

G: Governance

Corporate Governance

Basic Corporate Governance Policy

While maintaining the flexibility of its operations and promoting management transparency, Mitsubishi Electric, as a Company with Three-committee System, works to strengthen the supervisory functions of management with the goal of realizing sustained growth. Our fundamental policy is to build and improve a corporate structure that is more able to meet the expectations of society, customers, shareholders, employees and all of its stakeholders while endeavoring to further increase corporate value.

Corporate Management and Governance Structure

Corporate Management Structure

In June 2003, Mitsubishi Electric became a Company with Three-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.

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.

The present Board of Directors 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 by executing their duties based on the objectives and authority of the Companies Act, as well as by delegating to Executive Officers the decision authority for executing all operations, except the matters listed in the items of paragraphs 1 and 4 of Article 416 of the Companies Act.

The Board of Directors has three internal bodies: the Nomination, Audit and Compensation Committees. Each body has five members, the majority of whom are Outside Directors, who are chosen by the Board of Directors taking into account the experience and specialties of each person. Each Committee undertakes its duties based on the objectives and authority of the Companies Act.

The bureaus have been established for the Board of Directors and each of the Committees to support directors. The Audit Committee is supported by dedicated independent staff.

Executive Officers make decisions about the execution of operations on matters delegated by the Board of Directors within the range of duties allocated to each Executive Officer based on the objectives and authority of the Companies Act, and then execute such operations. Important items among such matters delegated by the Board of Directors are deliberated and decided upon in Executive Officers' meetings attended by all Executive Officers.

Internal Control System

(1) For the execution of the duties of the Audit Committee, its independence is secured by assigning employees whose job is exclusively to assist the Audit Committee members. In addition, internal regulations regarding the processing of expenses and debts incurred in the execution of the duties of the Audit Committee members are established and such expenses and debts are properly processed.

A system for reporting to the Audit Committee is developed to report information about the Company and its subsidiaries to the Audit Committee via the divisions in charge of internal control, and an internal whistle-blower system is developed and its details are reported to the Audit Committee members.

Furthermore, the Audit Committee members attend important meetings including Executive Officers' meetings and conduct investigations such as interviews with Executive Officer and the executives of the Company's offices and subsidiaries, and undertake deliberations to determine audit policies, methods, implementation status, and results of the audit by regularly receiving reports from the Independent Auditor and Executive Officers in charge of audits.

(2) Internal regulations and systems to ensure the properness of operations within the Mitsubishi Electric Group are established. Executive Officers take responsibility for constructing such systems within the areas over which they are appointed. Important matters are deliberated by convening Executive Officer meetings.

Executive Officers regularly monitor the status of management of the systems. The divisions in charge of internal control monitor the status of design and management of internal control system and regulations. Also an internal whistle-blower system is developed and its details are reported to the Audit Committee members.

Furthermore, the status of management of the system is audited by internal auditors, and the audit results are reported regularly to the Audit Committee via Executive Officers in charge of audit.

Audit Committee

1. Organization, members, and procedures of the Audit Committee

The Audit Committee is made up of five Director, three of whom are Outside Director. The Committee audits the legality, adequacy, and efficiency of the execution of the duties by Director and Executive Officers and creates an audit report to be submitted to the shareholders' meeting with its resolution.

Masahiko Sagawa, member of the Audit Committee, has long years of experience in the accounting and financial operations of the Company and its affiliates. Kazunori Watanabe, a member of the Audit Committee, is a Certified Public Accountant and has a considerable degree of knowledge about finance and accounting.

The Audit Committee has four dedicated staffers who take direct orders from Audit Committee members and support them in executing their duties.

2. Frequency of the Audit Committee meeting and attendance of each Audit Committee member

In fiscal 2021, Mitsubishi Electric held a regular Audit Committee meeting once a month in principle (and two special meetings). Each meeting would take about two hours. The attendance of each Audit Committee member is as shown below.

Title	Name	Attendance/meetings	Attendance rate
Outside Director (Chairman)	Hiroshi Obayashi	14/14	100%
Director (full-time)	Masahiko Sagawa	14/14	100%
Director (full-time)	Takashi Sakamoto	11/11	100%
Outside Director	Kazunori Watanabe	14/14	100%
Outside Director	Takashi Oyamada	14/14	100%

Notes: 1. Out of the above members, Masahiko Sagawa and Takashi Sakamoto are responsible for investigation.
2. Because Takashi Sakamoto was appointed as a Director on June 26, 2020, his attendance after his appointment is shown.

3. Activities of the Audit Committee members

The Audit Committee members—mainly those responsible for investigation (full-time Audit Committee members)—attend Executive Officers' meetings and other such important conferences, and conduct interviews and surveys of Executive Officers and the executive staff of Mitsubishi Electric offices and affiliates in accordance with the policies and assignments agreed upon the Committee.

Divisions in charge of internal control, including the Corporate Auditing Division, submit internal audit reports to the Audit Committee members, who hold meetings such as those to discuss internal audit policies and periodic report meetings to exchange opinions. Outside Audit Committee members visit our offices, affiliates, and other locations with the members responsible for investigation as needed and offer their opinions based on their expert knowledge at the Audit Committee meeting and other occasions.

In addition, the Audit Committee members discuss policies and methods of auditing with accounting auditors, who furnish them with reports on the status and results of the audits of the Company that they themselves conduct, and exchange opinions with them.

4. Agenda of the Audit Committee

The main agenda of the Audit Committee include the determination of audit policies and activity planning, check on the execution of the duties by Directors and Executive Officers and the establishment and operation of the internal control system, check on methods of auditing by accounting auditors and validity of results, and evaluation of accounting auditors and decision on whether to reappoint them.

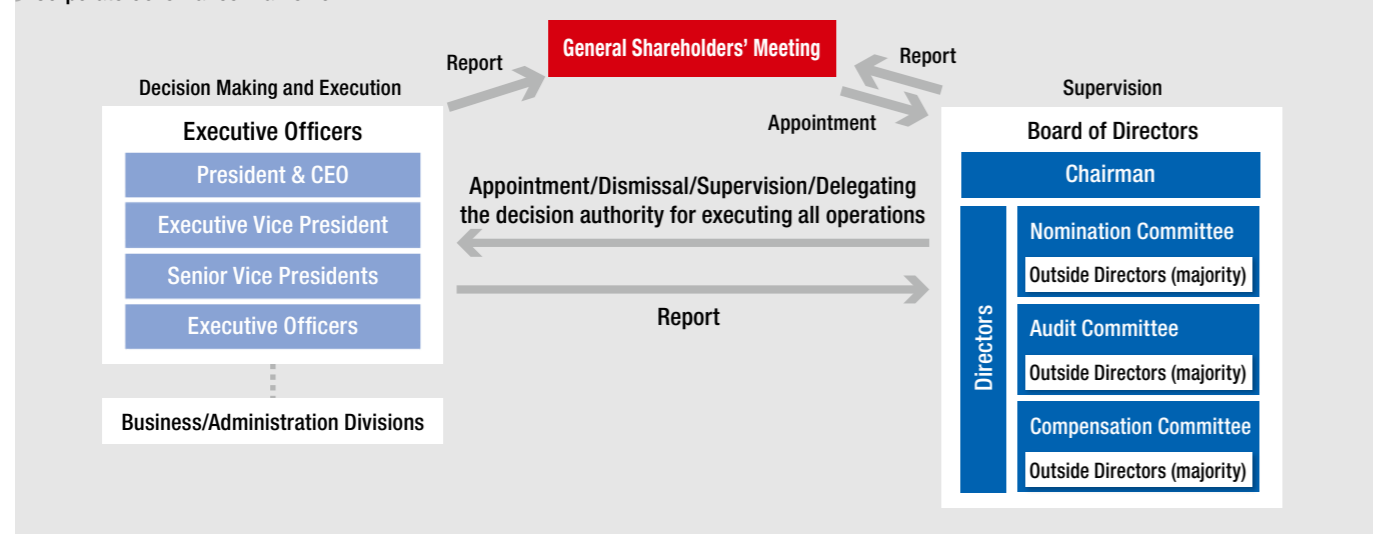
Especially in fiscal 2021, the Audit Committee focused on checking and verifying how the Mitsubishi Electric Group has strengthened its business foundation including the internal control and compliance systems, improved its profitability toward better performance, lifted cash flow through streamlining its assets, developed new businesses, taken measures against problematic businesses—as well as the monitoring the progress of various initiatives such as contributions to achieve SDGs targets. This has been done to improve the Group's mid- and long-term corporate value.

In recent years, the Mitsubishi Electric Group has identified issues of work-related, information security, and product and service quality. The Audit Committee asked questions and stated opinions after each responsible Executive Officer explained the following: with regard to work-related issues, the Company is promoting the Mitsubishi Electric Workplace Reform Program and working to prevent recurrence; with regard to information security issues, the Company is working to reinforce information security measures based on the analysis of the cause of each issue; and with regard to improper quality-related conduct, the Company is enhancing education to fundamentally reform quality awareness and culture, and strengthening its quality control system with the aim of ensuring compliance with relevant laws, regulations, and contractual specifications. The Audit Committee will continue to closely monitor the progress of these measures to prevent recurrence, in order to ensure their steady implementation.

5. Effectiveness evaluation of the Audit Committee

The Audit Committee conducts evaluation to improve performance every year. In the Audit Committee review in fiscal 2021, outside Audit Committee members concluded that the members responsible for investigation (full-time Audit Committee members) periodically report their activity results and that management information is properly shared in a timely manner in the Audit Committee. Although we believe that this evaluation in effect endorses the performance of the Audit Committee, we will continue to make efforts to improve performance.

Corporate Governance Framework



Status of Internal Audit

1. Organization, members, and procedures for internal audit

An internal audit is intended to contribute to the sound management and strengthened management structure of Mitsubishi Electric and its affiliates in Japan and overseas by improving management efficiency, strengthening risk management, thoroughly observing the code of corporate ethics and ensuring compliance, and enhancing internal control.

With approximately 60 members acting independently in Japan and overseas, 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 extensive knowledge of their particular fields, assigned from relevant business units. The Corporate Auditing Division reports the results of such audits to the President & CEO and the Audit Committee.

2. Relationship with the divisions in charge of internal control

In the Mitsubishi Electric Group, the administration divisions such as the Corporate Strategic Planning Division, the Corporate Accounting Division, the Corporate Legal & Compliance Division, and the Corporate Export Control Division inspect the establishment and operation of the internal control system and regulations, etc. under their scope of responsibility for internal control. In addition, each business division has its own compliance department, which reliably spreads companywide compliance policies and inspects the compliance status in each business division.

The Corporate Auditing Division internally audits the operation and other aspects of the internal control system, evaluates the internal control related to the establishment of internal whistle-blower system and financial review, and mutually exchanges necessary information with each division in charge of internal control.

3. Mutual relationship among internal audit, the audit by the Audit Committee, and accounting audit

The Corporate Auditing Division reports the internal audit policies and internal audit results to the Audit Committee and exchanges opinions with the Audit Committee members on a regular basis.

The Corporate Auditing Division also reports internal audit results to the accounting auditors and continuously works with them, discussing the evaluation of the internal control related to financial review as needed.

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

In fiscal 2021 we held eight Board of Directors meetings (six ordinary meetings and two extraordinary meetings) to make decisions about important matters such as basic management policy, appointment of Executive Officers, and internal control systems. In addition, we had Executive Officers report on the details and progress of the fiscal year's management plan, progress of the response to management issues in each business, and important issues deliberated on at Executive Officers' Meetings, and discussed them. This year in particular, the Board held a discussion on devising the medium-term management plan that the Company announced in June 2021. It also deliberated and reported on causes and ways to prevent the reoccurrence of recent issues of work-related, information security, and product and service quality.

Every year, we hold a Board of Directors review to further enhance the functioning of the Board of Directors, based on progress of the matters discussed at the meetings. This year we surveyed the Directors, and the Board of Directors administrative office interviewed the Outside Directors. We then had all Board members discuss, analyze and evaluate the survey results as follows.

- Frequency, scheduling, and time spent on the meetings
- The information supplied in relation to discussions at the meetings (quality and quantity), and how it was provided.
- The status of questioning and discussions at the Board
- The configuration, size, etc. of the Board

As a result, there were many positive reviews about the status of questioning and discussion at the Board of Directors meetings. Specifically, replanning has

been properly carried out based on past reviews, and the Board of Directors meetings entailed more liberal discussions and exchanges from many angles than ever before.

The configuration and size of the Board of Directors has been evaluated as being appropriate for monitoring management at this point: Outside Directors consist of individuals with a diverse skills, Non-executive Directors comprise the majority of the Board, and each committee is chaired by Outside Directors, providing independence and objectivity.

Given these evaluations, we judge our Board of Directors as being appropriately managed, and that its functioning is sufficiently secure.

Meanwhile, other views emerged. Namely, Executive Officers' reports are becoming more detailed and discussions are deepening, prolonging meeting times, and it would be preferable to further enhance reporting from corporate divisions to the Board of Directors. As such, it may be worthwhile to hold the Board of Directors meetings more frequently. There were also views calling for better reporting on the progress of initiatives such as those on sustainability and human resource policies, and for continued progress reporting on recent issues regarding work-related, information security, and product and service quality. With these in mind, we are planning to hold ordinary Board of Directors meetings more frequently from fiscal 2022 and have more comprehensive reporting from the Executive Officers and discussions based on their reports.

Going forward, we will continue to hold the Board of Directors reviews to further improve the Board's functioning.

Policies Regarding Decisions on Compensation, etc.

1. Basic Policies

- (1) As a Company with a Three-committee System, the Company segregates the supervisory function and the execution function of management. The supervisory function of management is assigned to the Board of Directors and the execution function of management is assigned to the Executive Officers. The compensation scheme for Directors and the compensation scheme for the Executive Officers will be set differently, corresponding to the contents and responsibilities of each of the duty and position.
- (2) Directors give advice to and supervise the Company's management from an objective point of view, and therefore, the basic policy of the compensation scheme for Directors is the payment of fixed-amount compensation.
- (3) 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, based on the following basic policies:
 - a. The compensation scheme should raise awareness of the contribution to the improvement of the mid- and long-term business performance, and to the enhancement of the Group's corporate value.
 - b. The compensation scheme should be closely linked with the company's performance and be highly transparent and objective.
 - c. The compensation scheme should mainly aim at sharing of interest with shareholders and raising management awareness which places importance on the interest of shareholders.
- (4) In order to introduce from the outside objective points of view and specialized knowledge about the executive compensation scheme, the Company will employ external compensation consultants, and deliberate the compensation level, compensation scheme, etc. with the support of such consultants, taking into consideration external data concerning compensation in major Japanese corporations developing their businesses globally, the domestic economic environment, industry trends, management conditions, etc.

2. The System and the Policy for Determining Compensation for Directors and Executive Officers

(1) Compensation for Directors:

The fixed-amount compensation shall be a monthly fixed amount set at a level considered reasonable, while taking into account the contents of the Directors' duties and the Company's conditions, etc.

(2) Compensation for Executive Officers:

- a. The fixed-amount compensation shall be a monthly fixed amount set at a level considered reasonable, while taking into account the contents of the Executive Officers' duties and the Company's conditions, etc.
- b. Performance-based compensation shall be paid as indicated below, at a certain period each year.
 - The Group strives to achieve sustainable growth and further improvement of corporate value through its threefold balanced management policy of "Growth," "Profitability & Efficiency" and "Soundness." The Group has defined consolidated revenue of ¥5 trillion or more and an operating profit ratio of 8% or more as fiscal 2021 targets. The payment reference amount for performance-based

compensation is based on the consolidated business performance such as net profit attributable to Mitsubishi Electric Corp. stockholders, in line with this policy and these targets.


- Compensation for Executive Officers are set within a range of ±20% the payment reference amount, reflecting business performance in their respective business segments.
- 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. Share-based compensation consists of Company stocks issued after a three-year deferral period. The Company sets a rule that the Executive Officers are required to continue to hold the Company stocks issued until 1 year has passed from resignation, in principle.
- c. If the Company achieves the consolidated revenue of ¥5 trillion or more and the operating profit ratio of 8% or more, which are the growth targets for fiscal 2021, the basic composition of the compensation will be as follows: basic compensation 30%, and performance-based compensation 70%, of which the ratio of mid- and long-term incentives (share-based compensation in the performance-based compensation) is 35% of the total compensation. If the consolidated business performance is within the growth targets for fiscal 2021, the percentage of performance-based compensation shall fluctuate between the range of 0% to 70%.

(3) Other important matters regarding the decision on details of compensation given to individual Directors, etc.:

Regarding the stock compensation of the performance-based compensation of Executive Officers, if there has been any serious breach of responsibilities by the Executive Officer, or if the Executive Officer has resigned for personal reasons against the will of the Company, the Company may confiscate the rights to receive the granting of shares or demand the refund of cash equivalent to the value of the granted shares, etc., from such Executive Officer by resolution of the Compensation Committee. Additionally, if certain grounds arise that materially impact the management of the Company, the Company may reduce the fixed-amount compensation of Executive Officers by resolution of the Compensation Committee.

(4) Decision-making process, etc.:

The Company decides on compensation decision policies for Directors and Executive Officers, and the compensation given to individuals based on these policies, through the Compensation Committee, a majority of which is comprised of Outside Directors. The details of the activities of the Compensation Committee are reported to the Board of Directors on a case-by-case basis. The Compensation Committee meeting was held four times in fiscal 2021.

 * For the amount of compensation given to Directors and Executive Officers, please refer to the Annual Security Report. https://www.MitsubishiElectric.com/en/investors/library/securities_report/

Outside Directors

Outside Directors

The Company has five Outside Directors, each of whom has no special interest with the Company. Although companies in which each of the Outside Directors holds office in or has been a Director or officer of include those with trading relationships with the Company, no such relationships have an impact on the independence of each relevant Outside Directors based on the scale or nature of such trading, and thus they possess no risk of giving rise to any conflict of interest with the general shareholders of the Company.

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 next page) 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 Nomination 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. Each of the following 1), 2), 4) and 5) includes a case in any fiscal year during the past three fiscal years.

- Persons who serve as Executive Directors, Executive Officers, managers or other employees (hereinafter "business executers") 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
- Persons who serve as business executers at a company to which the

- Company has borrowings that exceed 2% of the consolidated total assets
- Persons who are related parties of the Company's independent auditor
- Persons who receive more than ¥10 million of compensation from the Company as specialists or consultants
- 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
- Persons who are the Company's major shareholders (holding more than 10% of voting rights) or who serve as their business executers
- Persons who are related parties of a person or company that have material conflict of interest with the Company

In addition, Outside Directors enhance the checking function of management by receiving reports about the activity status of internal auditors, the Audit Committee, accounting auditors, and divisions in charge of internal control via the Board of Directors, and providing valuable comments regarding Mitsubishi Electric's management from an objective perspective. By doing this, they bring greater transparency to the management framework and strengthen the Board's function of supervising management.

Outside Directors (as of June 29, 2021)

Title	Name	Positions Held	Reasons for Nomination	Board Attendance Rate (FY2021)
Outside Director	 Mitoji Yabunaka	Chairman 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 his career are highly beneficial to Mitsubishi Electric. Serving as Outside Director of the Company since June 2012, he has overseen the Company's business operations, and has also served as Chairman of the Nomination Committee and Member of the Compensation Committee. The Company expects him to oversee the Company's business operations, by using a wide range of experience and insights especially in the fields of internal control and governance, human resources and human resources development, and global affairs at the Board of Directors and each Committee. Thus, Mitsubishi Electric continues to appoint Mr. Yabunaka as an Outside Director.	100% (8/8)
Outside Director	 Hiroshi Obayashi	Chairman of the Audit Committee Member of the Nomination Committee	Mr. Obayashi's experience and insights cultivated through the course of his career as a lawyer (public prosecutor, attorney-at-law) are highly beneficial to Mitsubishi Electric. Serving as Outside Director of the Company since June 2013, he has overseen the Company's business operations, and has also served as Chairman of the Audit Committee and Member of the Nomination Committee. The Company expects him to oversee the Company's business operations, by using a wide range of experience and insights especially in the fields of internal control and governance, legal affairs and compliance, and human resources and human resources development at the Board of Directors and each Committee. Thus, Mitsubishi Electric continues to appoint Mr. Obayashi as an Outside Director.	100% (8/8)
Outside Director	 Kazunori Watanabe	Chairman of the Compensation Committee Member of the Audit 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. Serving as Outside Director of the Company since June 2015, he has overseen the Company's business operations, and has also served as Chairman of the Compensation Committee and Member of the Audit Committee. The Company expects him to oversee the Company's business operations, by using a wide range of experience and insights especially in the fields of internal control and governance, finance and accounting, and human resources and human resources development at the Board of Directors and each Committee. Thus, Mitsubishi Electric continues to appoint Mr. Watanabe as an Outside Director.	100% (8/8)
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. Serving as Outside Director of the Company since June 2016, she has overseen the Company's business operations, and has also served as Member of the Nomination Committee and the Compensation Committee. The Company expects her to oversee the Company's business operations, by using a wide range of experience and insights especially in the fields of corporate management and corporate strategies, internal control and governance, human resources and human resources development, and global affairs at the Board of Directors and each Committee. Thus, Mitsubishi Electric continues to appoint Ms. Koide as an Outside Director.	100% (8/8)
Outside Director	 Takashi Oyamada	Member of the Nomination Committee Member of the Audit Committee	Mr. Oyamada's experience and insights as a business specialist cultivated over the course of his career in bank management are highly beneficial to Mitsubishi Electric. Serving as Outside Director of the Company since June 2019, he has overseen the Company's business operations, and has also served as Member of the Nomination Committee and the Audit Committee. The Company expects him to oversee the Company's business operations, by using a wide range of experience and insights especially in the fields of corporate management and corporate strategies, internal control and governance, finance and accounting, and human resources and human resources development at the Board of Directors and each Committee. Thus, Mitsubishi Electric continues to appoint Mr. Oyamada as an Outside Director.	100% (8/8)

Note: Mitsubishi Electric Corporation held eight Board of Directors meetings during fiscal 2021.

Status of Stocks Held

Status of Stocks Held

- Criteria and Approach on Classification of Stocks for Investment
With regard to the classification of stocks for investment held for pure investment purposes and stocks for investment held for purposes other than pure investment, the Company classifies stocks held solely for profit purposes from changes in the stock value or dividends on stock as pure investment. There are no stocks held solely for pure investment.
- Stocks for Investment Held for Purposes Other Than Pure Investment Purposes
The Company holds stocks that are determined to be necessary for business operations, taking into consideration maintaining and strengthening relationships with business partners. The Company comprehensively judges whether or not stocks held are significant, from the viewpoint of their profitability, business feasibility, holding risks, and other aspects are verified and confirmed yearly in the Executive Officers' meeting and in the Board of Directors' meet-

ing. Furthermore, the Company performs verifications with regard to profitability, as to whether the income gained from related businesses and total dividends received are reaching a level above the capital cost, with regard to business feasibility, whether there are not any significant changes in business relationships or amounts of transactions, etc., and with regard to holding risks, whether the corporate value of the investee has fallen or not. When stocks are thus judged to have a low holding significance, the Company considers the reduction thereof such as by selling them, taking into consideration the situation of the company concerned.



*For the Status of Stocks Held, please refer to the Annual Security Report. https://www.MitsubishiElectric.com/en/investors/library/securities_report/

Compliance

Our Concept of Compliance

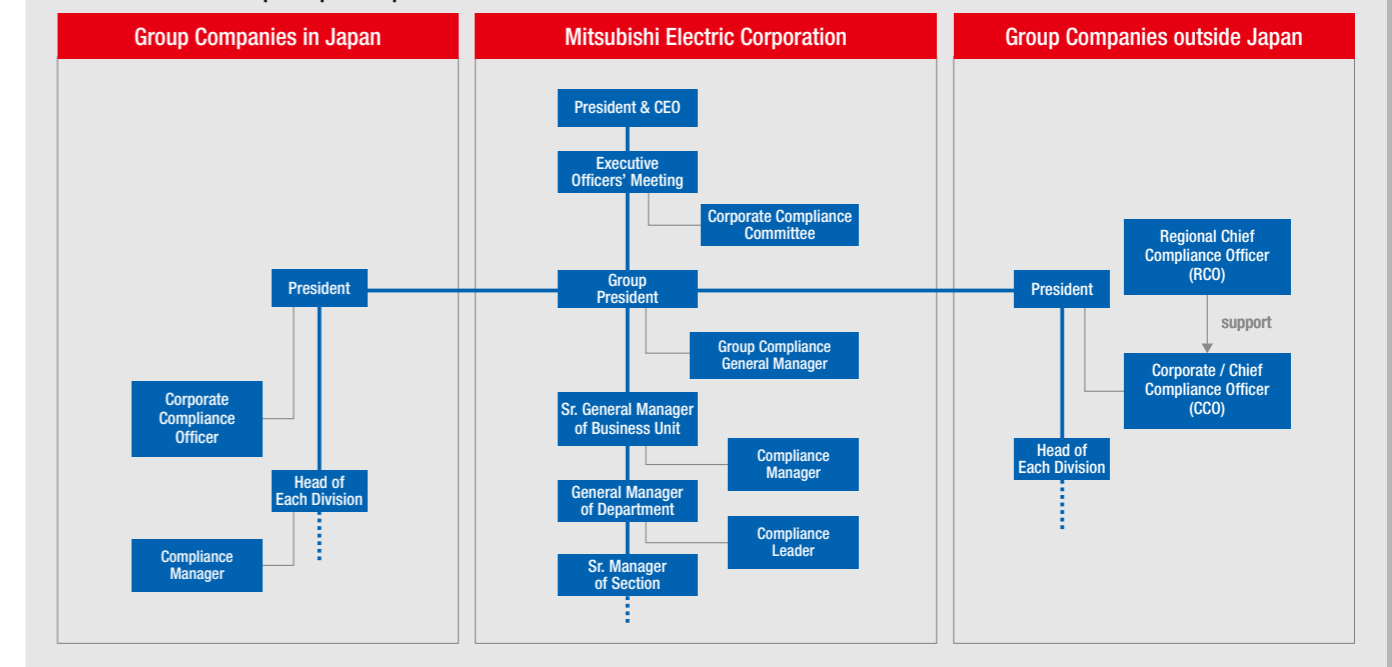
The Mitsubishi Electric Group recognizes Compliance means always upholding high ethical standards and complying with laws and social norms in order to gain the trust of our stakeholders, which include customers, consumers, business partners, shareholders, employees and society.

Compliance Motto – "Always Act with Integrity"

The Mitsubishi Electric Group established a compliance motto "Always Act with Integrity" for all Mitsubishi Electric Company's officers and employees on June 1, 2021. "Integrity" means the strong will and attitude to persist in doing the right thing and having character traits such as "being fair," "being honest," "being sincere," "taking responsibility for one's behavior" and "respecting others."

Always Act with Integrity

Mitsubishi Electric Group compliance promotion structure



Risk Management Framework

The Mitsubishi Electric Group maintains a multi-dimensional risk management system in which all executive officers participate.

Under this system, executive officers are responsible for risk management in their assigned areas of operation. In addition, executive officers exchange information and participate in important management initiatives and decisions through regularly scheduled executive officers' meetings.

In the event an incident occurs that seriously calls into question the Group's social responsibility and is expected to have a profound impact on management, or in the case of such emergencies as large-scale disasters, accidents or pandemics, a company-wide Corporate Crisis Management Office will be established to implement measures under the leadership of the president, to ensure prompt and proper initial response.

Risk management framework (Mitsubishi Electric Group)



Our approach to information security

Basic Policy

In fiscal 2020, the Mitsubishi Electric Group encountered another data leak incident caused by unauthorized system access, which has resulted in inconvenience and concern for customers and society. We will continue to strengthen information security measures* to prevent such a situation from occurring again.

Mitsubishi Electric manages confidential corporate information relating to sales, engineering, intellectual property, and other areas, as well as information entrusted to the company by its customers and stakeholders. This is carried out based on the Declaration of Confidential Corporate Information Security Management established in February 2005. In light of past events, we will once again work to increase awareness of this declaration within the Mitsubishi Electric Group and strive to protect and manage information even more carefully.

* Information security measures: These include technical measures from the four perspectives of intrusion blocking, containment, leak prevention, and global response, as well as human resource measures such as enhancement of employee training, and organizational measures on operation quality improvement, including thorough document management and framework upgrading.

Framework and Guidelines

A new "Corporate Information Security Division" was established under the direct control of the president, to oversee all the Group's information security management. Since April 2020, it has integrated three functions that were previously separate: management of confidential corporate information and personal data protection, information system security, and product security.

The Executive Officer in charge of Information Security is responsible for the Group's overall information security management. Under this officer's direction, the Corporate Information Security Division is in charge of planning and implementing the Group's information security management structure and rules as well as activities to ensure the security of information systems. The Division is striving to ensure information security by working closely with each business group and office, which is the organization that actually utilizes and manages the data and systems.

As other companies suffered cyberattacks that affected their factory productivity, Mitsubishi Electric also formed a section to ensure factory security, thereby bolstering preparedness.

In addition, as part of PSIRT activities¹ to promote product security measures, we were accredited as a CNA² in November 2020 and we now assign CVE IDs³ to vulnerabilities that affect Mitsubishi Electric products and publish them by ourselves. This has strengthened a framework to practice efficient vulnerability handling with external stakeholders.

In the event an incident were to occur, reports and instructions would be given in keeping with this framework and appropriate responses would be taken to prevent secondary damage.

Business groups and offices (offices, branches, works [production plants])

issue instructions and guidance on information security to affiliates in and outside Japan. Paying special attention to the circumstances and special characteristics of overseas affiliates, the Corporate Information Security Division places overseas regional representative managers at sites in the Americas, Europe, China, and other Asian countries and coordinates with them to ensure information security.

*1 PSIRT is an abbreviation for Product Security Incident Response Team, which works on the security quality of products and services.

*2 CVE Numbering Authority. CVE is an abbreviation for Common Vulnerabilities and Exposures.

*3 Internationally used vulnerability identifiers

Personal Information Protection

In efforts to protect personal information, Mitsubishi Electric first created company rules on personal information protection in October 2001, and since then it has required all employees and affiliated persons to obey those rules strictly. Mitsubishi Electric issued a personal information protection policy in 2004, complying with the requirements of JIS Q 15001:2006 Personal Information Protection Management Systems. In January 2008, we were granted the right to use the "PrivacyMark," which certifies the establishment of management systems that ensure proper measures for personal information protection. We have maintained our "PrivacyMark" certification until the present.

We have also conducted a review of our internal regulations to ensure a proper response to Japan's amended Act on the Protection of Personal Information, which went into force in May 2017.

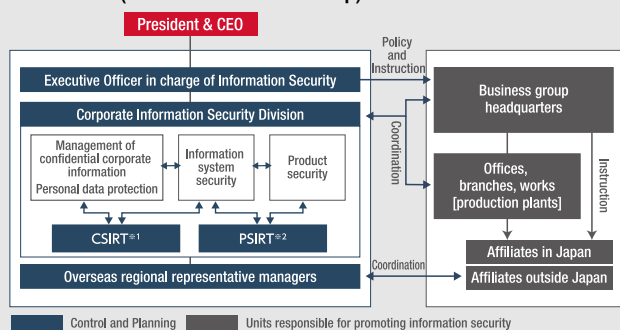
Cyber-Attack Countermeasures

Cyber-attacks have become a major threat for businesses. As they are growing increasingly sophisticated and diverse year-by-year, it is becoming difficult to prevent them. The Mitsubishi Electric Group is implementing two major countermeasures. Along with the wider use of cloud services and the wider adoption of teleworking, we are accelerating the implementation of zero-trust security* measures. For existing IT environments, we are deploying cyber-attack countermeasures through a multilayered defense consisting of a number of different defense measures stacked on top of each other. Furthermore, there are cyber-attacks that cannot be prevented entirely with a multilayered defense alone. Accordingly, we monitor cyber-attacks and have put in place a system to respond immediately should a case occur, in an effort to prevent or minimize damage.

Internet websites are constantly exposed to many external threats, and so we only launch websites that are approved by Mitsubishi Electric in order to maintain high security level.

* Concept of always authenticating devices before granting them access to resources regardless of whether they are inside or outside the network

Framework (Mitsubishi Electric Group)



※ 1 CSIRT: Computer Security Incident Response Team

※ 2 PSIRT: Product Security Incident Response Team

Leaks of data due to unauthorized system access

On November 16, 2020, a newly deployed cloud monitoring system detected suspicious access to one of the cloud services to which Mitsubishi Electric subscribes and it was confirmed that the bank account information of our domestic suppliers was leaked. This unauthorized access to the cloud was performed at a related company in China by intruding to the network and stealing the credentials of some Mitsubishi Electric Group employees to access the cloud.

To prevent recurrence, Mitsubishi Electric strengthens the monitoring of the cloud service that was accessed illicitly and accelerates the implementation of zero-trust security measures. In addition, the Mitsubishi Electric Group as a whole strengthens security measures through comprehensive multilayered protection, such as the strengthening of domestic and overseas network access controls, endpoint security measures, and monitoring and authentication platforms. Going forward, we will continuously work to strengthen security in coordination with relevant authorities.