We will strive to solve social challenges through our businesses

The Mitsubishi Electric Group will work to address diversified social challenges together with customers and business partners by transforming into a “Circular Digital-Engineering company” that provides advanced Integrated Solutions through co-creation and through integrating knowledge within and outside the Group, while positioning the realization of sustainability as the cornerstone of our corporate management.

Reflection and achievements in fiscal 2022

In fiscal 2022 (April 1, 2021–March 31, 2022), the U.S., Europe, and Japan continued to see recovery in the corporate sector in general. The household sector continued to pick up in the U.S., Europe, and other regions. In Japan, the sector showed signs of a pick-up due to the normalization of economic activity, though there was downward pressure due to the impact of COVID-19. In China, exports and production continued to recover, but the pace of recovery remained slow, especially in the household sector. In addition, material prices and logistics costs increased and the balance between supply and demand for parts and materials remained strained for a prolonged period.

Under these circumstances, the Mitsubishi Electric Group has been working even harder to improve profitability by enhancing our business portfolio strategy to achieve sustainable growth, while continuously implementing initiatives to bolster our competitiveness and business structure.

As a result, revenue increased by 7% year on year to 4,476.7 billion yen and operating profit rose by 9% year on year to 252 billion yen (operating profit margin 5.6%) in fiscal 2022. Going forward, we will work to further create value for achieving the financial targets for fiscal 2026 under the medium-term management plan launched last fiscal year: consolidated revenue of 5 trillion yen, operating profit margin of 10%, return on equity (ROE) of 10%, and cash generation of 3.4 trillion yen in five years.

Positioning the realization of sustainability as the cornerstone of our corporate management

At the Mitsubishi Electric Group, we define our Purpose, Our Values, and Commitment as follows. In fiscal 2023, we reviewed our management policy that is grounded in our Purpose. Our new management policy positions the realization of sustainability as the cornerstone of our corporate management, and clearly reiterates our aim for “solving social challenges through our businesses.” From this approach, we will pursue sustained enhancement of our corporate value and fulfill our responsibility to society, to our customers, shareholders and employees, and to all other stakeholders.

In line with this, we have also reviewed our corporate strategy in which we have defined our aim to transform into a “Circular Digital-Engineering company” that provides evolved integrated solutions by co-creating and by integrating knowledge within and outside the Group.

Commitment

“Changes for the Better” represents the Mitsubishi Electric Group’s attitude to “always strive to achieve something better,” as we continue to change and grow, each one of us shares a strong will and passion to continuously aim for change, reinforcing our commitment to creating “an even better tomorrow.”

Management policy

In addition to realizing anti-traceable corporate management from the three perspectives of growth, profitability, efficiency, and soundness, we will return to our fundamental principle of “addressing social challenges through our businesses” and position the realization of sustainability as the cornerstone of our management. From this approach, we will pursue a sustained enhancement of our corporate value and fulfill our responsibility to society, to our customers, shareholders and employees, and to all other stakeholders.

Corporate strategy

Through co-creation and by integrating knowledge within and outside the Group, we will transform into a “Circular Digital-Engineering company” that provides evolved integrated solutions thereby contributing to solving various social issues.

Five challenge areas

- **Carbon neutral**: Achieve a decarbonized society to combat climate change by reducing CO2 emissions from the company and society
- **Circular economy**: Achieve a society in which resources are effectively used and sustainably circulated
- **Safety / Security**: Achieve a society in which all people are respected and everyone can lead free, fair, and vibrant lives
- **Inclusion**: Achieve a society that can cope with various environmental changes and risks
- **Well-being**: Achieve a healthy and comfortable, safe, secure, and comfortable society

Materiality

- **Respect for all people**: Create a sustainability-oriented corporate culture
- **Strengthen corporate governance and compliance on a sustainable basis**: Achieve a sustainable global environment
- **Create a sustainability-oriented corporate culture**: Achieve a safe, secure, and comfortable society

Transforming into a “Circular Digital-Engineering company” to realize sustainability

The Mitsubishi Electric Group has identified five areas for our materiality, and has carried out activities to realize sustainability. Our materiality can be split up into two different perspectives, one of which is to “provide solutions to social challenges through our businesses.” We have clarified five areas of focus as follows:

1. **Carbon neutral**: We have clarified five areas of focus as follows:
2. **Circular economy**: Achieve a society in which all people are respected and everything can lead free, fair, and vibrant lives
3. **Safety / Security**: Achieve a society in which all people are respected and everyone can lead free, fair, and vibrant lives
4. **Inclusion**: Achieve a society that can cope with various environmental changes and risks
5. **Well-being**: Achieve a healthy and comfortable, safe, secure, and comfortable society

President’s Message

In this fiscal year, we will introduce several measures as part of our efforts to reform communication, including building human relationships irrespective of individual positions. These measures include addressing everyone by the neutral honorific "san" rather than addressing them by their titles, and by gradually implementing one-on-one meetings to promote communication between superiors and subordinates.

As for the Board of Directors, we will promote diversity, considering appointing more female directors. As for the Board of Directors, we will promote diversity, considering appointing more female directors. As for the Board of Directors, we will promote diversity, considering appointing more female directors. As for the Board of Directors, we will promote diversity, considering appointing more female directors.

Creating a company where people can feel happy and motivated in their work

For us to continue existing as a company despite the dramatic changes of the times, I believe it is important for us to be able to quickly and nimbly shift in response to such changes. I feel that in the future, we will need to have a willingness to shift from our current state if this is determined to be necessary.

What I really want to create is a company where employees can feel happy and motivated in their work. If employees can work in such an environment, they will seek to communicate with the people around them. They will become active in many different places, which will result in various teams forming spontaneously. Through this process, I want to create a workplace where people can realize what they really want to accomplish. As a result, we will start to see a strong overlap between our Purpose and the motivation of each employee. This will further boost the value that we can offer to customers.

The future direction that the Mitsubishi Electric Group should seek to realize is a company where employees feel secure and work happily as they deliver products and solutions that bring joy and smiles to customers, shareholders, and people in society. We will carry out reforms to create a new Mitsubishi Electric Group.

Kei Uruma
President & CEO