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.

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 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 a “sustainable society,” and “safety, security, and comfort.” In these ways, the Mitsubishi Electric Group pursues the sustainable growth of the entire Group.
The Mitsubishi Electric Group will provide integrated solutions to address diversifying social challenges, in the four fields of Life, Industry, Infrastructure and Mobility, uniting all the capabilities inside and outside of the Group. For this purpose, we will enhance our business foundation fostered over the past 100 years* and further transform business models.

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

Based on its strategy, Mitsubishi Electric Group will pursue value creation for addressing social challenges, and contribute to achieving the 17 goals of the SDGs*, through all corporate activities.

*SDGs: “Sustainable Development Goals” adopted by the United Nations as goals to achieve towards 2030

Further promote initiatives to create value, such as simultaneous achievement of “sustainable society," and “safety, security, and comfort.”
Corporate Strategy

Enhancing Our Business Foundation

The Mitsubishi Electric Group will aim to increase profitability in the main eight businesses: power systems, transportation systems, building systems, factory automation systems, automotive equipment, space systems, power devices and air conditioning & refrigeration systems with committed basic measures such as reflecting market needs and strengthening technological development. We will promote research and development in the four fields of Life, Industry, Infrastructure and Mobility in a balanced way in the short, medium and long term, while strengthening the development of our proprietary compact artificial intelligence (AI) technology, “Maisart,” and 5G-related technologies. In addition, we will continue to proactively work on IP activities. Mitsubishi Electric has been within the world’s top ten for six years in a row since 2014 and the top Japanese company for five years in a row* in terms of the number of applications for international patents.

Transforming Business Models

The Mitsubishi Electric Group will accelerate the creation and development of new business models and new businesses including renewal and maintenance business, data-based business and platform business by concentrating all its capabilities inside and outside of the Group and proactively leveraging open innovation and other opportunities.

On April 1, 2020, the Group founded the Business Innovation Group to create new business models beyond the existing framework and to drive and support the creation of new businesses. Furthermore, we will invest about $100 million in startups as part of open innovation and promote corporate venturing activities across the Group. In addition, we will quickly create customer value from various data with our integrated IoT, ClariSence*.

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.

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 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.

Toward High-Quality Growth

In fiscal 2020, the Mitsubishi Electric Group achieved consolidated revenue of 4,462.5 billion yen and operating profit ratio of 5.8%. In addition, the Group achieved ROE of 9.2% and a ratio of bonds and borrowings to total assets of 6.1% as of March 31, 2020. As for fiscal 2021, the earnings briefing dated May 11, 2020 expects a revenue of 4,100 billion yen and operating profit ratio of 2.9% in light of the impact of the COVID-19 pandemic in addition to external factors such as stagnant demand growth and exchange fluctuations, intensification of the competitive environment and insufficient handling of price decreases and other changes in the market environment. These estimations are below the Growth Targets for fiscal 2021 set in fiscal 2015 (revenue of 5 trillion yen or more and operating profit ratio of 8% or more). We believe that it is critical to assess where we have achieved and where we have failed in the initial plan and make use of the analysis results for management going forward.
In order to address diversifying social challenges, we will focus on strengthening our solutions business. We will also revise our business portfolio to improve profitability and effectively utilize management resources, and enhance our business foundation.

### Important measures

1. **Improving profitability of major businesses** by thoroughly implementing basic operations such as capturing market needs and strengthening technological development.

2. **Building and cultivating new business models and new businesses** that will become the pillars of the next generation.

3. **Identify unprofitable and less profitable businesses**, then reallocate resources to high-profit and development businesses.

4. **Pursue the optimal Group management system**, including function review of affiliated companies.

### For New Lifestyles and Work Styles

The Mitsubishi Electric Group expects that the values related to lifestyles, way of working, way of doing business and other aspects of the world will significantly change as measures to prevent the spread of COVID-19 are implemented. We will incorporate these new values into our way of working, reform business operations across the Group, for example by a full-scale application of remote work and online meetings, and establishing new ways of business, such as marketing and transactions in the digital environment, at an early date. In addition, we will devote all of our energy to respond to changing demand and to resolve social challenges through providing integrated solutions.

#### 1. Work Style Transformation

- Promote group wide work style transformation by enforcing remote work and fully leveraging online meeting tools.
- Quickly establish the systems of marketing, commercial transactions, servicing and user response, and document management.

#### 2. Providing Integrated Solutions to Current Social Issues

- Respond to changing demand and address social challenges by uniting all the capabilities inside and outside of the Group.

#### Employee engagement, Information security, and Product and service quality

The Mitsubishi Electric Group will promote the realization of a work environment where everyone can work with vitality; for example, by encouraging workplace culture innovation and flexible and efficient working styles, and by supporting career development through leave programs that accommodate individual life plans. The Group will also promote the strengthening of information security with a comprehensive multi-layer defense system and the building of a thorough quality control system that complies with related laws and required specifications.

#### 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.