Corporate Strategy

November 2020
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Note
FY2016 : April 1, 2016 - March 31, 2017
FY2017 : April 1, 2017 - March 31, 2018
FY2018 : April 1, 2018 - March 31, 2019
FY2019 : April 1, 2019 - March 31, 2020
FY2020 : April 1, 2020 - March 31, 2021
1. Corporate Principle

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.

Seven Guiding Principles

1. **Trust**: Establish relationships with society, customers, shareholders, employees, and business partners based on strong mutual trust and respect.
2. **Quality**: Provide the best products and services with unsurpassed quality.
3. **Technology**: Pioneer new markets by promoting research and development, and fostering technological innovation.
4. **Citizenship**: As a global player, contribute to the development of communities and society as a whole.
5. **Ethics and Compliance**: In all endeavors, conduct ourselves in compliance with applicable laws and high ethical standards.
6. **Environment**: Respect nature, and strive to protect and improve the global environment.
7. **Growth**: Assure fair earnings to build a foundation for future growth.

The Mitsubishi Electric Group positions CSR as the basis of corporate management based on the “Corporate Mission” and “Seven Guiding Principles”
2. Management Policy

— Maintain and evolve Balanced Corporate Management —

**Growth**
- Sustainable growth through providing solutions to social challenges
- Technology Synergies/Business Synergies
- Agile response to changes in business environment

**Profitability Efficiency**
- Enhance capital efficiency
- Increase utilization efficiency of natural resources and energy
- Create a stronger business foundation

**Soundness**
- Constantly review and refresh business portfolio
- Maintain sound financial standing
- Strengthen corporate governance and compliance on a continuous basis

- **Pursue the Satisfaction of the Four Stakeholder Categories**
  - Social Contributions
  - Excellent Products and Services
  - Increase Corporate Value
  - Rewarding Workplace
  - Society
  - Customers
  - Shareholders
  - Employees
3. Strategy

Mitsubishi Electric 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.

Initiatives to Create Value

Transforming business models

Enhance the 100-year business foundation × Strengthen all forms of collaboration = Evolution of Technology Synergies and Business Synergies
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.

Further promote initiatives to create value, such as simultaneous achievement of “sustainable society,” and “safety, security, and comfort.”
## 4. Outlook for FY2020 (Consolidated performance)

### FY2016 FY2017

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Billions of JPY)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>4,238.6</td>
<td>4,431.1</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>270.1</td>
<td>318.6</td>
</tr>
<tr>
<td>(%</td>
<td>6.4%</td>
<td>7.2%</td>
</tr>
<tr>
<td>Profit before income taxes</td>
<td>296.2</td>
<td>364.5</td>
</tr>
<tr>
<td>Net Profit ^2</td>
<td>210.4</td>
<td>271.8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Billions of JPY)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ROE (Return On Equity)</td>
<td>10.9%</td>
<td>12.6%</td>
</tr>
<tr>
<td>Stockholders' Equity</td>
<td>2,039.6</td>
<td>2,259.3</td>
</tr>
<tr>
<td>(%</td>
<td>48.9%</td>
<td>53.0%</td>
</tr>
<tr>
<td>Debt</td>
<td>352.1</td>
<td>311.4</td>
</tr>
<tr>
<td>(%</td>
<td>8.4%</td>
<td>7.3%</td>
</tr>
<tr>
<td>Debt excluding lease liabilities ^3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(%</td>
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</tbody>
</table>

### FY2017 FY2018 FY2019 FY2020

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Actual</th>
<th>Actual</th>
<th>Actual</th>
<th>Forecast (Oct. 2020)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Billions of JPY)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>4,444.4</td>
<td>4,519.9</td>
<td>2,182.5</td>
<td>4,462.5</td>
<td>1,902.0</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>327.4</td>
<td>290.4</td>
<td>114.2</td>
<td>259.6</td>
<td>61.3</td>
</tr>
<tr>
<td>(%</td>
<td>7.4%</td>
<td>6.4%</td>
<td>5.2%</td>
<td>5.8%</td>
<td>3.2%</td>
</tr>
<tr>
<td>Profit before income taxes</td>
<td>353.2</td>
<td>315.9</td>
<td>124.0</td>
<td>281.9</td>
<td>75.6</td>
</tr>
<tr>
<td>Net Profit ^2</td>
<td>255.7</td>
<td>226.6</td>
<td>91.2</td>
<td>221.8</td>
<td>48.2</td>
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<tr>
<td>ROE (Return On Equity)</td>
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<tr>
<td>Stockholders' Equity</td>
<td>2,294.1</td>
<td>2,399.9</td>
<td>2,407.9</td>
<td>2,429.7</td>
<td>2,455.2</td>
</tr>
<tr>
<td>(%</td>
<td>53.3%</td>
<td>55.1%</td>
<td>55.3%</td>
<td>55.1%</td>
<td>56.3%</td>
</tr>
<tr>
<td>Debt</td>
<td>311.9</td>
<td>298.4</td>
<td>389.4</td>
<td>377.0</td>
<td>424.2</td>
</tr>
<tr>
<td>(%</td>
<td>7.2%</td>
<td>6.9%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Debt excluding lease liabilities ^3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FCF (Free Cash Flow)</td>
<td>217.3</td>
<td>62.2</td>
<td>83.7</td>
<td>191.8</td>
<td>149.0</td>
</tr>
<tr>
<td>Dividend (JPY per share)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividend ratio (%)</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

^2: Net Profit represents Net profit attributable to Mitsubishi Electric Corp. stockholders.
^3: Debt ratio is calculated based on "Debt excluding lease liabilities" that represents bonds and borrowings from FY2019 because IFRS 16 Lease has been applied.
## 4. Outlook for FY2020 (Segment Forecast)

<table>
<thead>
<tr>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong> (Billions of JPY)</td>
<td><strong>Revenue</strong> (Billions of JPY)</td>
<td><strong>Revenue</strong> (Billions of JPY)</td>
<td><strong>Revenue</strong> (Billions of JPY)</td>
<td><strong>Revenue</strong> (Billions of JPY)</td>
</tr>
<tr>
<td>Energy &amp; Electric Systems</td>
<td>1,227.9</td>
<td>1,241.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Profit (%)</td>
<td>3.6%</td>
<td>4.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial Automation Systems</td>
<td>1,310.1</td>
<td>1,444.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Profit (%)</td>
<td>10.7%</td>
<td>13.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information &amp; Communication Systems</td>
<td>447.7</td>
<td>436.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Profit (%)</td>
<td>2.8%</td>
<td>2.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electronic Devices</td>
<td>186.5</td>
<td>202.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Profit (%)</td>
<td>4.5%</td>
<td>7.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Home Appliances</td>
<td>1,004.4</td>
<td>1,049.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Profit (%)</td>
<td>6.9%</td>
<td>5.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>713.6</td>
<td>764.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Profit (%)</td>
<td>3.3%</td>
<td>3.1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>4,238.6</td>
<td>4,431.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Profit (%)</td>
<td>6.4%</td>
<td>7.2%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Inter-segment sales are included in the above chart. *1: Mitsubishi Electric adopts International Financial Reporting Standards (IFRS) from FY 2018.
5. Growth Targets for FY2020

Performance in FY2020 is expected to fall short of the FY2020 growth targets set in FY2014, partly due to the impact of COVID-19.

*Debt ratio is calculated based on "Debt excluding lease liabilities" that represents bonds and borrowings from FY2019 because IFRS 16 Leases has been applied.
6. Formulating the Medium-term Management Plan towards 2025

*The Medium-term Management Plan will be announced in FY2021*

【Principles】
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.
7. Trends in Capital Allocation

In the past years, we have been investing aggressively toward the FY2020 growth targets. Under the new medium-term management plan, we will steadily reap the results of these investments, and will seek to further improve profitability through such means as strengthening the solutions business.

R&D
Well-balanced short, medium, and long-term R&D investment

Collaboration and M&A

2015 Took stake in MEDCOM Sp. Z.o.o. (EES)
Acquired 100% stake in DeLclima S.p.A. (HA)
2016 Established Dynamic Map Platform Co., Ltd. (ICS)
2017 Established Sapcorda Services GmbH (ICS)
2018 Established a distribution J/V with Ingersoll Rand (HA)
2019 Acquired ICONICS, Inc. (IAS) and others
2020 Acquired buildings and land from SHARP Fukuyama Semiconductor Co., Ltd (ED), Decided to end TFT-LCD modules business (ED), and others
Supplementation of missing parts essential to strengthen the business, securement of distribution and service networks in new markets, and acquisition of talent

Capital investment
Flexible capital investment mainly in growth drivers

Shareholder returns
Basic policy in place to stably pay dividends in line with profit growth with buyback as a measure to supplement dividends for further shareholder returns. Efforts made to comprehensively increase shareholder interest


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8. Enhancement of Business Foundation
– Business Group –

**Energy & Electric Systems**
- **Power Systems**
  - Power generation systems, Substation systems,
  - Transmission & distribution ICT systems,
  - Power distribution systems, etc.
- **Transportation Systems**
  - Inverters, main motors,
  - Train radio system,
  - air conditioning systems for railcars,
  - Train Vision, Train control and management systems,
  - Railcar operation management systems,
  - Signaling systems, etc.
- **Building Systems**
  - Elevators, Escalators,
  - Building management systems, etc.
- **Public Systems**
  - Water treatment systems,
  - Disaster prevention systems,
  - Optical, wireless communications systems, etc.
- **Video Monitoring Systems**
  - Network camera, Video analysis systems

**Industrial Automation Systems**
- **Factory Automation (FA) Systems**
  - PLCs, AC servomotors,
  - CNCs, Industrial robots, Laser processing machines, etc.
- **Automotive Equipment**
  - Engine electrical components,
  - Engine controller, EPS motor and controller,
  - Car multimedia, Electric powertrain systems,
  - Preventive safety / Autonomous driving related products, etc.

**Information & Communication Systems**
- **Space Systems**
  - Satellites, Ground systems for satellite control,
  - Satellite communication system etc.
- **Defense Systems**
  - Radar equipment, Antennas, etc.
- **IT Solution**
  - Network security for financial industry, etc.

**Electronic Devices**
- **Power Devices**
  - SiC modules, IGBT modules, etc.
- **High Frequency and Optical Devices**
  - High frequency devices (GaN and GaAs), Optical devices, etc.

**Home Appliances**
- **Air-Conditioning & Refrigeration Systems**
  - Room and package air conditioners,
  - Multiple AC units for buildings, Lossnay ventilation systems, Chillers, etc.
- **Housing Equipment**
  - Ventilation, ATW, Lighting, Circulating fan with Health Air® function,
  - Smart appliances, etc.
- **Kitchen and Other Household Appliances**

Photograph provided by Central Japan Railway Company

EPS: Electric Power Steering, SiC: Silicon Carbide, IGBT: Insulated Gate Bipolar Transistor, GaN: Gallium Nitride, GaAs: Gallium Arsenide,
8. Enhancement of Business Foundation
– Initiatives of Major Businesses (1) –

**Power Systems Business**
Provide products, systems and services which contribute to stable utilization of electricity and efficient business management for clients

- Respond to needs to use energy effectively and stabilize power systems, which have increased with the expansion of renewable energy and distributed energy resources
- Offer solutions for utilizing distributed energy resources in cooperation with the electricity market
- Expand advanced facility operation/maintenance service business targeting aging products, with the use of digital technology

**Building Systems Business**
Provide total support from new installation to maintenance, and renewal, through highly safe and reliable products as well as high field engineering capabilities

- Add new value to buildings by offering elevators equipped with new functions that link elevators with people, building and the city
- Contribute to reducing the workloads of building-management personnel through building operation support services incorporating remote energy control and connecting in-building mobile robots and various facilities within the building
- Provide safety and reliability based on a rich track record, and achieve energy-savings by reducing size and weight of product lineup

**Transportation Systems Business**
Contribute to safe, secure, and comfortable rail transport by providing highly reliable equipment and proposing IoT/Al solutions

- Promote energy efficiency improvements and effective utilization of regenerative power during braking
- Safe and efficient train operation using train control which applies wireless technology
- Collect and analyze railcar equipment information with IoT platforms. Contribute to customers’ operational efficiency

**Air-Conditioning & Refrigeration Systems Business**
Accelerate renewal and maintenance solution proposals to meet the needs of each region and business expansion, focused on the HVAC&R business, which includes ventilation and hot water supply in addition to air-conditioning and refrigeration

- Strengthen and expand renewal and maintenance solution proposals
- Make fine-tuned response to needs with a wide range of products and a global production system
- Respond to environmental and energy-saving regulations, and lower environmental burden

**HVAC&R:** Heating Ventilating Air Conditioning & Refrigerating
### 8. Enhancement of Business Foundation

#### – Initiatives of Major Businesses (2) –

**Factory Automation (FA) Systems Business**
Contribute to the smartification of factories by further evolving the 『e-F@ctory』

- **Strengthen 『e-F@ctory』 supporting products / solutions**
  - Launch FA products compatible with “CC-Link IE TSN***”
    - Technology that enables integration of information communications and machine control on one network

- **Establish systems to strengthen production and stabilize supply**
  - Strengthen production capacity (servo, inverter)
  - Expansion of production bases (Japan/China/India)

**Automotive Equipment Business**
Realize environment-friendliness, safety and security, and comfort by coordinating and integrating a wide range of high efficiency equipment, including electric powertrain systems, and advanced control technology

- **Contribute to reducing environmental burden and improving fuel mileage by using engine equipment and equipment for electric vehicles**

- **Improve comfort during driving through next-generation information equipment, which integrates the car navigation system into driver assistance functions**

- **Realize safe and comfortable autonomous driving by linking infrastructure using positioning satellites and road-vehicle/vehicle-vehicle communication technology**

**Space Systems Business**
Contribute to building a global social infrastructure through satellite systems products across various areas

- **Contribute to the prevention of global warming, enhanced monitoring of climatic phenomena and global environment, understanding of disaster situations, and the prevention of disasters (observational satellites)**
  - Promote solution-based business utilizing observational satellite data

- **Offer high-precision positioning Information (positioning satellites)**

- **Advance communications/ broadcasting infrastructure in various regions (communication satellites)**

**Power Devices Business**
Provide key devices for energy-savings based on the most advanced power semiconductor technology

- **Contribute to realizing a low-carbon society by supplying devices that play a major role in reducing power loss**

- **Improve the value and competitiveness of customers’ products by providing compact and lightweight devices**

- **Supply devices in response to the global trend toward energy conservation and the adoption of electric vehicles (xEV)**
# 8. Enhancement of Business Foundation
## – Research and Development –

Create new value that contribute to business model transformation, and develop future technologies in a well-balanced way from a short, medium, and long-term perspective, while working to thoroughly strengthen present businesses.

<table>
<thead>
<tr>
<th>Life</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Control technology for in-building mobilities and facilities</strong></td>
</tr>
<tr>
<td>Realizes smart buildings where people and robots coexist safely</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Visualization technology for cause of the problem in production equipment</strong></td>
</tr>
<tr>
<td>Reduces equipment downtime by supporting troubleshooting</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Infrastructure</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Active electronically steered array antenna technology for inflight connectivity</strong></td>
</tr>
<tr>
<td>Enables internet access with more than 100Mbps in various aircraft and airway</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Mobility</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Path planning and vehicle control technologies for autonomous driving system</strong></td>
</tr>
<tr>
<td>Generate smooth and safe paths to control vehicles with high degree of accuracy</td>
</tr>
</tbody>
</table>

### Common Technologies

<table>
<thead>
<tr>
<th>Sender</th>
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</thead>
<tbody>
<tr>
<td>Sends data “abc”</td>
</tr>
<tr>
<td>Complex coding structure</td>
</tr>
<tr>
<td>Takes impossibly long time</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Recipient</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receives data “abc”</td>
</tr>
</tbody>
</table>

Safeguard confidential information with quantum-computer-proof encryption

**Post-quantum cryptography**

**Application example for weather radar**

- **Ultra-wideband and high power wireless technology**
  - Contributes disaster prevention by high resolution and wide range observation

**Local observation with high resolution**

**Wide range and long distance observation**

**Sender**

- Takes impossibly long time

**Recipient**

- Receives data “abc”
8. Enhancement of Business Foundation  
– Intellectual Property Activities –  

Protect technology based business advantages through patents over the medium and long term, and actively pursue intellectual property activities worldwide

**Patent PCT application ranking**
World Intellectual Property Organization (WIPO)  
No. 2 globally

**Design registration numbers ranking**
Japan Patent Office (JPO)  
No. 1 in Japan

**Patent registration numbers ranking**
Japan Patent Office (JPO)  
No. 2 in Japan

**Patent asset size ranking (all industries)**
Patent Result Co., Ltd.  
No. 1 in Japan


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**FY2020 National Invention Award**

Three awards in a year for technologies and designs that contribute to conservation of resources and energy and improvement in factory environments

【The Prize of The Chairman of Japan Business Federation】
Invention of Refrigerant Liquefaction Prevention Method in an Air-conditioning Apparatus Using Induction Heating

【The Invention Prize】
Invention of high density winding technique for compact and lightweight DC motor

【The Invention Prize】
Design of a super high accuracy electrical discharge machine that changes factory environment

*Conventional product*  
*Awarded invention*

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9. Business Model Transformation

Accelerate the creation and cultivation of new business models and new businesses, including the renewal and maintenance business, the data utilization business, and the platform business, that unite all the capabilities inside and outside of the Group and actively utilize open innovation, etc.

✔ Established **Business Innovation Group** under the direct control of the President
Work to create new businesses in the fields of “Smart City,” “Health-Tech,” “i-construction,” “Disaster Prevention/Mitigation,” and “Smart Mobility”

✔ Invest **$100 million** in startup companies in the future
Promote corporate venturing activities company-wide as a means of open innovation, with the aim of promoting businesses that combine knowledge from inside and outside the company

✔ **Mitsubishi Electric IoT Suite: ClariSense**
Rally the strengths (functions) of our company, such as knowledge of devices and AI/security, in the form of an IoT system unified design guide, solutions library, etc., to centrally develop and expand “ClariSense.” Combine these functions to quickly create customer value from various data

ClariSense: A term coined by Mitsubishi Electric meaning, “to solve problems,” from the idea that we will “clarify” the “essence” of information “sensed” by machines
9. Business Model Transformation

Next-generation Transportation System Solution
Contribute to safe and comfortable transportation

Railcar Maintenance Solution
“Railway LMS on INFOPRISM”
Contribute to labor savings and the safe and stable operation of railway companies with real-time status monitoring of railcars and data aggregation/AI utilization
Start trial operation of “predictive failure detection system” for Tokyo Metro (October 2020)

Lane Hazard Warning System
Contribute to safe driving by sharing location information of road obstacles detected by leading vehicle to following vehicles in real time via the cloud

High Definition Locator
Our High Definition Locator was adopted by SUBARU in the new “LEVORG.” The locator combines data from positioning satellite and high-precision 3D map to accurately locate the car’s position, contributing to realizing a safe and accurate advanced driver assistance system

LMS : Lifecycle Management Solution, INFOPRISM : Our original IoT platform, TCMS: Train Control and Management System
9. Business Model Transformation

Energy Solutions
Contribute to the realization of sophisticated, sustainable lifestyle by turning natural energy into stable, high-quality electrical energy

- Received two awards jointly with local governments and participating companies at the FY2019 New Energy Awards
  - <Agency for Natural Resources and Energy Commissioner’s Award>
    - Oki Hybrid Project: Japan’s first project to utilize state-of-the-art technology to expand the use of renewable energy in the entire community
  - <New Energy Foundation Chairman’s Award>
    - Installation of large storage battery systems with measures to mitigate periodic output fluctuations

- ZEB test facility “SUSTIE”
  - (Kamakura, started operation in October 2020)
  - Acquired CASBEE Wellness Office S rank certification

9. Business Model Transformation

Manufacturing Solutions
Solve issues at manufacturing sites through automation that combines advanced technologies

Cooperation/Automation with Robots
Humans concentrate on high value-added tasks

- Promote collaborative work with robots using “quick-dodging technology”
  - Detects obstacles instantly and stops temporarily. Immediately calculates a route with no obstacles, and continues operation
  - Continues high-speed, high-precision operation without coming into contact with people

Collaborative robot “MELFA ASSISTA” (Released in May 2020)

Human-AI Cooperation
Enable anyone to utilize the knowledge of a true craftsman

- Utilize AI technology to automate work done by skilled technicians
  - Adjustment work for precise positioning while suppressing vibration, which used to take skilled technicians more than a week, can be done in a single day using AI technology

AIST: National Institute of Advanced Industrial Science and Technology
Maisart: Mitsubishi Electric’s AI creates the State-of-the-ART in technology
9. Business Model Transformation

Safe and Secure Urban Development Solutions

Visualize objects and concepts that were not noticed thus far, and realize an eco-friendly smart city that is easy to live and stay in

- **Open Innovations**
  - High-precision video surveillance
  - Video and sensor information
  - Accident / disaster grasp
  - Operation management
  - Data linkage
  - Equipment control
  - Energy saving
- **Area traffic management Solutions**
  - Eliminate/relieve congestion
  - Smooth movement and guidance
- **Area security management Solutions**
  - Protect and support vulnerable people
  - Automated security, cleaning, etc. (Humans and robots coexisting)
- **Area energy management Solutions**
  - Detect suspicious people and objects
  - Watch over the area
  - Use of renewable energy

kizkia : Intelligent Assistant
9. Business Model Transformation

Key Technologies That Support Transformation

Promote the use of our proprietary “compact artificial intelligence (AI) technology” and “5G technology” in a wide range of businesses, as well as their development and demonstration in order to create new businesses.

Manufacturing
- Machining surface image
- Roughness
- Automatic quality judgment
- Work improvement

Equipment & systems
- River water level measurement
- Automatic video analysis

Service
- Maintenance plan optimization
- Device failure detection
- 5G communication

Mitsubishi Electric's AI technology and 5G technology

5G technology
Communication system technology, antenna technology, high frequency / optical device technology

5G Open Innovation Laboratory, a place for cooperative creation with customers scheduled for opening (April 2021)

Started demonstrating local 5G system aiming for offering one-stop 5G solutions (May 2020-

Testing 5G communication between FA equipment Nagoya Works (Nagoya, Aichi Prefecture)

PLCs
GOT (HMIs)
10. Initiatives for the New Normal

**Responding to the changes in business style**
- [Expanding remote work] Turn the expanded work from home program into a permanent system, and establish online communication between bases spread over a wide area.
- [Digital marketing] Disseminate information through virtual exhibitions and previews.

**Addressing the new social challenges**

- **Infection control**
  - Circulating fan with Health Air® function (left)
    Form electric field/discharge space to control and eliminate various suspended substances.
  - Lossnay for commercial use (right)
    Control airflow according to the level of human congestion (CO2 density) and provide highly efficient ventilation using our unique heat exchange technology.

- **No contact, no face-to-face interaction**
  - TERASU GUIDE (left)
    Guide to secure social distancing using animation light guiding system.
  - Touch Operable Aerial Display (right)
    Terminal operable by touching images displayed in the air instead of pushing buttons.

- **Unattended/manpower-saving service**
  - Robot Mobility Support Service
    Help make the building safe for both people and in-building mobile robots working for security, cleaning and delivery.

To offer integrated solutions built on our strengths.
11. ESG Initiatives

Continue our Commitment to the UN Global Compact
Continue CSR activities in accordance with UN Global Compact principles in the areas of Human Rights, Labour, the Environment and Anti-Corruption

Awarded “Gold,” the highest rating, in the evaluation of companies’ CSR performance conducted by EcoVadis (*1), a global rating agency specializing in CSR evaluation (Oct. 2019)

**Environment**

Formulated Environmental Sustainability Vision 2050 (Jun. 2019)

- Environmental Declaration
  - Protect the air, land, and water with our hearts and technologies to sustain a better future for all

- Received the highest rating from CDP (*2) for “Water Security” for four consecutive years (Dec. 2019)

- Mitsubishi Electric Group’s greenhouse gas emissions reduction targets acquired SBT initiative (*3) certification (Jan. 2020)

- Expressed approval of the recommendations by the Task Force on Climate-related Financial Disclosures (TCFD) (*4) (May 2019)


  - Contribute to disaster countermeasures related to global warming and climate change, and refine climate change predictions through development

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*1 EcoVadis: A rating agency that covers over 55,000 companies in 155 countries. Every year, EcoVadis comprehensively evaluates companies’ CSR initiatives, and those that rank in the top 5% of the surveyed companies are awarded the “Gold” rating.

*2 CDP: An international NPO working to enhance environmental disclosures.

*3 SBT(Science Based Targets) initiative: An international initiative by the UN Global Compact (UNGC), the World Wide Fund For Nature (WWF), the CDP, and the World Resources Institute (WRI)

*4 TCFD (Task Force on Climate-related Financial Disclosures): A task force for disclosure of climate-related financial information led by the private sector, established at the request of the G20 finance ministers and governors of central banks

*5 GOSAT-GW: Global Observing SATellite for Greenhouse gases and Water cycle
11. ESG Initiatives

**Employee engagement**

Realizing a work environment where all employees can work with vitality

- Transform the workplace culture by continuous monitoring using engagement survey results as an indicator to measure the workplace culture
- Promote flexible and efficient working styles such as remote work utilizing IT
- Support career development through leave programs that accommodate individual life plans for those wishing to study abroad or accompany their spouse on overseas postings, etc.
- Strengthen and thoroughly implement intrusion prevention, diffusion prevention, leak prevention, global response, and document management
- In April 2020, establish the Information Security Supervisory Office under the direct control of the President
- Secure human resources by expanding the evaluation system for employees with advanced skills in AI and other fields, including by means of additional remuneration
- Systematically select and educate non-Japanese candidates for core management positions at overseas bases

**Information security**

Develop a comprehensive multi-layer defense system

- Strengthen and thoroughly implement intrusion prevention, diffusion prevention, leak prevention, global response, and document management
- In April 2020, establish the Information Security Supervisory Office under the direct control of the President

**Product and service quality**

Provide the best products and services with unsurpassed quality

- Build a thorough quality control system that complies with related laws and required specifications
- Further foster quality awareness within the Group, centered on education
11. ESG Initiatives

Corporate Governance

In June 2003, Mitsubishi Electric became a company with a committee system (currently: nomination committee system company) and separated the supervisory and executive functions of management, to further continue with the promoting flexibility of operations and transparency of management.

- Thorough separation of supervision and execution
- Majority of board of directors NOT assuming responsibility as executive officer
  - Directors 12
  - of whom: independent directors 5
  - executive officers (concurrent post) 4
- Minimal number of executive officers (21 members) responsible for day-to-day operation of each business division and corporate administrative sections
- Multi-phase risk management through executive officers meeting
- Global internal control system to ensure compliance with various laws and regulations
- “Corporate Information Security Div.” was newly established in April 2020 and “Corporate Economic Security Div.” in October 2020 as a system maintaining systems to respond to company-wide risks
- Appropriate responses to Japan’s Corporate Governance Code

Appropriate response to revisions of legislation and other external factors

Appropriate disclosure to stakeholders
Cautionary Statement
While the statements herein including the forecast of the Mitsubishi Electric Group are based on assumptions the Group considers to be reasonable under the circumstances on the date of announcement, actual results may differ significantly from forecasts. Such factors materially affecting the expectations expressed herein shall include but are not limited to the following:

1. Any change in worldwide economic and social conditions, as well as laws, regulations, taxation and other legislation
2. Changes in foreign currency exchange rates, especially JPY/dollar rates
3. Changes in stock markets, especially in Japan
4. Changes in balance of supply and demand of products that may affect prices and volume, as well as material procurement conditions
5. Changes in the ability to fund raising, especially in Japan
6. Uncertainties relating to patents, licenses and other intellectual property, including disputes involving patent infringement
7. New environmental regulations or the arising of environmental issues
8. Defects in products or services
9. Litigation and legal proceedings brought and contemplated against the Company or its subsidiaries and affiliates that may adversely affect operations or finances
10. Technological change, the development of products using new technology, manufacturing and time-to-market
11. Business restructuring
12. Incidents related to information security
13. Large-scale disasters including earthquakes, typhoons, tsunami, fires and others
14. Social or political upheaval caused by terrorism, war, pandemics, or other factors
15. Important matters related to the directors and executive officers, major shareholders and affiliated companies of Mitsubishi Electric Corporation