group, and thereby create 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 collaboration of its diverse business activities.

Furthermore, the Group will strive to improve customer satisfaction and competitive advantages by always checking business models, as well as reviewing and transforming models to the better from a viewpoint of whether the Group is aware of changes in the business environment, sufficiently meeting challenges and the needs of customers, and fully leveraging its advantages.

**Achieving Balance between “Growth,” “Profitability/Efficiency,” and “Soundness”**

For ensuring its sustainable growth, the Mitsubishi Electric Group will continue to allocate 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 and services/technology) essential for business expansion; Secure distribution-/service-network (supply chain) when entering new regions/markets; and Acquire talent in order to strengthen business execution capabilities. By doing this, the Group will maximize the outcome of its investment. 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 businesses capable of driving future growth.

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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.

Fully leverage our strength through all forms of collaboration inside and outside of the Group

To strengthen its business structure, the Mitsubishi Electric Group continuously strives to improve its capital efficiency through management with awareness of capital procurement cost. As a part of initiatives to this end, the Group continues to expand revenue 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.

Building Robust Business Structure

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.