The Mitsubishi Electric Group aims to become a “Circular Digital-Engineering company” that always provides evolved Integrated Solutions through co-creation and by integrating knowledge within and outside the Group to solve diversifying social challenges through business with customers.

Positioning the realization of sustainability as a cornerstone of our management to contribute to solving social challenges through business in five challenging areas: Carbon neutral; Circular economy; Safety/Security; Inclusion; and Well-being.

We will establish Business Area Owners, who are responsible for working on corporate strategy from a medium- to long-term perspective, with a bird’s-eye view of a wide range of business fields as a new management structure to achieve sustainability management. By doing so, we will accelerate the solution of social challenges through our business and contribute to the realization of a vibrant and sustainable society.
President’s Message

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 of 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-creation and by integrating knowledge within and outside the Group.

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, (2) Circular economy, (3) Safety/Security, (4) Inclusion, and (5) Well-being.

To realize sustainable growth, we aim to improve profitability by strengthening our business portfolio strategy. Specifically, we will strategically invest management resources in the five business areas (Factory Automation (FA) Control Systems Business, Air-conditioning & Refrigeration Systems Business, Building Systems Business, Automotive Equipment Business (xEV/ADAS: Advanced Driver Assistance System), and Power Semiconductor Devices Business) that we position as Key Growth Businesses and shift our resources to profitable and high-growth businesses. In addition, with the aim to improve corporate value by solving social challenges through our businesses, we have designated Business Area (BA) Owners who will consider the ideal direction to take by taking an overall look at the four business areas (BAAs). In addition, we will endeavor to create new businesses by promoting open innovation to respond to changes in social structure and customer value, while incor-
President's Message

In our President's Message, we discuss the need for solutions to diverse social challenges, particularly in the context of our company's Integrated Solutions. We acknowledge that through cooperation, we can contribute to solving social problems. Our goal is 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 their motivation in their work. If employees can work in such an environment, they will be more likely to work creatively. We promote diversity, considering appointing more female directors. In addition, we will promote organizational culture reform that Team Sousei proposed to the company. This reform will lead to greater communication, including building human relationships irrespective of individuals' positions. These measures include addressing everyone by the neutral honorific "san" rather than addressing them by their titles, and gradually implementing one-on-one meetings to promote communication between superiors and subordinates. Since assuming the position of the CEO, I am currently on my second round of visits to all sites of Mitsubishi Electric to engage in dialogues with employees. For this second round of visits, I aim to talk one-on-one, while gathering about 20 employees from each job level in groups to exchange opinions as a two-way meeting. I will listen to a variety of opinions through these dialogues and I will utilize them for various future reforms. 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.

Circular Digital-Engineering Company to solve social challenges

We will transform into a “Circular Digital-Engineering company” that provides evolved Integrated Solutions through co-creation and by integrating knowledge within and outside the Group, thereby solving various social challenges.

INTEGRATED REPORT 2022 MITSUBISHI ELECTRIC CORPORATION
What we need to work on now to improve the Mitsubishi Electric Group's corporate value

**Yabunaka:** Meetings have been held between the Outside Directors and the Team Sousei members only, so that the directors could hear details about the actual activities. There were many challenges when the activities began, and some team members said that they felt distanced from individuals in higher positions. I think the overall atmosphere has changed greatly and for the better, thanks to the efforts of Mr. Uurma and other Executive Officers to gather members’ thoughts and opinions through direct communication with them.

**Uurma:** Just the other day, I was talking with Team Sousei members in a meeting, and I noticed that they only regarded their bosses as people who they need to report to. However, sometimes they sought to consider “utilizing” their bosses as well. I told the Team Sousei members that they could tell me directly if they need any help and utilize me as a project leader.

**Yabunaka:** This is a big change. They felt distant from the president before, but they feel closer to him now. It will be extremely important for employees to be able to see the top management face to face and feel that they are working together.

**Uurma:** Currently, Team Sousei has entered the implementation phase. The staff members have been divided into two groups: the project promotion staff at the headquarters and the introduction staff in each department, and their supporters assist with their activities. There are many challenges to overcome, such as how to motivate 150,000 group employees, but we are committed to achieving the reforms and transformations. Even if the team members do make efforts in various aspects, this may all amount to nothing if they end up rebuffing an invisible wall within the company. The management must firmly support their activities to avoid such a situation.

**Yabunaka:** Facing a crisis is a good opportunity for the organization to change. It is very regrettable that improper quality control practices occurred, but in a sense, now is a great opportunity for Mitsubishi Electric to be reborn. I do want them to boldly proceed with these reforms.

**Positioning the realization of sustainability at the cornerstone of our management**

**Uurma:** In fiscal 2023, the company introduced the Business Area Owner system and has made reforms to the organization with a focus on social challenges. Under the new system, we have clearly declared that we will make concerted, company-wide efforts to address social challenges, positioning the realization of sustainability at the cornerstone of our management.

**Yabunaka:** I think it is highly significant that Mitsubishi Electric has expressed a clear message about its direction and value in contributing to society by making use of the technologies it has cultivated. In the future, it is necessary to seriously consider and hold discussions at each workplace about what people on the floor can do.

**Uurma:** I feel the question is how we take ownership of these efforts to realize sustainability. Taking ownership means that each and every employee continues to think about the social challenges they need to address, have their skills, and develop mechanisms for solving the challenges, with the Mitsubishi Electric Group’s Purpose as the starting point. We aim to contribute to the happiness of a wide range of people in the future by solidly fostering a climate and environment that enable continuous technological innovation and ceaseless creativity for resolving social challenges.

**Yabunaka:** There are many fields where Mitsubishi Electric can utilize its technologies to lead society forward. I think the realization of carbon neutrality is a typical example. Since the Earth Summit in Rio de Janeiro in 1992, I have witnessed global trends around climate change as I participated in international conferences. The importance of addressing climate change continues to grow around the world over time, and today, we are entering an era in which corporate reputation is directly affected by how seriously they are working on climate issues. Uurma: Indeed, we believe that at the same time that carbon neutrality presents significant opportunities, we recognize that we have a responsibility to address this issue as members of society. In order to achieve carbon neutrality in the entire value chain by fiscal 2030, we have set a new interim target of reducing greenhouse gas emissions from Group plants and offices by 50% or more by fiscal 2031 compared to fiscal 2014. We will steadily work to contribute to the decarbonization of society as a whole according to our roadmap.

**Aiming to be a company where employees can dream and take on challenges**

**Uurma:** Human resources strategies are also a key aspect for building a foundation to improve corporate value. Many people within the younger generation want to work for a company where they can build robust achievements for their career, and it is essential to provide them with appropriate opportunities for education and experience. We are currently working on creating a system to take the knowledge that was previously locked up within each individual, and to systematize this and pass it on as a valuable asset of the Company. Recently, new movements have been born through the initiatives of Team Sousei, such as the start of efforts to establish “Middlecollege” where employees can connect and learn from each other across business and departmental boundaries.

**Yabunaka:** I would like all employees to be sensitive to changes in society and look to the wider world. I would also like them to deepen their exchanges with people from different fields and expand their imagination, such as creating new things by combining the technologies held by the Company and their departments. In addition, I encourage employees to seriously exchange and share opinions without being afraid to argue. Through serious discussions, it is not uncommon for people to come across ideas that are different from their own and that help them gain new awareness. It is also important to have an environment that accepts entirely new ideas and bold forms of individuation with a broad mind.

**Uurma:** I think that what is needed is a place to utilize and nurture new ideas. Nothing new will be born if we reject proposed new ideas on the grounds that there seems to be no place to use it within the Company or that it is difficult in terms of costs. Setting up a mechanism to put ideas out first will help improve employees’ motivation, even if the ideas do not end up working at the first step. I hope employees will be able to dream about technologies and products that go beyond conventional wisdom, looking ahead to the next 10 or 20 years to come.

**Yabunaka:** Despite its innovative technologies, I’d say Mitsubishi Electric may have been a rather conservative company until now. But it is precisely because we live in an era of such rapid change that people place more value on things that are a little strange but that are also interesting and that give people something to dream about, as opposed to something that is stereotypical and lacking in individuality. I hope that Mitsubishi Electric will be an interesting company where employees can continue to take on challenges while envisioning a bright future.
Improper Quality Control Practices and Three Reforms

1. Overview of Incidents

Mitsubishi Electric would like to reiterate its sincere apologies to all customers, valued stakeholders, and broader society for the impact of these incidents. Mitsubishi Electric, we take these incidents seriously and ensure that thorough measures are taken to prevent recurrence by analyzing the relevant factors and pursuing the root causes. We also regularly discuss details on these initiatives via our portal site as soon as information becomes available.

2. Investigative Committee’s Investigation

We have established the Emergency Response Division headed by the president and commissioned a quality-related investigation by an Investigative Committee of external experts in response to the series of improper quality control practices. First, we will focus on completing the investigation with the Investigative Committee.

3. Overview of Measures to Prevent Recurrence

Based on the report submitted by the Investigative Committee, we will proceed with implementing the three reforms.

Investigative Committee Recommendations

- Organize a company-wide understanding and correct perception of quality ensuring quality throughout all products
- Check and review procedures such as procedure manuals from a third party's perspective
- Strengthen the quality control division
- Support and strengthen middle management
- Bring the headquarters/company function departments and the manufacturing sites closer
- Encourage affiliation with the company rather than the existing strong affiliations at a plant/works level
- Implement measures based on the business group system
- Demonstrate management’s resolve in strengthening quality compliance

Three Reform Areas

- Quality assurance reform
- Establish the Corporate Quality Assurance Reengineering Group under the direct control of the CEO
- Strengthen new quality assurance functions by linking the head office, shares knowledge and provide feedback support across business groups
- Appoint a Chief Quality Officer from outside the company (April 2022)
- Promote measures over ¥30 billion for investments in infrastructure development, etc.

- Organizational culture reform
- Company-wide reform project “Team Sousei (Creation)” formulates “Robust Policies” for organizational culture
- Strengthen new quality assurance functions by linking the head office, shares knowledge and provide feedback support across business groups
- Appoint a Chief Quality Officer from outside the company (April 2022)
- Promote measures over ¥30 billion for investments in infrastructure development, etc.

- Governance reform
- Reform the Board of Directors to strengthen management supervision functions
- Establish a Governance Review Committee

4. Initiatives for the Three Reforms

4.1. Organizational culture reforms: "Robust Policies" for the creation of a New Mitsubishi Electric Group

- Team Sousei (Creation), a company-wide reform project consisting of 45 members selected through internal recruitment, formulated the "Robust Policies" for organizational culture reforms. Various measures have been implemented based on the policies since FY2023.

- Quality assurance reforms: Strengthen quality governance by going back to the premise that "Product quality is our top priority"

Under the leadership of the new Chief Quality Officer, the Corporate Quality Assurance Reengineering Group will lead efforts to "reconstruct the control function," "address issues relating to technical capabilities and resources," and "re-foster an awareness of quality compliance."

- Governance reforms: Reform the Board of Directors and establish the Governance Review Committee

Strengthen management supervision function, and improve internal control and governance systems

- Undertake sustainable, medium- to long-term initiatives to reform the functions, composition, and secretariat of the Board of Directors, as well as the three statutory committees.
- Form a Governance Review Committee, comprising of three lawyers with no existing commercial relationships with the company, to assess internal control and governance systems.
The Mitsubishi Electric Group places more focus than ever on sustainability initiatives at the management level to realize "a vibrant and sustainable society" that we have committed to in our Purpose. We have identified five areas as materiality (important challenges) to "provide solutions to social challenges through our businesses" and as part of our "strengthen our business foundation to enable sustainable growth." Through these materiality initiatives, we will create economic and social value and will contribute to solving social challenges.

Initiatives to Create Value

Purpose

We, the Mitsubishi Electric Group, will contribute to the realization of a vibrant and sustainable society through continuous technological innovation and ceaseless creativity.

Our Values

Trust, Quality, Technology, Ethics and Compliance, Humanity, Environment, Society

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 well-balanced corporate management from the three perspectives of growth, profitability/efficiency, and sustainability, 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.

Value Creation

2025 Financial Targets

- Revenue: ¥5 trillion
- Operating Profit Margin: 10%
- R&D: 10%
- Cash Generation: ¥3.4 trillion / 5 years

Social value

Social and Environmental Targets

2050: Net zero greenhouse gas emissions in the entire value chain
2030: Reduce greenhouse gas emissions from factories and offices by 50% or more (compared to 2013)

Priority SDGs initiatives

Three Reform Areas

- Quality assurance reform
- Governance reform
- Organizational culture reform
Mitsubishi Electric Corporate Strategy

Sustainability Management

Positioning the realization of sustainability as the cornerstone of our management, we have clarified five challenge areas to focus on to promote solutions to social challenges through our businesses.

Five challenge areas

- **Carbon neutral**
  Achieve a decarbonized society 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 resilient society that can cope with various environmental changes and risks.

- **Inclusion**
  Achieve a society in which all people are respected and everyone can lead free, fair and vibrant lives.

- **Well-being**
  Achieve a healthy and comfortable life for each individual, both mentally and physically.

New Management Structure to Achieve Sustainability Management

We have established four Business Areas (BA) that will enhance sustainability management. BA owners envision their ideal state with a bird’s eye view of their businesses and accelerate solving social challenges through our businesses.

Materiality

- **Materiality**
  Realize a sustainable global environment
  Strengthen corporate governance and compliance on a sustainable basis
  Create a sustainability-oriented corporate culture
  Respect for all people

Circular Digital-Engineering Company to solve social challenges

We will transform into a “Circular Digital-Engineering company” that provides evolved Integrated Solutions through co-creation and by integrating knowledge within and outside the Group, thereby helping to solve various social challenges.

Circular Digital-Engineering Company

Contributes to solving social challenges by providing evolved Integrated Solutions at all times, through accumulating data from our customers, strengthening connections in the group, sharing wisdom and creating new value.

Integrated Solutions

Integrated Solutions support the entire lifecycle in providing a system from consulting to maintenance and operation. We strengthen components as the base of our business, expand systems utilizing advanced digital technologies, and provide Integrated Solutions with these at the core, to be the driving force behind our continuous growth for complex challenges.

Integrated Solutions

- **Systems**
  Realize secure, highly flexible/expandable systems utilizing various knowledge of fields and components.

- **Components**
  Pursue miniaturization, energy conservation and smartification by fusion of strengthen technology, such as power electronics, control, etc., and advanced technology, such as AI, modeling, etc.

Expand product and service layers

Products and services offered
We will strengthen our initiatives from dual approaches: "Responsibility" to reduce greenhouse gas emissions in the value chain of our Group and "Contribution" aimed at realizing carbon-neutral in the entire society through our businesses.

**Responsibility**

- Continuously invest 0.15% of revenue in carbon neutral efforts.
- Use renewable energy to 85 sites in Japan in FY2023
- Promote expansion of internal renewable energy procurement using multi-region EMS(*).

**Contribution**

- Promote expansion of internal renewable energy procurement using multi-region EMS(*).
- Use renewable energy to 85 sites in Japan in FY2023
- Continuously invest 0.15% of revenue in carbon neutral efforts.

### Initiatives for Carbon-Neutral

**Target**

- FY2021: Net zero greenhouse gas emissions in the entire value chain
- FY2023: Reduce greenhouse gas emissions from factories and offices by 50% or more compared to FY2014.

### Initiatives to reduce greenhouse gas at factories and offices.

- Promote internal initiatives into businesses.
- Make the entire value chain carbon neutral.

**Main R&D Themes**

- CCS / Carbon recycling
- CO2 recovery from atmosphere and factory exhaust gases
- Heat and stream utilization
- Full use of waste plastic
- Anti-fragile system
- Power module technology
- EHS integrating electricity, heat, and hydrogen

**Operational Technology**

- Multi-region EMS
- EMS integrating electricity, heat, and hydrogen
- Multi-region EMS

**Technological Innovation**

- Power & Electronics
- Energy management system (EMS)
- Renewable energy
- CO2 recycling

**Value Recapturing Businesses**

- Use existing resources to gain new added value that meets market demands.

**Businesses with issues**

- Consider selling/withdrawing from less profitable businesses falling below a set threshold.

**Resilient Businesses**

- Have stable demand and contribute to our resilient management regardless of market fluctuation.

**Key Growth Businesses**

- Growth drivers that have the potential to become global leaders in growth markets, and lead to innovation for addressing social challenges.

**Value Capturing Businesses**

- Potential Businesses/New Businesses

**Business Growth Potential**

- Scale up and increase profitability through concentrated investment in growth businesses.

**Profitability**

- Revenue: ¥5 trillion
- Operating Profit Margin: 10%
- ROE: 10%
- Cash Generation: ¥3.4 trillion /5 years

*Cash Generation: Adjusted operating cash flow (CF)
Key Growth Businesses, Potential/New Businesses

In key growth businesses, we are steadily expanding the scale through growth investment by increasing production capacity, building a new system for business operation, launching new products, etc. As for potential businesses and new businesses, we are accelerating the creation of new businesses through open innovation.

Key Growth Businesses <Scale Expansion through Growth Investment>

- **FA Control Systems**
  - Established a new production base in the Oawasashi district in response to demand for FA control systems in decentralisation-related fields
  - Invested approx. ¥7.5 billion to establish a new production base (Scheduled to start operation in Apr. 2023)

- **Air-Conditioning & Refrigeration Systems**
  - Increased the production capacity for air-conditioning equipment to meet demand for heat pumps in Europe
  - Increased the production capacity by Investing approx. ¥7.3 billion in MACT** in Turkey (Scheduled to start operation in Feb. 2024)

- **Building Systems**
  - Shifted to the operation system for Integrated business operation from new installation to maintenance and renewal
  - Established Mitsubishi Electric Building System Corporation (Apr. 2022)

- **xEV/ADAS**
  - Started mass production of “High Definition Locator” that contributes to ADAS technologies
  - For consumer use, world’s first mass production of “High Definition Locator” that can receive centimeter-level position correction from Quasi-satellite system (started in Oct. 2021)

- **Power Semiconductor Devices**
  - Doubled the production capacity for wafer fabrication to meet the strong demand in automotive and consumer electronics areas
  - Doubled the production capacity by FY2021 compared to FY2017. Construction of a 6-inch line with higher production efficiency at the Fukuyama Factory and started construction of a 12-inch line.

Potential Businesses/New Businesses <Creation of Next-generation Businesses>

- **FA Control Systems**
  - Established a corporate venture capital (CVC)** fund to accelerate open innovation aimed at creating new businesses
  - Established M-ir Innovation Fund with a total investment amount of ¥5 billion with Global Brain Corporation (Jan. 2022)

Resilient Businesses, Value Recapturing Businesses, Businesses with issues

In resilient businesses, we are improving profitability and expanding businesses through merger and acquisition, etc. Some value recapturing businesses have shifted to resilient businesses due to improved profitability. Businesses with issues are shifting resources by selling, withdrawal, and collaboration.

Resilient Businesses <Strengthening Profitability>

- **Improved profitability of certain businesses and add them to Resilient Businesses**
  - Processing machines, high-frequency optical devices, and IT infrastructure services.

- **Acquired a U.S.-based UPS maintenance company to expand the uninterruptible power supply business in North America**
  - Acquired all shares of Computer Protection Technology, Inc. (CPT), a company with a proven track record in the California area (Feb. 2022)

Value Recapturing Businesses

Businesses with issues <Selling/Withdrawing/Shifting resources by collaboration>

- **Reviewed business of Kyoto Works, including the LCD TV business**
  - Diversified the LCD TV business (announced in Feb. 2022), discontinued the commercial printer business, terminated in-house production of multi-video systems for indoor use (announced in Mar. 2022), and shifted management resources to our Key Growth Businesses, such as air-conditioning and refrigeration systems.

- **Established a joint venture with JUKI in the industrial sewing machine business**
  - Established a joint venture with JUKI in the industrial sewing machine business (FY2021, Joint Stock Company)

- **Established a joint venture with JUKI in the industrial sewing machine business**
  - Established a joint venture with JUKI in the industrial sewing machine business with JUKI Corporation and Meiko Techno Corporation (established in Jul. 2022)

Capital Allocation Policy

For capital allocation, taking top priority to investment in growth, we will further enhance shareholder returns through profit growth. In terms of cash generation, the source of capital, we will aim to generate ¥3.4 trillion over a five-year period, with a focus on Key Growth Businesses. We will return profits to shareholders (dividends + buyback) with a target of ¥0.6 trillion (Previous Medium-term Management Plan: ¥0.4 trillion). In addition, we will further improve capital efficiency by implementing capital measures.

Key Growth Businesses <Scale Expansion through Growth Investment>

- **Resource Investment**
  - FY2026 Financial Targets
    - Revenue: ¥5 trillion / OPM: 10%
    - Key Growth Businesses: 44%**
    - Resilient Businesses: 4%**

- **Priority Allocation of Resource Investment**
  - We invest resources in the amount of ¥2.8 trillion, up ¥0.8 trillion from the previous medium-term management plan, centered on Key Growth Businesses to attain the FY2026 financial targets (Revenue of ¥5 trillion, OPM of 10%).
  - We have started considering the use of the ¥0.2 trillion for each business field, out of the ¥3.5 trillion strategic investment.

Value Recapturing Businesses, etc.

Revenue / Operating Profit

- **Revenue**
  - Shareholders returns ¥0.4tn

- **Capital Allocation**
  - Shareholder returns target ¥0.6tn

- **Cash Generation**
  - Growth investment, etc. ¥2.0tn

- **Shareholder returns target ¥0.6tn**

- **Increase growth investments and shareholder returns through further cash generation**
  - Dividends of approx. ¥0.5 billion and share buybacks of approx. ¥0.1 billion, for a total of ¥0.6 billion in shareholder returns
Basic Policy on Research and Development

The Company advances the following research and development with a balanced approach. These R&D efforts reinforce and transform our existing businesses and promote the creation of new value, in order to solve a variety of social issues through the use of advanced technologies and contribute to the realization of a sustainable society. We thoroughly enhance core technologies that drive increased profitability and continuously deepen fundamental technologies such as AI, and investigate and create new technologies aimed at making a decarbonized society and other achievements. The Company will also accelerate development and create value through proactive utilization of open innovation with universities and other external R&D institutions. During fiscal 2022, the total R&D expenses for the entire Group amounted to 195.1 billion yen (2% increase compared to the previous fiscal year).

Major R&D Achievements in Fiscal 2022

The SUSTIE Net Zero-energy Building Test Facility Cuts Annual Operating Energy to Below 0%*1

SUSTIE® net-zero-energy building test facility, which was completed at the Company’s Information Technology Research Center in 2020, retained its energy consumption at less than 0% in its first full year of operation by producing more energy than it. A building equipment operation plan that keeps the building comfortable while minimizing energy consumption is automatically generated, through the combined use of technologies simulating the operating status of building equipment such as air conditioning and lighting, as well as the state of the outdoors such as temperature and brightness, and Mitsubishi* AI technology. Through this development, the Company achieved ZEB*2 level operation in an urban location with limited premise area, while maintaining a highly comfortable and productive work environment. The Company will use this case example to further promote the popularization of ZEB and contribute to carbon neutrality.

Development of AI Technology that Clarifies its own Control Rationale

The inference processes used by AI technologies are black boxes and often difficult to understand. This presents major difficulties when applying them to the control field, where reliability and explainability are vital. This newly developed technology* eliminates black boxes by splitting up the AI inference processes step-by-step, into a step in which the AI predicts from the current sensor detection value the future sensor detection value based on past data, etc., a step in which an equipment control schedule is set based on the predicted sensor detection value, and a step in which an equipment control schedule is set based on the result of the above step. By reducing AI usage, the control risk and new risks can be clearly prevented in advance.

Contributing to the realization of a society in which people can feel secure using AI by clarifying its control rationale

Respecting IP Rights

The Mitsubishi Electric Group firmly recognizes the importance of mutually acknowledging and respecting not only its own intellectual property rights but also the intellectual property rights of others. This stance is clearly set forth in the Mitsubishi Electric Group Conduct Guidelines and practiced throughout the Group.

Any infringements on the IP rights of others not only violate the Code of Corporate Ethics and Compliance, but also have the potential to significantly impair the Group’s continued viability as a going concern. The resulting potential impairments include being obliged to pay significant licensing fees or being forced to discontinue the manufacture of a certain product. In order to prevent any infringement on the IP rights of others, various educational measures are provided mainly to engineers and IP officers, to raise employee awareness and promote greater respect for the IP rights of others. At the same time, a set of rules has been put in place to ensure that a patent search is carried out at every stage from development to production, and is strictly enforced throughout the entire Group.

While the Mitsubishi Electric Group also works diligently to prevent any infringement on its IP rights by others, in addition to in-house activities, we place particular weight on collaborating with industry organizations while approaching government agencies both in Japan and overseas as a part of a wider range of measures to prevent the counterfeiting of our products.

Open Technology Bank Activity

In order to realize a sustainable future, Mitsubishi Electric launched activities of the Open Technology Bank, which promotes internal and external collaborations based on intellectual property in fiscal 2022. In the past, the primary use of intellectual property was for competition between companies (monopolizing their technologies). The proper protection of intellectual property (IP) promotes technological progress and sound competition, and also contributes to realizing affluent lifestyles and the development of society. The Mitsubishi Electric Group recognizes that intellectual property (IP) rights represent a vital management resource essential to its future and must be protected.

Through integrating business, R&D, and IP activities, the Group is proactively strengthening its global IP assets, which are closely linked to the Group’s business growth strategies and contribute to both business and society, and also working on protecting IP rights.
## MAIN PRODUCTS AND BUSINESS LINES

**Turbine generators,** hydraulic turbine generators, nuclear power plant equipment, motors, transformers, power electronics equipment, circuit breakers, gas insulated switchgears, switch control devices, surveillance system control and security systems, transmission and distribution ICT systems, large display devices, electrical equipment for locomotives and rolling stock, wireless and wired communications systems, network cameras and their systems, elevators, escalators, building security systems, building management systems, and others.

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## Energy and Electric Systems

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Revenue (Yen)</th>
<th>Operating Profit (Yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>1,200</td>
<td>100</td>
</tr>
<tr>
<td>2021</td>
<td>1,100</td>
<td>80</td>
</tr>
<tr>
<td>2020</td>
<td>1,000</td>
<td>60</td>
</tr>
<tr>
<td>2019</td>
<td>900</td>
<td>40</td>
</tr>
<tr>
<td>2018</td>
<td>800</td>
<td>20</td>
</tr>
</tbody>
</table>

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## Industrial Automation Systems

Programmable logic controllers, inverters, servo motors, human-machine interface, motors, belts, maglev systems, high-speed elevators, sliding doors, traction equipment, inverter and microwave ovens, robots, machine vision, machine tools, laser processing machines, industrial robots, automotive electrical equipment, electric powertrain system, 3D printers, robots, and others.

<table>
<thead>
<tr>
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<td>40</td>
</tr>
<tr>
<td>2018</td>
<td>800</td>
<td>20</td>
</tr>
</tbody>
</table>

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## Information and Communication Systems

Satellite communications equipment, satellites, radar equipment, antennas, satellite navigation systems, information systems equipment, systems integration, and others.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
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<th>Operating Profit (Yen)</th>
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<td>900</td>
<td>40</td>
</tr>
<tr>
<td>2018</td>
<td>800</td>
<td>20</td>
</tr>
</tbody>
</table>

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## Electronic Devices

Power modules, high-frequency devices, optical devices, LCD devices, and others.

<table>
<thead>
<tr>
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<th>Operating Profit (Yen)</th>
</tr>
</thead>
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<td>2019</td>
<td>900</td>
<td>40</td>
</tr>
<tr>
<td>2018</td>
<td>800</td>
<td>20</td>
</tr>
</tbody>
</table>

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## Home Appliances

Room air conditioners, package air conditioners, chillers, air conditioners, refrigerators, washing machines, water purifiers, home appliances, and others.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Revenue (Yen)</th>
<th>Operating Profit (Yen)</th>
</tr>
</thead>
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<td>60</td>
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<tr>
<td>2019</td>
<td>900</td>
<td>40</td>
</tr>
<tr>
<td>2018</td>
<td>800</td>
<td>20</td>
</tr>
</tbody>
</table>

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## Others

Procurement logistics, real estate, advertising, finance, and other services.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Revenue (Yen)</th>
<th>Operating Profit (Yen)</th>
</tr>
</thead>
<tbody>
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<td>2022</td>
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</tr>
<tr>
<td>2018</td>
<td>800</td>
<td>20</td>
</tr>
</tbody>
</table>

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## Fiscal 2022 Topics

### At a Glance

We have constructed a new prototype facility at the Power Device Works (Nakatsu, Fukuoka Prefecture), which serves as a base to develop and manufacture power semiconductor products. We will enhance the development capability for power semiconductor products and accelerate the development of new technologies and new products, in an effort to further reduce energy losses. We will continue to strengthen our position as a key device that contributes to the realization of a decarbonized society.

We have invested about 2 billion yen to expand the production capacity for Air-To-Water heat pumps* and room air conditioners.* Our Indian subsidiary, Anonim S¸irketi, our air conditioner production base in Turkey, launched its second year of operation. We have also invested in the construction of a new high-speed elevator production facility in India.

SUSE*, an international operating system, launched its new product, SUSE Linux Enterprise Server (LES) 15, which offers a high performance and secure environment for businesses.

We have launched Open Technology Bank, an open source project to promote internal and external collaborations based on intellectual property for a sustainable future. We will offer our intellectual property assets, which contribute to solving diverse social challenges in various industries and fields, aiming to co-create new businesses by combining our technologies and ideas with those of our partner companies.

We opened XDrive at the headquarters in December 2021. XDrive is a showroom with the theme of the City and Smart city, where you can experience our state-of-the-art technologies and product. We will create new solutions jointly with our customers and partners to contribute to the realization of smart cities that provide both a sustainable society and affluent lifestyles.

We have developed a concept car, EMARAS xDrive. This concept car is equipped with technology to monitor passengers in the car and control headlight intensity distribution. EMARAS xDrive contributes to improving traffic accidents by providing safe and secure transportation by car to solve this social issue.

2022

According to the World Intellectual Property Organization (WIPO), headquarters: Switzerland, we filed and entered 26,992 patent applications in 2021. This represents a 10% increase from 2020, and is the highest level in the history of the organization.

We have developed a concept car, EMARAS xDrive. This concept car is equipped with technology to monitor passengers in the car and control headlight intensity distribution. EMARAS xDrive contributes to improving traffic accidents by providing safe and secure transportation by car to solve this social issue.

Mitsubishi Electric Automation (China) Ltd., our FA products sales subsidiary in China, opened the Collaborative Engineering Center (CEN) and started developing FA systems in China.

By leveraging our R&D technology, Mitsubishi Electric has developed a `touching-less` robot system technology that can create robot operations easily and automatically and realize the operating speed equivalent to humans without having to teach work details to the robot. This technology is expected to contribute to the promotion of workplace diversity and the realization of an AI-driven society.

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*Specialized UN agency for the development of global intellectual property right systems
### Financial Highlights

#### Performance for the Year Ended March 31, 2022

<table>
<thead>
<tr>
<th></th>
<th>2021  (Yen)</th>
<th>2022  (Yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>¥4,191.4bn</td>
<td>¥4,476.7bn</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>230.1</td>
<td>252.0</td>
</tr>
<tr>
<td><strong>Net profit attributable to Mitsubishi Electric Corp., stockholders</strong></td>
<td>193.1</td>
<td>203.4</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>4,797.9</td>
<td>5,107.9</td>
</tr>
<tr>
<td><strong>Bonds and borrowings</strong></td>
<td>248.8</td>
<td>217.1</td>
</tr>
<tr>
<td><strong>Mitsubishi Electric Corp., stockholders’ equity</strong></td>
<td>2,754.2</td>
<td>2,975.9</td>
</tr>
<tr>
<td><strong>Capital expenditure (based on the recognized value of property, plant and equipment)</strong></td>
<td>180.0</td>
<td>167.7</td>
</tr>
<tr>
<td><strong>R&amp;D expenditures</strong></td>
<td>190.5</td>
<td>195.1</td>
</tr>
<tr>
<td><strong>Earnings per share attributable to Mitsubishi Electric Corp., stockholders</strong></td>
<td>Basic ¥90.03</td>
<td>Diluted 90.03</td>
</tr>
<tr>
<td><strong>Cash dividends declared</strong></td>
<td>36</td>
<td>40</td>
</tr>
</tbody>
</table>

#### Statistical Information

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating profit ratio</strong></td>
<td>5.5%</td>
<td>5.6%</td>
</tr>
<tr>
<td><strong>Return on equity (ROE)</strong></td>
<td>7.6%</td>
<td>7.1%</td>
</tr>
<tr>
<td><strong>Bonds and borrowings to total assets</strong></td>
<td>5.2%</td>
<td>4.3%</td>
</tr>
</tbody>
</table>

1. The balance of bonds and borrowings and the ratio of bonds and borrowings to total assets do not include lease liabilities.
2. R&D expenditures include amounts spent on quality improvements which constitute manufacturing costs.
3. Diluted earnings per share attributable to Mitsubishi Electric Corp. stockholders is equal to basic earnings per share attributable to Mitsubishi Electric Corp. stockholders, as in all other securities.

#### Revenue Breakdown by Business Segment

- **Others**: 13.2% Revenue ¥76.2bn
- **Home Appliances**: 22.4% Revenue ¥1,144.7bn
- **Electronic Devices**: 4.7% Revenue ¥241.4bn
- **Industrial Automation Systems**: 28.6% Revenue ¥1,460.3bn
- **Information and Communication Systems**: 6.9% Revenue ¥354.1bn
- **Energy and Electric Systems**: 24.2% Revenue ¥1,238.1bn

Note: Inter-segment sales are included in the amounts of the diagram above.

### Non-financial Highlights

#### Main target initiatives in fiscal 2023

**Realize a sustainable global environment**
- Reduce CO₂ emissions related to the usage of new products (Improvement of more than 1% by the end of FY2024)
- Reduce CO₂ emissions from production (Reduction of more than 30% compared to FY2014 by the end of FY2024)
- Use recycled plastics (Rate of more than 10% in terms of the volume of molding and packaging materials by the end of FY2024)

**Realize a sustainable global environment**
- **Safety/Security**: Promotion of products, services, and solutions that contribute to minimizing damage due to natural disasters
- **Inclusion**: Promotion of products, services, and solutions that reduce the impact of physical limitations (age, disability, etc.) and environmental limitations such as residential areas
- **Well-being**: Promotion of products, services, and solutions that contribute to realizing a more comfortable and healthy living

**Respect for all people**
- Group the improvement statuses of human rights initiatives based on the FY2023 Human Rights Impact Assessment (Implementation rate of 100%)

**Strengthen corporate governance and compliance a sustainable basis**
- Conduct quality audits and promote improvements once a year at all manufacturing facilities and plants (Implementation rate of 100%)
- Implement new management policies (High rate of attendance in e-learning programs about the Code of Conduct (maintain a rate of 100%)

**Create a sustainability-oriented corporate culture**
- Improve understanding on the relationship between business operation and sustainability
- More than 80% understanding on the new management policy and more than 75% understanding on the operation of business in line with the management policy, according to the results of an employee awareness survey

For results of fiscal 2022, please refer to the following.
- Management Related to Materiality
Review of Operations

Energy and Electric Systems

Revenue Breakdown by Business Segment

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Operating Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>¥1,238.1 billion</td>
<td>¥62.1 billion</td>
</tr>
</tbody>
</table>

Operating Profit down ¥46.7 billion year on year

Operating Profit decreased by 46.7 billion yen compared to the previous fiscal year due to decreases in operating income and income from the disposal of assets.

The market for the social infrastructure systems business saw buoyant investment in the public utility systems business in Japan, while demand relating to power systems and the transportation systems businesses in Japan. In this environment, the business saw decreases in revenue and the yen depreciating against other currencies, which contributed to the improvement of operational efficiency across the railway system and the reliable train service.

Network Camera System

Camera image is more widely leveraged in combination with image analysis in addition to the monitoring application in stores in cities, factories, public facilities, railway, and road. Mitsubishi Electric’s network camera system offers a variety of image solutions with its high-quality image, rich lineup, and scalability.

Smart Medium Voltage DC Distribution Network Systems, D-SMiree

DC electricity is generated and stored in solar power plants and rechargeable batteries and is used as needed. D-SMiree is a next-generation DC distribution system that creates, stores, and saves energy to support the realization of carbon neutrality and a decarbonized society by taking advantage of DC distribution.

Mitsubishi Electric’s new u series escalators offer compact, lightweight, and energy-saving function. The DIATONE SOUND NAVI car audio-navigation system eliminates the slight noise generated by audio devices and contributes to the improvement of vehicle fuel efficiency and comfort. These products are widely used throughout the world, delivering compact units and high-output performance, and contributing to reduced automobile CO₂ emissions.

Mitsubishi Electric was the first company in the world to mass-produce lithium-ion batteries, which are used in electric vehicles, such as hybrid cars. These inverters that control the motors, which are mounted in automotive equipment business saw an increase in electric vehicle-related equipment due to the expansion of electric vehicle market, while sales of new cars decreased in Japan, China and Europe. In this environment, the business saw increases in both orders and revenue compared to the previous fiscal year. The market for the factory automation systems business increased due to increased material prices and logistics costs.

Industrial Automation Systems

Revenue Breakdown by Business Segment

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Operating Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>¥1,460.3 billion</td>
<td>¥96.8 billion</td>
</tr>
</tbody>
</table>

Operating Profit up ¥56.2 billion year on year

Operating profit for this segment increased by 17% compared to the previous fiscal year to 28.6 billion yen.

Programmable Logic Controllers

Mitsubishi Electric’s MELSEC series of programmable logic controllers supports a wide array of production and social infrastructure applications; solutions range from control and safety devices to information and instrumentation management. As a leading global brand, the MELSEC series contributes to the construction of cutting-edge control systems owing to its capabilities, performance, product variety, and high reliability.

The market for the factory automation systems business saw a global increase in demand for capital expenditures relating to digital equipment such as semiconductors, electronic components and smartphones, and products in the decarbonization area such as lithium-ion batteries. In this environment, the business saw increases in both orders and revenue compared to the previous fiscal year. The market for the automotive equipment business saw an increase in electric vehicle-related equipment due to the expansion of electric vehicle market, while sales of new cars decreased in Japan, China and Europe. In this environment, the business saw increases in both orders and revenue compared to the previous fiscal year. The market for the factory automation systems business increased due to increased material prices and logistics costs.

Electric Power Steering (Motors and Controllers)

Mitsubishi Electric was the first company in the world to mass-produce lithium-ion batteries, which are used in electric vehicles, such as hybrid cars. These inverters that control the motors, which are mounted in automotive equipment business saw an increase in electric vehicle-related equipment due to the expansion of electric vehicle market, while sales of new cars decreased in Japan, China and Europe. In this environment, the business saw increases in both orders and revenue compared to the previous fiscal year. The market for the factory automation systems business increased due to increased material prices and logistics costs.

Car Navigation System

The DATATIME SOUND NAVI car audio-navigation system eliminates the slight noise generated by audio devices and transmits sounds in high detail. It provides high-speed multi-task processing, fast responsiveness when searching and scrolling, and stability while delivering compact units and high-output performance, and contributing to reduced automobile CO₂ emissions.

Motors and Inverters for Electric Motor Vehicles

Mitsubishi Electric’s MELSEC series of programmable logic controllers supports a wide array of production and social infrastructure applications; solutions range from control and safety devices to information and instrumentation management. As a leading global brand, the MELSEC series contributes to the construction of cutting-edge control systems owing to its capabilities, performance, product variety, and high reliability.

The market for the factory automation systems business saw a global increase in demand for capital expenditures relating to digital equipment such as semiconductors, electronic components and smartphones, and products in the decarbonization area such as lithium-ion batteries. In this environment, the business saw increases in both orders and revenue compared to the previous fiscal year. The market for the automotive equipment business saw an increase in electric vehicle-related equipment due to the expansion of electric vehicle market, while sales of new cars decreased in Japan, China and Europe. In this environment, the business saw increases in both orders and revenue compared to the previous fiscal year. The market for the factory automation systems business increased due to increased material prices and logistics costs.

AC Servos

The MELSERVO Series enhances the total performance of manufacturing and production machines. From rotary servo motors to linear servo motors and direct drive motors, a wide range of products are available to meet any number of applications and to significantly improve the performance of all relevant equipment.

Computerized Numerical Controllers (CNCs)

Our rich lineup includes the MIMOS and M300 Series, which contribute to productivity improvement and optimization at manufacturing sites with its variety of innovative control functions, processing management using embedded HTML, and other features. Our controllers also support a variety of field networks that are necessary for constructing automation systems.

Motors for both horsepower-generating, as well as for inverters that control the motors, which are mounted in electric vehicles, such as hybrid cars. These products contribute to the improvement of vehicle fuel efficiency and comfort, for example, through idle stop and start, energy regeneration during deceleration, or torque assistance during acceleration.
**Electronic Devices**

**Revenue Breakdown by Business Segment**

![Revenue Breakdown](image)

**Power Semiconductor Modules**

Our power semiconductor modules help reduce the power consumption of power electronics equipment such as home appliances, motion control, renewable energy, power supplies, power transmission, traction, and automobiles. The product lineup includes IPM, IGBT modules, and IPM, and contributes to global environmental innovation.

**SiC** Power Semiconductor Devices

With significantly lower power loss than Si and capabilities that include the enabling of high-speed switching operations and high-temperature operation among others, the SiC power semiconductor device significantly reduces the power consumption of every type of power electronics equipment such as home appliances, industrial equipment, traction, and automobiles and contributes to the realization of both a decarbonized society and an affluent lifestyle in a sustainable future.

**HiVC**

An IC with a high withstand voltage that directly drives gates with input signals from microcomputers and other devices in place of gate driving by the power MOSFET or IGBT that uses a pulse transformer or photocoupler. The HiVC improves the reliability of equipment with a variety of embedded protective functions including undervoltage locked-out and an output-fault function.

**Optical Devices for Optical Communication**

The product lineup is optimal for all types of optical fiber communication facilities which are used in base stations for 5G, the fifth-generation mobile communication system, and also used in large-scale datacenters and other equipment, and support the transition to cloud computing. This lineup contributes to faster speeds, greater capacity and transmission distance, and equipment size reduction.

**GaN** High Frequency Devices

GaN promises to provide higher efficiency, higher output and wider bandwidth than Si. By employing GaN transistors, GaN high frequency devices contribute to faster communication speeds, increased information transmission volume, and smaller power amplifiers for base transmitter station networks in fifth-generation mobile communication systems (5G) and earth stations in satellite communication systems (SATCOM).

**Thermal Diode Infrared Sensor (MIDIR)**

With advanced temperature detection including a larger pixel number and higher temperature resolution, MIDIR distinguishes people from objects and enables the identification of specific human behaviors. MIDIR can be implemented into a wide range of applications including security, air conditioning, temperature measuring, surveillance, people counting, and smart building.

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**Information and Communication Systems**

**Revenue Breakdown by Business Segment**

![Revenue Breakdown](image)

**Video analysis solution “kizika”**

A solution for analyzing security camera footage with AI and automatically detecting and reporting specific people, things or events in real time. We have launched the “kizika Knight” service to analyze footage with AI to provide a privacy-conscious nursing care service.

(Mitsubishi Electric Information Systems Corporation)

**Network Security Service**

Corporate networks are exposed to many different threats such as unauthorized access or divulgence of personal or confidential information. Mitsubishi Electric builds an optimal security environment and provides a one-stop monitoring and operation service available 24/7 to address cyber attacks that are ever diversifying and evolving day by day.

(Mitsubishi Electric Information Network Corporation)

**Operation-Specific Solutions**

Mitsubishi Electric offers operation packages for working management, electronic application, sales management and other operations. These packages serve as a foundation to leverage our wealth of deployment experience as expertise on each type of business and support customer-specific cultures. We also provide flexible customizaton and promptly address law and system revisions to contribute to improving operational efficiency.

(Mitsubishi Electric IT Solutions Corporation)

**DS2000 Standard Satellite Platform**

The DS2000 is a standard satellite platform modeled after JAXA’s ETS-VIII. It meets the need for high-quality, low-cost satellites with shortened delivery times. It has already been adopted for use by Japan and other countries, more than ten satellites currently in orbit use it. It will eventually be incorporated into JAXA’s Engineering Test Satellite 9, which is being launched in response to the need for high-throughput communications satellites.

**Satellite Observation Solution**

Our satellite observation solution processes and analyses images from observation satellites to provide satellite data analysis information that can be applied to quickly understand the situation in case of disasters or to continue to widely monitor national land and infrastructure at ordinary times.

**CIS (Contact Image Sensor)**

Mitsubishi Electric develops a variety of proprietary key components from sensor IGs to light sources based on the expertise we have accumulated throughout our years of experience and provides high-definition images with high-speed digital output. Many customers in and outside Japan are using our CIS in the copier/printer, financial, and inspection machine markets.

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**Review of Operations**

The market for the information systems and service business saw a decrease in large-scale projects for the IT infrastructure service business, while delayed system development projects restarted, particularly in the manufacturing industry. In this environment, the business saw an increase in orders but a decrease in revenue compared to the previous fiscal year. The electronic systems business saw an increase in orders compared to the previous fiscal year due primarily to an increase in large-scale projects for the defense systems business, while revenue decreased compared to the previous fiscal year due mainly to decreased manufacturing industry. In this environment, the business saw an increase in orders but a decrease in revenue compared to the previous fiscal year due mainly to decreased revenue.

Operating profit decreased by 1.7 billion yen compared to the previous fiscal year to 14.7 billion yen due mainly to decreased revenue.

Operating profit increased by 10.5 billion yen compared to the previous fiscal year to 241.4 billion yen due primarily to an increase in power modules used in consumer, industrial and automotive applications. In this environment, the business saw an increase in orders compared to the previous fiscal year and revenue also increased by 18% compared to the previous fiscal year to 241.4 billion yen due primarily to an increase in power modules used in consumer, industrial and automotive applications.

Operating profit increased by 10.5 billion yen compared to the previous fiscal year to 16.8 billion yen due mainly to increased revenue.

Operating profit increased by 10.5 billion yen compared to the previous fiscal year to 16.8 billion yen due mainly to increased revenue.
Review of Operations

Home Appliances

The market for the home appliances business saw an increase in demand for residential air conditioners primarily in Europe and North America as working from home becomes common, despite the impact of a semiconductor shortage. Demand for industrial air conditioners also recovered gradually as capital expenditures started to recover from the impact of COVID-19. In this environment, the business saw an increase in revenue by 10% compared to the previous fiscal year to ¥1,144.7 billion yen due mainly to an increase in air conditioners primarily in Europe and North America as well as the yen depreciating against other currencies, despite a decrease in air conditioners in Japan due primarily to a semiconductor shortage.

Operating profit decreased by ¥4.8 billion yen compared to the previous fiscal year to ¥70.9 billion yen due mainly to the rise in material prices and logistics costs despite increased revenue and the yen depreciating against other currencies.

Air Conditioning & Refrigeration Systems
Mitsubishi Electric offers a wide range of products for houses, stores, offices, buildings, factories, and industrial facilities while featuring environmentally compatible, energy-saving technologies. These qualities allow Mitsubishi Electric to meet air conditioning needs globally.

Home Equipment
Mitsubishi Electric offers energy-saving home environments using highly efficient air conditioners and ventilators, water heaters and cooking equipment. Create a comfortable living environment for the whole family.

Home Appliances
Mitsubishi Electric develops home appliances by incorporating its unique technologies and perspectives so that its products can be used in various scenes of daily life, such as the kitchen, living room, and bedroom. Efforts are made to develop products that contribute to making life more comfortable for users, meeting and even surpassing their expectations.

Lighting Fixtures and Light Bulbs
Mitsubishi Electric offers an extensive lineup of high-efficiency, long-lasting LED products that meet diverse needs for energy-saving light bulbs and equipment in households, stores, offices, and factories. The company’s LED products make the future brighter for families and society as a whole.

Recycling Consumer Electronics and Home Appliances
Mitsubishi Electric has developed technologies for automatically sorting the three major types of plastic (polypropylene (PP), polyethylene (PE), and acrylonitrile-butadiene-styrene (ABS)) used in consumer electronics and home appliances. This original recycling system is being utilized to promote the reuse of plastics in the company’s products by improving the physical properties of the sorted materials.

Sustainability at Mitsubishi Electric Group

INTEGRATED REPORT 2022
MITSUBISHI ELECTRIC CORPORATION
Contents
31 Sustainability Management
34 E : Environment
39 S : Social
49 G : Governance
54 ESG Information Disclosure List
Starting fiscal 2023, we will establish the “Sustainability Communication Meeting” aimed at collaboration between internal divisions and affiliates in Japan and overseas. These meetings are convened as a forum for sharing and executing the policies and plans established by the Sustainability Committee. Various activities are also promoted and implemented in communication with the Sustainability Expert Committee and Sustainability Business Promotion Committee, each Sustainability Committee meeting. The progress of these subcommittees’ initiatives is confirmed at the meetings.

Promotional System for Sustainability

The policies and planning for the sustainability activities of the Mitsubishi Electric Group are decided by a Sustainability Committee appointed by Mitsubishi Electric’s executive officers. The Committee is composed of the heads of Mitsubishi Electric’s corporate divisions (26 members in charge of environmental, social, and governance aspects as divisions such as Corporate Strategic Planning and Corporate Human Resources), and discusses the results of activities performed during the previous fiscal year, decisions on future activity plans, and responses to law amendments, from a perspective that spans the entire Mitsubishi Electric Group. The Sustainability Committee generally holds meetings at least three times a year, and the details on the discussion of Sustainability Committee meetings are reported to the senior executives during the Executive Officers’ Meeting. From fiscal 2022, the details on the discussion of Sustainability Committee meetings are also reported to the Board of Directors and are super- vised on the basis of many different viewpoints.

Knowing that sustainability activities are directly linked to corporate management, we have defined our materiality and each of our departments responsible for ethics and legal compliance, quality assurance and improvement, environmental conservation and philanthropy activities, and communication with stakeholders. Mitsubishi Electric implements its own initiatives, based on the sustainability policy of the Mitsubishi Electric Group. In order to deal with sustainability challenges that involve multiple divisions in a cross-sectional manner, we also have established two subcommittees, the “Carbon Neutrality Subcommittee” and the “Human Rights Subcommittee.” In addition, as projects for fiscal 2023, we will establish the “Integrated Report/Corporate Governance Working Group” and “TCFD Working Group” to consider the clarification of individual categories of activities and the roles of participating divisions, information disclosure in accordance with norms, and other matters. The progress of these subcommittees’ initiatives is confirmed at each Sustainability Committee meeting.

Various activities are also promoted and implemented in communication with the Sustainability Expert Committee and Sustainability Business Promotion Committee, which are convened as a forum for sharing and executing the policies and plans established by the Sustainability Committee. Starting fiscal 2023, we will establish the “Sustainability Communication Meeting” aimed at collaboration between internal divisions and affiliates in Japan and overseas.

Main agenda of the Sustainability Committee (April 2022)

- Sustainability initiatives at the management level
- Examination of the sustainability vision
- Reinforcement in the management of the Sustainability Committee (establishment of subcommittees, projects, etc.)
- Report on achievements made in the previous fiscal year and activities planned in the current fiscal year with focus on materiality initiatives
- Response to sustainability-related legal regulations and to requests from stakeholders
- Responses to the sustainable development goals (SDGs)
- Initiatives to carbon neutrality
- Responses to the TCFD
- Human rights initiatives
- Create policy for the Sustainability Report and Integrated Report
- Further enhanced information disclosure that takes into account ESG (environment, social, governance) investment

Mitsubishi Electric’s Materiality

The Mitsubishi Electric Group places more focus than ever on sustainability initiatives at the management level to realize the “vibrant and sustainable society” that we have committed to in our Purpose. We have identified five areas as materiality “Provide solutions to social challenges through our businesses” and as part of our “Strengthen our business foundation to enable sustainable growth.” Through these materiality initiatives, we will create economic and social value and will contribute to solving social challenges starting with contributing to achieving the SDGs. In our materiality initiatives, we promote continuous activities for improvement by implementing the PDCA cycle for mid-to-long-term initiatives and goals as well as for key performance indicators (KPIs).

Priority SDG Initiatives

In line with the materiality identified for fiscal 2022, we reviewed the SDGs to address on a priority basis that we determined in fiscal 2019. In the course of reviewing our goals, we conducted an internal and external survey. As a result of it, we found that Mitsubishi Electric is expected to contribute to resolving social challenges through its business activities.

Based on a study within the company, we set SDGs 3, 7, 9, 11, and 13 as the Priority SDG initiatives, which correspond to “realize a sustainable global environment” and “realize a safe, secure, and comfortable society,” the areas that the Group will focus on going forward. By further promoting initiatives to create value for these goals to which we can contribute significantly as a comprehensive electrical and electronics manufacturer, we will make a specific contribution to achieving the SDGs.

• Goal 7: Affordable and Clean Energy
• Goal 8: Industry, Innovation, and Infrastructure
• Goal 11: Sustainable Cities and Communities
• Goal 13: Climate Action

In doing this, the Mitsubishi Electric Group will integrate the concept of the SDGs into its management strategy and contribute to the SDGs that we will prioritize through our materiality initiatives.

Direct Dialogue between the President and Employees

Mitsubishi Electric holds meetings between the president and employees at each workplace to communicate the president’s thoughts regarding reforms to employees, as well as to exchange views between them. In fiscal 2022, the meeting was carried out at a total of 42 bases. In fiscal 2023, to help bring the conversation deeper, these gatherings are continually held in a town meeting style with small groups. The president listens to diverse opinions from employees and will implement them in various reforms going forward.
Sustainability at Mitsubishi Electric Group

Initiatives / External Evaluation

Initiatives

Participation in the UN Global Compact
In May 2018, the Mitsubishi Electric Group signed the UN Global Compact (UNGC) aimed at promoting sustainability activities based on international norms. By signing the UNGC, the Group pledges to make continued efforts toward sustainable growth by complying with the ten principles in the four areas of human rights, labor, environment, and anti-corruption to the extent that it can influence society. Efforts will be made to enhance the Group’s activities by maintaining close communication with UN organizations and relevant initiatives.

Expression of Approval of the TCFD Recommendations
The Mitsubishi Electric Group has expressed approval of the recommendations by TCFD (Task Force on Climate-related Financial Disclosures) and has been promoting initiatives and disclosing information according to its recommendations.

Obtainment of the SBT (Science Based Targets) certification
It is recognized that the Mitsubishi Electric Group’s greenhouse gas reduction targets for 2030 are based on scientific grounds to “Holding the increase in the global average temperature to well below 2°C above preindustrial levels” as stipulated in the Paris Agreement. We have obtained certification from the SBT (Science Based Targets) initiative.

Expression of Approval of the GX League Basic Concept
Mitsubishi Electric expressed approval of the GX League Basic Concept announced by the Ministry of Economy, Trade and Industry (METI). The GX League will be established by companies which actively work on green transformation (GX) together with players who strive to achieve GX, including governments, academia, public research institutions, and financial institutions, as a forum for discussing the overall economic and social system and creating new markets accordingly. The purpose of the Concept matches the direction of Mitsubishi Electric. Mitsubishi Electric will participate in discussions for the transformation of the overall economic and social system to achieve carbon neutrality.

Joining the RBA
In February 2022, Mitsubishi Electric joined the Responsible Business Alliance (RBA), an alliance that promotes corporate social responsibility in global supply chains. We commit to progressively align our own operations with the provisions of the RBA Code of Conduct, a global standard, to promote continuous improvement of our sustainability efforts.

External Evaluation

CDP
EcoVadis
FTSE
MSCI

2021 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX
2021 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (Win)

SAP/JPX Carbon Efficient Index

PRIDE Index 2021

Endobishi

Health & Productivity Management Outstanding Organization

Environmental Sustainability Vision 2050

In recent years, corporations are expected to further continue their long-term efforts to solve global environmental issues. The Mitsubishi Electric Group’s new Environmental Sustainability Vision 2050 defines environmental protection as an even greater corporate priority and stipulates increased initiatives toward this end. It establishes Mitsubishi Electric’s future course toward 2050 in the form of the Environmental Declaration, Three Environmental Action Guidelines, and Key Initiatives.

Environmental Sustainability Vision 2050

Environmental Declaration

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

To solve various factors that lead to environmental issues, the Mitsubishi Electric Group will unite the wishes of each and every person, and strive to create new value for a sustainable future.

Three Environmental Action Guidelines

1. Apply diverse technologies in widening business areas to solve environmental issues
2. Challenge to develop business innovations for future generations
3. Publicize and share new values and achievements

Key Initiatives

- Climate Change Mitigation
- Resource Circulation
- Life in Harmony with Nature
- Marketing Human Resources

Financial Information Based on Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

The Mitsubishi Electric Group has expressed its support for the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures), and as such, the Group promotes efforts and discloses information in line with these recommendations.

Governance

Sustainability Promotion Framework and Roles of the Board of Directors and Management
The policies and planning for the sustainability activities of the Mitsubishi Electric Group are decided by a Sustainability Committee appointed by the Mitsubishi Electric’s executive officers. The Committee is composed of the heads of Mitsubishi Electric’s corporate divisions (26 members in charge of environmental, social and governance aspects from divisions such as Corporate Strategic Planning and Corporate Human Resources), and discusses the results of activities performed during the previous fiscal year, decisions on future activity plans, and responses to law amendments, from a perspective that spans the entire Mitsubishi Electric Group. The Sustainability Committee generally holds meetings at least three times a year and the details on the discussion of Sustainability Committee meetings are reported to the senior executives during the Executive Officers’ meetings. From fiscal 2022, the details on the discussion of Sustainability Committee meetings are also reported to the Board of Directors, and are supervised on the basis of many different viewpoints.

Strategy

Climate Change Risks and Opportunities in the Short, Mid-to-Long Term
The Mitsubishi Electric Group has identified climate-related risks and opportunities.

Impact on Business and Strategy
In fiscal 2022, we examined our response to climate-related risks and opportunities toward achieving carbon neutrality and clarified our policy initiatives. In fiscal 2023, we will further analyze and examine what impact the climate-related risks and opportunities have on our financial planning.

* Please check out the Sustainability Report 2022 for more details.
INTEGRATED REPORT 2022 MITSUBISHI ELECTRIC CORPORATION

Responsibility: Carbon neutral initiatives in the entire value chain

- Continuously invest 0.15% of revenue in carbon neutral efforts.
- Use renewable energy to 85 sites in Japan in FY2023.
- Promote expansion of internal renewable energy procurement using multi-region EMS(*).
- Continuously invest 0.15% of revenue in carbon neutral efforts.
- Promote energy conservation and electrification of equipment by promoting the development of core components with higher efficiency and smaller size, etc.
- Use renewable energy to 85 sites in Japan in FY2023.
- Promote energy conservation and electrification of equipment by promoting the development of core components with higher efficiency and smaller size, etc.
- Green by Digital: Contribute to the improvement of energy efficiency and the expansion of renewable energy by using advanced digital technology.
- Green by Circular: Promote R&D to realize circular carbon use.

Scenario-based Analysis and Resilience

Climate-related Risks and Initiatives by the Mitsubishi Electric Group

Climate-related risks can be broadly divided into risks associated with the transition to a decarbonized society (transition risks) and risks associated with the physical impacts of global warming (physical risks). These risks can result in increased expenses for production, internal administration, financing, etc. and decreased revenues.

If the 2°C scenario progresses, social demand for reducing greenhouse gas emissions is expected to grow, raw material costs are expected to rise due to changes in the energy demand and supply balance, and the amount of generated power by renewable energy sources is expected to increase, in the transition to a decarbonized society.

As a result of efforts to realize such a society, the likelihood of transition risks arising from the tightening of laws and regulations on greenhouse gas emissions and an increase in the burden of technological development will be relatively high (compared to physical risks).

If the 4°C scenario progresses, there is expected to be a significant increase in the frequency and severity of heavy rains and floods and a chronic rise in temperature. Physical risks such as the suspension of operations and disruption to supply chains due to disaster will be relatively high (compared to transition risks).

In response to these risks, the Mitsubishi Electric Group identifies climate-related risks and opportunities, and implements initiatives.

For example, if laws and regulations strengthen the curtailment of greenhouse gas emissions under the 2°C scenario, the Group can mitigate the impacts of such a regulatory move, as it is already working to reduce its emissions through its Environmental Plan and participating in science-based targets. Similarly, the impact of rising raw material costs can be mitigated by further promoting environmentally conscious design, something which is already being implemented with respect to tracking global warming, resources conservation, and improved recyclability. We are also making capital investments related to environmental activities, including energy saving and other measures to combat global warming. Additionally, we are investing in the research and development of new technologies in a well-balanced manner from the short, medium, and long-term perspectives.

In response to physical risks, such as flooding, that will materialize under the 4°C scenario, we have formulated a business continuity plan and review it once a year while moving ahead with the decentralization of production sites. We are also taking steps to prevent production problems in the supply chain, by purchasing from multiple companies and having our suppliers operate multiple production plants.

Resilience of Climate-related Strategies

As a result of this assessment of climate-related risks and opportunities and our initiatives toward them, the Mitsubishi Electric Group can be said to have resilience against such risks under both the 2°C and the 4°C scenarios and the opportunity for sustainable growth through the solving of social challenges arising from climate change.
**E : Environment**

**Risk Management**

**Strongening the Climate-related Risk Management Framework**

- A permanent carbon neutrality promotion system from fiscal 2023

**Mid-Term Targets**

In long-term environmental management vision up to 2050, the so-called Environmental Sustainability Vision 2050, the Mitsubishi Electric Group has set a target to reduce greenhouse gas emissions throughout the entire value chain to net zero by 2050.

**Human Rights Policy**

**Mitsubishi Electric Group Human Rights Policy**

Protection of human rights and support for internationally agreed human rights are imperatives for the Mitsubishi Electric Group’s business activities. Accordingly, as members of the Group, we recognize our duty to prevent any complicity with human rights violations.

On that basis, the Mitsubishi Electric Group enacted its Corporate Ethics and Compliance Statement in 2001 and pledged that executives and members of the Group “will conduct ourselves always with a respect for human rights, will not discriminate on the basis of nationality, race, religion, gender, or any other reason.” As the Mitsubishi Electric Group continues to expand its business globally, in accordance with the spirit of the Mitsubishi Electric Group’s “Purpose” and “Our Values,” it has established the Human Rights Policy and shall raise awareness of human rights among its members and make sure to properly deal with related incidents in order to ensure that its business activities do not have a negative impact on human rights.

**Human Rights Management**

Based on its “Human Rights Policy,” the Mitsubishi Electric Group identifies “respect for all people” as a basic principle and promotes the following initiatives.

**Human Rights Impact Assessment**

As part of human rights due diligence required by the UN Guiding Principles on Business and Human Rights, the Mitsubishi Electric Group periodically carries out “Human Rights Impact Assessments” in order to assess the impact of the Group’s business activities on human rights.

In fiscal 2022, we carried out the second “Human Rights Impact Assessment” of Mitsubishi Electric affiliates in Japan, and overseas affiliates, covering a total of 417 sites. In addition, we decided to add the “Human Rights” category to the “General Control Self-Check Form,” in which risks that may have material impact on the management are inspected based on the decisions made by the Board of Directors. We also checked the status of progress of the “Human Rights Impact Assessment.”

**Initiatives Related to Employees’ Human Rights**

We will respect the human rights of employees and implement initiatives, such as having diversity, maintaining a favorable working environment, and ensuring occupational safety and health and mental and physical health, in order to create a work environment where all employees can work actively with a sense of security.

**Human Rights Initiatives in the Supply Chain: Joining the RBA**

Since fiscal 2019, we have been seeking consent from suppliers to agreement on the United Nations Guiding Principles on Business and Human Rights, etc., the Mitsubishi Electric Group has been implementing the Plan Do Check Act (PDCA) cycle, in which the results of human rights initiatives are confirmed and policies and plans are considered and approved in a meeting of the Sustainability Committee held every year.

In fiscal 2023, the Group will establish the Human Rights Subcommittee as a permanent organization that is subordinate to the Sustainability Committee to determine potential improvements, solutions for issues, and other matters related to human rights initiatives, and to take rapid action. The Human Rights Subcommittee will be headed by the Senior General Manager of the Sustainability Planning Division, and will be composed of the heads of the Corporate Strategic Planning Division, the Corporate Human Resources Division, the Corporate Purchasing Division, the Corporate Legal & Compliance Division, the Corporate Risk Management Division, the Corporate Economic Security Division, and the Global Planning & Administration Department.

Since human rights issues are related to a broad range of fields, the Group will establish a system for it to clarify the responsible division, work on initiatives, and report the status of progress to the Sustainability Committee. In addition, the Executive Officers and Directors will receive reports on initiatives as necessary and supervise them, thereby strengthening the integration of human rights initiatives.

**Scope 1 and 2 emissions** (Mitsubishi Electric Group)

In addition, the following greenhouse gas emission reduction targets were approved by the Science Based Targets initiative in January 2020.

- **Scope 1 and 2:** Reduce greenhouse gas emissions by 18% by 2030 compared to FY2017 levels.
- **Scope 3:** Reduce greenhouse gas emissions by 10% by 2030 compared to FY2017 levels.

Short-Term Targets

Since fiscal 1994, the Mitsubishi Electric Group has formulated an Environmental Plan every three years that sets out specific activity targets. We are presently pursuing various activities in line with the current Environmental Plan 2023 (fiscal 2022 to 2024) which sets out indicators and targets in four areas based on the action guidelines of the Environmental Sustainability Vision 2050: “environmental contribution through products and services,” “pursuing business excellence,” and “disciplining and sharing new values and lifestyles.”

**Scope 3 emissions** (Mitsubishi Electric Group)

**Human Rights**

**Mitsubishi Electric Group Human Rights Policy**

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On that basis, the Mitsubishi Electric Group enacted its Corporate Ethics and Compliance Statement in 2001 and pledged that executives and members of the Group “will conduct ourselves always with a respect for human rights, will not discriminate on the basis of nationality, race, religion, gender, or any other reason.” As the Mitsubishi Electric Group continues to expand its business globally, in accordance with the spirit of the Mitsubishi Electric Group’s “Purpose” and “Our Values,” it has established the Human Rights Policy and shall raise awareness of human rights among its members and make sure to properly deal with related incidents in order to ensure that its business activities do not have a negative impact on human rights.

**Management System Related to Respecting Human Rights**

In order to undertake human rights due diligence and other measures based on the United Nations Guiding Principles on Business and Human Rights, etc., the Mitsubishi Electric Group has been implementing the Plan Do Check Act (PDCA) cycle, in which the results of human rights initiatives are confirmed and policies and plans are considered and approved in a meeting of the Sustainability Committee held every year.

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Human Resources

**Basic Policy on Human Resources**

**Basic Policy**

In the Mitsubishi Electric Group Medium-term Management Plan Towards FY2026, the Mitsubishi Electric Group states it will contribute to realizing a vibrant and sustainable society, including response to decarbonization, by increasing the provision of integrated solutions through the strengthening of the business management foundation, promoting digital transformation, and other activities. We place extreme importance in the hiring and development of human resources who have diverse values and abilities toward this end, and we will focus on the following.

**Human resource investment**

In Japan, we have been continuing to invest in the hiring of more than 3,000 new graduates and mid-career people every year. We also promote the reinforcement of human resources overseas in an attempt to strengthen our business and technology development, marketing, and manufacturing capabilities. We will continue to secure and invest in the necessary human resources for strengthening our business.

**Human resource development**

With the understanding that “there is no business development or social contribution without the growth of employees,” we are investing in education training for all employees, while enhancing other measures, and we will conduct personnel notation for employees’ career enhancement in a planned manner.

**Workplace culture**

We will improve employee engagement and the workplace environment, promote diversity, and engage in other activities to realize a workplace environment where employees can work actively with a sense of security.

**Women’s Participation**

Within its Corporate Human Resources Division in April 2006. In April 2021, the Center’s name was changed to the Diversity Promotion Office. Various initiatives are being promoted through the following measures.

- Initiation of the Act enacted in 2016 which stipulates the responsibilities of the national government, local governments, and general employers in promoting female participation with the aim of realizing a society in which women are fully utilized.
- Percentage of newly hired women: 1.2 times (Compared to the average from FY2017 to FY2021)
- Percentage of women in management: 2 times (Compared to FY2021)
- Mitsubishi Electric’s action plan based on the Act on Promotion of Women’s Participation and Advancement in the Workplace (Target: FY2026)

- **Initiatives**
  - **Fair Evaluation and Compensation**
    - **Basic Policy**
      - “It is important to link the expertise, skills, and mentality it has cultivated as an organization to maintaining and strengthening corporate competitiveness and contributing to society. By adding new values at times and achieving further growth, we actively promote the human resource development of all our employees. While instilling the corporate principles within our group employees and sharing our Values globally, we aim to become a corporate body where all 140,000 employees working in countries around the world can work actively and responsibly and enjoy their work.
    - **Performance**
      - The Mitsubishi Electric Group upholds a management policy, “In addition to realizing sustainability, we will contribute to realizing sustainability through all of our activities, and further enhance corporate value that emphasizes the creation of both economic and social value,” and the Group implements various policies to realize its corporate strategy. Mitsubishi Electric believes that realizing a workplace environment where all employees can thrive and increasing employee engagement leads to increased motivation and productivity among each employee as well as to greater corporate value. Efforts to boost employee engagement under the Mitsubishi Electric’s personnel policies. At the same time, the policies described below are implemented in response to the trends of the times, social circumstances, and changes in the management environment and personnel frameworks.

- **Compensation System Based on Individual Job Descriptions and Performance**

  - In Japan, Mitsubishi Electric has adopted a compensation system with a view to developing a corporate culture in which employees each recognize organizational targets as well as their own roles, work to raise their own value, and take on the challenge of difficult goals. Under this compensation system, employee performance is emphasized, with appropriate assessment given to employees who contribute substantially to management and participate actively in it. Bonuses are awarded to outstanding performance.

- **Organic combination of components through management enhancements**
Create a Work Environment Where All the Employees can Work Actively with a Sense of Security

Mitsubishi Electric Workplace Reform Program

The Mitsubishi Electric Group takes the multiple work-related issues that it experiences until FY2023 within the Group seriously, and is working on the Mitsubishi Electric Workplace Reform Program that aims at creating a workplace where employees can openly communicate with one another, through and appropriate care of employees with mental health issues, and other goals. After implementing and applying measures in FY2021, third-party assessments were conducted by experts. A Verification Committee comprised of representatives from the company, labor union, and external experts was consulted regarding the assessment results and a roadmap for measures to improve workplace culture improvement is being developed. In FY2022, while continuing to apply the measures that have been implemented, short-term priority measures have been implemented based on this roadmap. In FY2022 onward, we will further improve the workplace environment by accelerating the development of organizational culture reforms among the three reforms as part of measures to prevent recurrences in quality-related improper practices, as well as other long-term initiatives.

Continuing from FY2021, we have implemented a variety of measures especially with regard to eliminating power harassment. In addition to implementing anti-harassment education for all employees, we conducted a monthly employee awareness survey of all employees to check for workplace harassment and whether employees have any problems with their interpersonal relationships in the workplace in order to identify, respond, and improve upon problems at an early stage. In an employee reports harassment, the employee is invited to an interview and improve measures are taken to correct the situation. Furthermore, we actively disseminated information on the expanded options to ask for help and the point of contact regarding these options, in an attempt to create an environment in which employees can easily seek assistance.

Roadmap for measures to improve workplace culture

S : Social

- Establishment of a process and system for dealing with work-related issues when they occur
  - Formulation and enhancement of guidelines for utilization
- Improvement of the utilization of the results in the workplace
  - Implementation of initiatives based on the Joint Statements of Labor and Management

- Promoting initiatives for expansion of RPA
- Creating vocational guidance for undergraduates and high school students
- Providing mobile terminals to employees in all offices who need them
- Implementing open communication surveys that include continuous education, coaching, and other efforts
- Promoting initiatives in communication and labor management in the workplace
- Providing mobile terminals to employees
- Improving the quality of company-wide operations by promoting company-wide initiatives

- Providing mobile terminals to employees
- Enhancing online meeting facilities
- Expanding the work-from-home program
- Training and releasing manuals describing how to use IT tools, etc.

Examples of company-wide activities

1. Developing an IT environment
   - Providing endless programs throughout the company
   - Promoting initiatives for expanding RPA
   - Implementing online conferences for meetings between remote offices
   - Raising flexible work styles by enhancing the work-from-home program
   - Developing and releasing manuals describing how to use IT tools, etc.

2. Simplifying and reducing company-wide documents
   - Promoting initiatives for expanding RPA
   - Simplifying documents by shortening discussion times and schedules in management meetings
   - Reducing the number of periodic reports (weekly reports, monthly reports, etc.) issued by each department
   - Reviewing report formats

3. Promoting indirect IT Kaison activities
   - Promoting improvement activities suitable for each workplace through activities in small groups
   - Analyzing operations by external consultants and implementing IT Kaison activities company-wide

Changes in monthly overtime hours per employee (excluding managers)

<table>
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<tr>
<th>KPI</th>
<th>FY2021 Result</th>
<th>Result for 1H FY2022</th>
<th>Result for 2H FY2022</th>
<th>Target for FY 2023</th>
<th>Goal</th>
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<td>Changes in Evaluation Indicators</td>
<td>Percentage of employees who responded</td>
<td>Percentage of employees who responded</td>
<td>Percentage of employees who responded</td>
<td>Percentage of employees who responded</td>
<td>Percentage of employees who responded</td>
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<td>Improvement of workplace engagement</td>
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<td>61%</td>
<td>54%</td>
<td>70%</td>
<td>80% or higher</td>
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<td>Improvement of work style reform</td>
<td>66%</td>
<td>70%</td>
<td>75%</td>
<td>80% or higher</td>
<td></td>
</tr>
</tbody>
</table>

*Average percentage of positive responses to the questions in the annual employee attitude survey. "Pride in working for the Company," "Willingness to contribute," "Desire to change jobs," "Encouraging efforts to join the Company," and "Sense of belonging at work".
Supply Chain Management (Procurement)

Procurement Policy and Supplier Criteria

The Mitsubishi Electric Group ensures fair and impartial selection and evaluation of business partners in Japan and overseas by providing an explanation of the Group’s Purchasing Policy and CSR Procurement Policy (Sustainability Procurement Policy), and requesting business partners’ understanding of these policies. By ensuring proper evaluation of suppliers based on selection and evaluation criteria established by the Group, procurement risks are also mitigated along the supply chain.

The Group’s criteria for evaluating business partners include not only quality, cost, delivery schedules and services, but also initiatives in response to environmental regulations and sustainability initiatives. As a basic policy, the Group preferentially procures materials from suppliers who rank high in a comprehensive evaluation.

In order to enhance the objectivity and transparency of the Mitsubishi Electric Group’s human rights initiatives, in February 2022, we joined the Responsible Business Alliance (RBA), an alliance that promotes corporate social responsibility in global supply chains. We commit to progressively align our own operations with the provisions of the RBA Code of Conduct, a global standard, to promote continuous improvement of our sustainability efforts.

Framework for Promotion of Procurement Supply Chain Management

Under globally sustainable procurement, target cost and cost co-creation by enhancement of partnership (S-I-STEP) strategy toward strengthening the purchasing structure, the Mitsubishi Electric Group aims to achieve the lowest cost ratio ever starting in fiscal 2021. In this effort, we will develop and promote the following measures with the following aims: “We will contribute to the realization of sustainability through all corporate activities. By doing so, we will make our efforts to enhance economic and social value as to raise our corporate value, which is the Group’s business goal, through sustainable and stable procurement. In cooperation with the Materials Planning Office in regional corporate offices in China, Asia, Europe and the Americas, we implement purchasing strategies through conferences of procurement officers and other such meetings to promote optimal procurement activities suited to each region.

In addition to this initiative, we will also promote activities to mitigate any perceived risks regarding a range of issues related to labor practices and environmental problems in the procurement supply chain and thereby strengthen our business continuity plan (ICP).

Priority activities
1. Establishing a framework for strengthening stable procurement
2. Further strengthening the cost planning activity
3. Expanding centralized purchasing
4. Strengthening procurement quality control
5. Strengthening a procurement platform for supporting relevant activities and measures
6. Strengthening global optimal procurement

Quality

Basic Policy and Management

Basic Policy

The Mitsubishi Electric Group conducts business under the Purpose, “We, the Mitsubishi Electric Group, will contribute to the realization of a vibrant and sustainable society through continuous technological innovation and ceaseless creativity.” This Purpose inherents the principles outlined in the Keys to Management (in Japanese, Kenko no Tetsudeki) set out when Mitsubishi was established with regard to “our contribution to social prosperity,” “quality improvement,” and “customer satisfaction,” and forms the basic spirit of our relationship with society and our customers.

To give concrete shape to this basic spirit, employees perform their work according to “Our Values,” which teach us to develop and promote relationships based on mutual trust, ensure products and services that satisfy standards provided in laws and regulations and the specifications agreed upon with customers are delivered in the best quality, and provide society with new value by enhancing our technology and onsite capabilities.

Based on these values, we constantly strive to increase customer satisfaction and contribute to social prosperity in all aspects of our business, from the production of high-quality, easy-to-use products to after-purchase support, response to major issues, and product disposal.

Four Basic Quality Assurance Principles

The Four Basic Quality Assurance Principles reflect the spirit of “Service through Quality” adopted in 1952 and “Mitsubishi of Quality” issued in 1969. The spirit of serving society through steady quality continues to be upheld by each employee of the Mitsubishi Electric Group up to the present day.

Four Basic Quality Assurance Principles
1. Product quality is our top priority. It comes before price and on-time delivery.
2. Our commitment to the highest quality under any circumstances is unwavering.
3. Products must be safe to use, have a long usage life, and have consistent performance.
4. Every manager and employee involved in manufacturing a product shares equal responsibility for product quality.

Product Safety-related Principles

Based on the “Purpose” and “Our Values,” the Mitsubishi Electric Group promotes initiatives to ensure product safety under the following principles.

Product Safety-related Principles
1. We will not only comply with the laws related to product safety, but also work on offering safe and reliable products to our customers.
2. We will prevent product-related accidents by indicating cautions and warnings to help customers use our products safely.
3. We will work actively to collect information about product-related problems, disclose them appropriately to our customers, and report them quickly to the government and other bodies as required under the law.
4. If any serious accidents occur resulting from product-related problems, we will take appropriate measures to avoid further damage.
5. We will investigate the cause of product-related accidents and work to prevent any recurrence.
6. We will make continuous efforts to improve our product safety promotion system.

Particularly in regard to consumer products, Mitsubishi Electric is committed to preventing serious hazards that could result in death, injury, fire, or other damage, by subjecting all products to a quantitative risk assessment at the development stage, while also designing and developing products in consideration of their end-of-life management (to ensure safety even at the stage where products are prone to break or be discarded). At the same time, our Service Call Center and Customer Relations Center in Japan operates 24 hours a day, 365 days a year to gather information on product-related issues and enable prompt response.

In addition, we disclose accident information, including information on the status of ongoing investigations, on our Japanese official website.

Important information about our products (in Japanese text)


Local procurement rate in the major regions (Mitsubishi Electric Group)

In 2022, the local procurement rate in China reached 71%, in Asia 55%, in Europe 55%, and in the United States 57%. These rates are based on the procured products and do not include services. Procurement policies, supplier education, and local procurement strategies vary by country.
We would like to sincerely apologize to all our customers and other parties concerned for the impact of the series of improper quality control practices that has occurred in the Group. At Mitsubishi Electric, we take these incidents seriously and we will ensure that thorough measures are taken to prevent recurrence by analyzing the related factors and pursuing the root causes. While responding to customers and people in society with utmost sincerity, we will endeavor to restore public trust.

We have established the Emergency Response Division led by the president to work to investigate the causes and take measures to prevent recurrence. We have also been striving to realize three reforms that we have formulated based on suggestions on recurrence prevention measures from an Investigative Committee of external experts.

One of these three reforms is “Quality Assurance Reform.” and to engage in this, we have established the Corporate Quality Assurance Reengineering Group under the direct control of the president. The Group will take a leading role in driving and implementing company-wide measures. Specifically, we will implement the company-wide measures given below.

### 2. Company-wide measures for quality assurance reforms

<table>
<thead>
<tr>
<th>Task</th>
<th>Specific Initiatives</th>
</tr>
</thead>
</table>
| 1. Restructure the control structure for quality assurance (led by head office) | 1) A Chief Quality Officer (CQO) was appointed from outside the company to oversee the Corporate Quality Assurance Reengineering Group.  
2) The Corporate Compliance Committee’s quality governance subcommittee has assessed the Corporate Quality Assurance Reengineering Group’s activity every two months.  
3) The company has identified the infrastructure it needs to ensure compliance with laws, standards, and customer specifications and strengthened the quality assurance process, and has decided to invest ~5 billion yen in FY2022 and plans to invest 30 billion yen or more over two years. |
| 2. Company-wide measures for quality assurance reforms | 1) Greater independence and separation of chain of command.  In April 2022, Corporate Quality Assurance Reengineering Groups and Quality Assurance & Management Departments were established at all work sites, provided shipping authority, and began operating.  
2) Strengthening of quality assurance functions.  In FY2022, quality audits were conducted at all sites with an emphasis on ensuring products conform to laws, standards, and customer specifications. From April 2022, the auditing process will be improved to help identify issues at sites and facilitate improvements; these improved audits are planned for 28 work sites.  
3) Strengthen head office support for manufacturing sites.  A compliance seminar for executives was held.  
4) Training of quality-control personnel.  A survey of the skills possessed by manufacturing sites’ quality assurance and quality control departments was completed. Internal training courses tailored to skill levels were rolled out company-wide.  
5) Promotion of employee rotation.  Quality assurance department personnel rotations will be scheduled across manufacturing sites.  
6) Install awareness of quality compliance among senior managers.  A compliance seminar for executives was held.  
7) Quality Compliance Awareness Training.  Improving Conduct Prevention meetings using the Kani Factory as a case study were held at workplaces.  
8) Quality Assurance Awareness Training.  A quality assurance and quality control department leadership training course has started.  
9) Improving Conduct Prevention meetings using the Kani Factory as a case study were held at workplaces.  
10) Improving Conduct Prevention meetings using the Kani Factory as a case study were held at workplaces. |

Our Philosophy on Philanthropic Activities

As a corporate citizen committed to meeting societal needs and expectations, the Mitsubishi Electric Group will make full use of the resources it has at hand to contribute to creating an affluent society in partnership with its employees.

"Three forms of coexistence" that the Mitsubishi Electric Group Aims for

To realize an inclusive society, the Mitsubishi Electric Group has been promoting activities at the level of people with a focus on each and every individual, the level of society as an aggregate of local communities, and the level of the Earth, which is the foundation for all individuals and communities.

The Mitsubishi Electric Group will continue to strive to achieve “coexistence” at each of these levels.
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.

Implementation Status of Corporate Governance

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.

Currently, the Chairman of the Board is not selected and the Board of Directors is chaired by Outside Director. 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 exercising their duties 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.

2. 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 whistleblower 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 Officers 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.

3. Internal regulations and systems to ensure the propinquity 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.

Audit Committee

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

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

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

In fiscal 2022, 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.

<table>
<thead>
<tr>
<th>Title</th>
<th>Name</th>
<th>Attendance/meetings</th>
<th>Attendance rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outside Director (Chairman)</td>
<td>Hiroshi Obayashi</td>
<td>13/13</td>
<td>100%</td>
</tr>
<tr>
<td>Outside Director (full-time)</td>
<td>Masahiko Sagawa</td>
<td>13/13</td>
<td>100%</td>
</tr>
<tr>
<td>Outside Director (full-time)</td>
<td>Takashi Sakamoto</td>
<td>13/13</td>
<td>100%</td>
</tr>
<tr>
<td>Outside Director</td>
<td>Kazunori Watanabe</td>
<td>13/13</td>
<td>100%</td>
</tr>
<tr>
<td>Outside Director</td>
<td>Takashi Ogawara</td>
<td>13/13</td>
<td>100%</td>
</tr>
</tbody>
</table>

Notes: 1. Out of the above members, Masahiko Sagawa and Takashi Sakamoto are responsible for investigations. 2. Masahiko Sagawa and Tadashi Kawagoishi retired on June 29, 2022.

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 the Independent Auditor and validity of results, and evaluation of the Independent Auditor and decision on whether to reappoint it.

Executive Officers regularly monitor the status of management of the system. The divisions in charge of internal control monitor the status of design and management of internal control system and regulations. Also an internal whistleblower 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.

Upon receipt of the Governance Reviews Committee’s recommendation on proper quality control practices, the Board of Directors will deliberate again on the resolution, including whether or not the decision should be revised.

5. Effectiveness evaluation of the Audit Committee

The Audit Committee conducts an effectiveness evaluation survey to improve performance every year. In the Audit Committee review in fiscal 2022, outside Audit Committee members concluded that the members responsible for investigation (full-time Audit Committee members) attended Executive Officers’ meetings and other such important conferences, and conduct investigations and surveys of Executive Officers and the executive staff of the Company’s offices and affiliates in accordance with the policies and assignments agreed upon the Committee.

In addition, the Audit Committee members discuss and 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.

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 Governance Framework

- Governance
- General Shareholders’ Meeting
- Supervisory Board of Directors
- Executive Officers
- Business/Administration Divisions

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Officers</td>
<td></td>
<td>Chairperson (Outside Director)</td>
<td>Outside Directors (majority)</td>
<td></td>
</tr>
<tr>
<td>President &amp; CEO</td>
<td></td>
<td>Nomination Committee</td>
<td>Audit Committee (majority)</td>
<td></td>
</tr>
<tr>
<td>Outside Directors (majority)</td>
<td></td>
<td>Compensation Committee (majority)</td>
<td>Outside Directors (majority)</td>
<td></td>
</tr>
</tbody>
</table>
Providing Directors with Appropriate Information at the Appropriate Time, and Conducting Reviews of the Board with Analyses and Evaluations

We held a total of 20 Board of Directors meetings in fiscal 2022 and deliberated on the resolutions related to important matters such as basic policies on management, selection of Executive Officers, and internal control system. The Board of Directors also received reports from the executive functions and debated content and progress of this fiscal year’s management plan, response progress on the series of incidents related to improper quality control practices, and the results of various measures to prevent recurrence.

In addition to the annual report, the Chairman also reported and debated various measures to prevent recurrence. In order to achieve a company-wide level of improvement, the Board of Directors reviewed the effectiveness of the actions taken by the Board of Directors, the Company’s selected Board Advisors, Inc., and the three-party organization to assess the effectiveness of the Board of Directors of the company from August to September 2021.

The summary of the assessment method and process of the third-party organization are indicated as follows:

- Activities of the three statutory committees
- Monitoring system of the Executive Officers
- Response to the imprisoner’s inspection practices
- (Assessment methods)
- Conduct an assessment by a third-party organization based on (1) Assessment methods and (2) Target items of assessment
- Report on the assessment results on the effectiveness of the Board of Directors based on the third-party organization to the Company’s Board of Directors
- The Company’s Board of Directors conduct discussions on the future actions based on above assessment report

As a result, the third-party organization identified that there is a need for improvement in the effectiveness of the company’s Board of Directors in terms of Board functions, Board composition, Board secretarial functions, and the functions of the three statutory committees.

The company reported the results of this assessment of the effectiveness of the Board of Directors by the third-party organization to the Board of Directors, and as a result of discussions on future actions among the Board members, the Board of Directors confirmed that it takes the results of this assessment very seriously and has started working on measures to improve the effectiveness.

We will continue reviews of the Board and strive to further improve the effectiveness of the Board of Directors.

G : Governance

Assessment methods/processes by the third-party organization

1. Basic Policies
As a Company with a Three-committee System, the Company segregates the supervisory function and the executive function of management. The supervisory function of management is assigned to the Board of Directors, and the Board of Directors and the Board of Directors’ and the executive function of management is assigned to the Executive Officers. The compensation committee for Directors is comprised of the Chief Executive Officer for the Executive Committees will set differently, corresponding to the contents and responsibilities of each of the Deputy and position. The compensation will be determined by the Compensation Committee based on the basic performance evaluation coefficient.

(a) Directors
- The compensation scheme should encourage the Directors to demonstrate their supervisory function of management.
- The compensation should be set at a level necessary to secure talent to fulfill responsibilities of the Company’s Directors.
- The compensation should be set to an incentive for outstanding performance growth and the improvement of corporate value.
- The compensation should be set to a fair and impartial evaluation of the achievements and contributions toward their respective roles and responsibilities.

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

(a) The compensation scheme for Directors shall consist essentially of basic compensation (fixed compensation), in light of the Directors’ role to provide advice and supervisory management from an objective and independent perspective.

(b) Basic compensation
- The basic compensation is set in accordance with the roles and responsibilities of each Executive Officer and is paid monthly in cash by dividing the position-based annual standard amount by 12.

(c) Performance based stock compensation
- The bonus payment amount will be determined by “Corporate Performance Evaluation System” and other performance evaluation systems.
- The number of shares to be delivered to each individual shall be calculated as [Number of shares delivered to each individual = (Evaluation coefficient + Individual evaluation coefficient) (in range of 0-200%)]

3. Method of Setting Compensation Levels and Compensation Compositions Ratios
- The compensation levels and compensation ratios of Directors and Executive Officers are set each year according to their roles and responsibilities based on a comparison with market compensation levels using compensation survey data of internal and external professional organizations. When comparing with market compensation levels, major domestic manufacturers are the base for the executive terms of social, type of business, global expansion, etc., are selected as the compensation benchmark group.

(a) Directors
- The basic compensation levels of Directors are set in consideration of the compensation levels of non-executive internal directors and outside directors of the compensation benchmark companies, in addition to the roles and responsibilities of the Executive Officer concerned and other relevant factors.

(b) Executive Officers
- The compensation committee for Directors is set in consideration of the trend in compensation levels of executive officers at the compensation benchmark companies, the management strategy and business environment of the Company, the objectives of incentive compensation, the degree of difficulty in achieving the targets, the roles and responsibilities of the Executive Officer concerned and other relevant factors.

4. Stock Ownership Guidelines

We believe it is important to ensure that our Executive Officers share the same value with our shareholders, and thereby inspire our staff. By this year, we have set a policy for Executive Officers to continuously hold the Company’s stock during their term of office, even after the target amount has been reached.

Dr. ethanol and progress of this fiscal year’s management plan, response progress on the series of incidents related to improper quality control practices, and the results of various measures to prevent recurrence.

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We will continue reviews of the Board and strive to further improve the effectiveness of the Board of Directors.
Mitsubishi Electric Corporation notes that persons with experience in company management in the business world, attorneys at law, accountants, among others, are appropriate to oversee the Company’s business operations and not taking any of the following positions, as candidates for Outside Directors. Each of the following 1, 2, 4, and 5 includes a case in any fiscal year starting the past three fiscal years:

1. Persons who serve as Executives Directors, Executives Officers, managers or other employees (hereunder “business associates”) at a company whose amount of transactions with the Company accounts for more than 2% of the consolidated total sales of the Company or the counterparty.

2. Persons who serve as business executives at a company in which the Company has investments that exceed 2% of the consolidated total assets of the Company.

3. Persons who are related parties of the Company’s independent auditor.

4. Persons who receive more than 10 million yen of compensation from the Company as specialists or consultants.

5. Persons who serve as Executives Officers (Director, etc.) or an equivalent of which the Company offers 10 million yen or more of the total fee paid at the organization.

6. Persons who are the Company’s major shareholders (holding more than 10% of voting rights) or who serve as public company officials at the same company from which the Company receives 10 million yen or more of compensation.

7. Persons who are related parties of a person or company that have material conflicts of interest with the Company.

8. Persons who are related parties of the Company’s independent auditor.

9. Persons who receive more than 10 million yen of compensation from the Company as specialists or consultants.

10. Persons who receive compensation from the Company as consultants.

11. Persons who are related parties of the Company’s independent auditor.

12. Persons who are related parties of a person or company that have material conflicts 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 directors 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 22, 2022)

<table>
<thead>
<tr>
<th>Name</th>
<th>Position Held</th>
<th>Title Name</th>
<th>Positions Held</th>
<th>Reasons for Nomination</th>
<th>Board Attendance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mitoji Yabunaka</td>
<td>Outside Director</td>
<td>Chairman of the Nomination Committee</td>
<td>Member of the Nomination Committee</td>
<td>To receive the Company’s independent auditor’s experience and insights as an expert in international affairs cultivated through his career as an expert in international affairs and alumna advice on an honorary basis due to Mitsubishi Electric, serving as Outside Director of the Company since June 2012, he has served the Company’s business operations, and he also currently serving as Chairman of the Audit Committee, Chairman of the Nomination Committee and Member of the Compensation Committee. The Company expects him to oversee the Company’s business operations, by using wide range of experience and insights especially in the fields of governance, human resources and human resources development, and global affairs of the Board of Directors and each Committee.</td>
<td>100% (20/20)</td>
</tr>
<tr>
<td>Hiroko Koide</td>
<td>Outside Director</td>
<td>Chairman of the Audit Committee</td>
<td>Member of the Audit Committee</td>
<td>To receive the Company’s independent auditor’s experience and insights as an expert in international affairs cultivated through his career as an expert in international affairs and alumna advice on an honorary basis due to Mitsubishi Electric, serving as Outside Director of the Company since June 2012, he has served the Company’s business operations, and he also currently serving as Chairman of the Audit Committee, Chairman of the Nomination Committee and Member of the Compensation Committee. The Company expects him to oversee the Company’s business operations, by using wide range of experience and insights especially in the fields of governance, human resources and human resources development, and global affairs of the Board of Directors and each Committee.</td>
<td>95% (19/20)</td>
</tr>
<tr>
<td>Kazumori Watanabe</td>
<td>Outside Director</td>
<td>Chairman of the Compensation Committee</td>
<td>Member of the Compensation Committee</td>
<td>To receive the Company’s independent auditor’s experience and insights as a business specialist cultivated over the course of his career as an expert in international affairs cultivated through his career as an expert in international affairs and alumna advice on an honorary basis due to Mitsubishi Electric, serving as Outside Director of the Company since June 2012, he has served the Company’s business operations, and also currently serving as Chief of the Compensation Committee and Member of the Nomination Committee. The Company expects him to oversee the Company’s business operations, by using wide range of experience and insights especially in the fields of corporate management and corporate strategies, governance, human resources and human resources development, and global affairs of the Board of Directors and each Committee.</td>
<td>100% (20/20)</td>
</tr>
<tr>
<td>Takayuki Yamada</td>
<td>Outside Director</td>
<td>Member of the Nomination Committee</td>
<td>Member of the Nomination Committee</td>
<td>To receive the Company’s independent auditor’s experience and insights as a business specialist cultivated over the course of his career as an expert in international affairs cultivated through his career as an expert in international affairs and alumna advice on an honorary basis due to Mitsubishi Electric, serving as Outside Director of the Company since June 2012, he has served the Company’s business operations, and also currently serving as Member of the Nomination Committee and the Audit Committee. The Company expects him to oversee the Company’s business operations, by using wide range of experience and insights especially in the fields of corporate management and corporate strategies, governance, human resources and human resources development, and global affairs of the Board of Directors and each Committee.</td>
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</tr>
<tr>
<td>Hiroshi Watanabe</td>
<td>Outside Director</td>
<td>Member of the Audit Committee</td>
<td>Member of the Audit Committee</td>
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<td>100% (20/20)</td>
</tr>
<tr>
<td>Tatsuro Kosaka</td>
<td>Outside Director</td>
<td>Chairman of the Nomination Committee</td>
<td>Member of the Nomination Committee</td>
<td>To receive the Company’s independent auditor’s experience and insights as a business specialist cultivated over the course of his career as an expert in international affairs cultivated through his career as an expert in international affairs and alumna advice on an honorary basis due to Mitsubishi Electric, serving as Outside Director of the Company since June 2012, he has served the Company’s business operations, and also currently serving as Member of the Nomination Committee and the Audit Committee. The Company expects him to oversee the Company’s business operations, by using wide range of experience and insights especially in the fields of corporate management and corporate strategies, governance, human resources and human resources development, and global affairs of the Board of Directors and each Committee.</td>
<td>100% (20/20)</td>
</tr>
</tbody>
</table>

### Status of Stocks Held

#### Status of Stocks Held

**Criteria and Approach for 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 purposes, the Company classifies stocks held solely for profit purposes from changes in the stock value or dividends on stocks as pure investment. There are no stocks held for investment for purposes other than pure investment purposes.

**Classification of Stocks for Investment Held for Pure Investment Purposes**

The Company classifies 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 roles, and other aspects are verified and confirmed yearly in the Executive Directors’ meetings and in the Board of Directors’ meetings. Furthermore, the Company confirms the performance of research with regard to profitability, as to whether the income gained from related businesses and total dividends received are meeting a level above the capital cost, with regard to business feasibility, whether there are no any significant changes in business relationships or amounts of transactions, etc., and with regard to holding roles, whether the corporate value of the investor 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, Mitsubishi Electric Corporation’s online/investment/library/securites_report/
Our Approach to Information Security

**Basic Policy**

In order to prevent the recurrence of a data leak incident caused by unauthorized system access, the Mitsubishi Electric Group will continue to strengthen its information management and utilization systems and other functions, and it will strengthen its security measures for cyberattacks. As a specific target, we will aim to achieve Level 3 or higher in the Cybersecurity Maturity Model Certification (CMMC).  

Mitsubishi Electric manages information entrusted to the company by its customers and stakeholders and confidential corporate information relating to sales, engineering, intellectual property, and other areas. This management 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 further within the Mitsubishi Electric Group and strive to protect and manage information even more carefully.

**Information Security**

A new “Corporate Information Security Charter” 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. Since April 2021, we have enhanced the structure and added members of Corporate Information Security Division. In addition, we will invest more than ¥50 billion to implement cybersecurity measures and establish sustainable information security management so that we can achieve Level 3 or higher of the Cybersecurity Maturity Model.

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 the Computer Security Incident Response Team (CSIRT) established in each business group and office that 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 activities to promote product security measures, we were accredited as a CNA in November 2020 and we now assign (CNAs) to 19 vulnerabilities that affect Mitsubishi Electric’s products and publish them by ourselves. This has strengthened a framework to practice efficient vulnerability handling with external stakeholders. Identified vulnerabilities are reported, instructions are given in keeping with this framework, and appropriate response is taken to prevent secondary damage.

Business groups and offices, branches, works (production plants) issue instructions and guidance on information security to affiliates in and outside Japan. Internet websites are constantly exposed to many external threats, and so we only allow access from offices, teleworking sites, and business trip destinations, and we manage authentication in a centralized manner. In addition, we have implemented multi-factor authentication that supports operations being conducted through access from offices, teleworking sites, and business trip destinations, and we manage authentication in a centralized manner. Internet websites are constantly exposed to many external threats, and so we only authorize access that are approved by Mitsubishi Electric in order to maintain a high security level.

**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 personal information protection measures. In February 2005, Mitsubishi Electric issued a personal information protection policy in 2004, complying with the requirements of JS G 15010-2006 Personal Information Protection Management Systems. In January 2008, we were granted the right to use the “PriCipality,” which certifies the establishment of management systems that ensure proper measures for personal information protection. We have maintained our “PriCipality” 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 April 2022.

Cyber-Attack Countermeasures

Cyber-attacks have become a major threat for businesses as they are growing increasingly sophisticated and diverse year by year. The Mitsubishi Electric Group is centrally managing the network, devices, and servers (cloud) for cybersecurity measures and establishing a multilayered defense which is based on the concept of zero-trust security for the network, devices, and servers (cloud) as countermeasures for cyber-attacks that are growing increasingly sophisticated and diverse, along with the wider use of cloud services and the wider adoption of teleworking. A multilayered defense lets us protect ourselves from cyber-attacks, detect suspicious signs and intrusions, and put in place a system to respond immediately should an incident occur, to prevent or minimize damage.

In addition, we have implemented multi-factor authentication that supports operations being conducted through access from offices, teleworking sites, and business trip destinations, and we manage authentication in a centralized manner. Internet websites are constantly exposed to many external threats, and so we only authorize access that are approved by Mitsubishi Electric in order to maintain a high security level.

**Leaks of data due to unauthorized system access**

Most recently, on October 6, 2021, Mitsubishi Electric detected an unusual access from overseas and it was confirmed that the same domestic customer information at our affiliated company was leaked from the company on October 15, 2021. The incident was reported to the customers individually and they confirmed no impact from the incident. We cut off the exploited communication channel and issued a report to the relevant authorities. Although we have already implemented emergency measures for both devices and servers to prevent recurrence, we believe we need to develop a multilayered defense at a higher level in order to address numerous potential attack surfaces that are sophisticated and diverse. Mitsubishi Electric strengthens the monitoring of the cloud service that was accessed illicitly and accelerates the implementation of zero-trust security measures to ensure the prevention of recurrence. In addition, the Mitsubishi Electric Group as a whole strengthens security measures through comprehensive multilayered protection, such as strengthening of domestic and overseas network access controls, endpoint security measures, authentication platforms, including multi-factor authentication, and monitoring. Going forward, we will continuously work to strengthen security in consultation with relevant authorities. As for measures, we will introduce the concept of central management and work to ensure consistent security measures.
Directors and Executive Officers

Directors (As of June 29, 2022)

Mitoji Yabunaka
Chairman of the Board of Directors
Chairman of the Nomination Committee
Member of the Compensation Committee

Hiroshi Obayashi
Chairman of the Audit Committee
Chairman of the Nomination Committee
Attorney-at-Law

Kazumori Watanabe
Chairman of the Compensation Committee
Member of the Audit Committee
Certified Public Accountant

Kensuke Kido
Member of the Nomination Committee
Member of the Compensation Committee
Registered Tax Accountant

Takashi Oya
Member of the Nomination Committee
Member of the Audit Committee
Senior Advisor, MUFG Bank, Ltd.

Tatsuro Kusakabe
Member of the Nomination Committee
Member of the Compensation Committee
Senior Advisor of Chugai Pharmaceutical Co., Ltd.

Hiroyuki Taniguchi
Member of the Nomination Committee
Member of the Compensation Committee
Advisor of Nissan Motor Co., Ltd.

Kazuo Kato
Chairman

Directors (As of April 1, 2022)

Mitoji Yabunaka
Chairman of the Board of Directors
Chairman of the Nomination Committee
Member of the Compensation Committee

Hiroshi Obayashi
Chairman of the Audit Committee
Chairman of the Nomination Committee
Attorney-at-Law

Kazunori Watanabe
Chairman of the Compensation Committee
Member of the Audit Committee
Certified Public Accountant

Hiroko Koide
Member of the Nomination Committee
Member of the Compensation Committee

Takashi Oya
Member of the Nomination Committee
Member of the Audit Committee
Senior Advisor, MUFG Bank, Ltd.

Tatsuro Kusakabe
Member of the Nomination Committee
Member of the Compensation Committee
Senior Advisor of Chugai Pharmaceutical Co., Ltd.

Hiroyuki Taniguchi
Member of the Nomination Committee
Member of the Compensation Committee
Advisor of Nissan Motor Co., Ltd.

Kazuo Kato
Chairman

Executive Officers (As of April 1, 2022)

President & CEO:
Kazuo Kato

Senior Vice Presidents:
Tadashi Matsumoto
Life Business Area Owner (Group President, Building Systems, Representative Director and President, Mitsubishi Electric Building Solutions Corporation), In charge of Export Control

Yoshinori Nasu
Group President, Electronic Systems

Satohori Kusakabe
CRO (In charge of Legal Affairs & Compliance, Risk Management, Economic Security and Export Control)

Yoji Saito
CMO (In charge of Purchasing), CCO (Vice President, Corporate Communication, In charge of Government & External Relations)

Narutoshi Takasawa
Infrastructure Business Area Owner (Group President, Energy & Industrial Systems)

So Suzuki
Group President, Living Environment & Digital Media Equipment

Eiichiro Miyake
Business Platform Business Area Owner (Group President, Information Systems & Network Services), CIO (In charge of Information Security and IT, Vice President, Corporate Process & Operation Reengineering)

Shuji Takahashi
Vice President, Corporate Total Productivity Management & Environmental Programs

Kunihiro Kato
In charge of Auditing, CISO (In charge of Corporate Strategic Planning and Operations of Associated Companies), CTO (In charge of Technology Strategies)

Katsuyo Fujita
CMO (In charge of Global Marketing, Vice President, Corporate Marketing)

Kosuke Maeda
CFO (In charge of Accounting and Finance), CHRO (In charge of General Affairs and Human Resources)

Tatsuro Sato
In charge of Intellectual Property, Corporate Research and Development

Yoshikazu Nakai
CIO (In charge of Manufacturing), CGO (Vice President, Corporate Quality Assurance System Reengineering)

Satoshi Takezawa
Industry and Mobility Business Area Owner (Group President, Factory Automation Systems)

Hiroshi Sakakibara
CGO (Vice President, Corporate Business Innovation)
# Major Subsidiaries and Affiliates (As of March 31, 2022)

## Energy and Electric Systems

- Mitsubishi Electric Public Utility Equipment Corporation
- Mitsubishi Electric Control Panel Corporation
- Mitsubishi Electric Power Products, Inc.
- Mitsubishi Electric Solar Power Corporation
- Mitsubishi Electric Elevator Co., Ltd.
- Mitsubishi Elevator Asia Co., Ltd.
- Mitsubishi Elevator Korea Co., Ltd.
- teasing Mitsubishi Electric Industrial Systems Corporation
- Shanghai Mitsubishi Elevator Co., Ltd.

## Industrial Automation Systems

- DB Sales Co., Ltd.
- Mitsubishi Electric Automotive America, Inc.
- Mitsubishi Electric The Auto Parts Co., Ltd.
- Mitsubishi Electric Automotive (China) Co., Ltd.
- Mitsubishi Electric Automotive Americas, Inc.
- Mitsubishi Electric Automotive Co., Ltd.
- Mitsubishi Electric Automation Manufacturing (Chengdu), Ltd.

## Information and Communication Systems

- Mitsubishi Electric TDK Systems Corporation
- Mitsubishi Electric Precision Co., Ltd.
- TDK Corporation
- Telegence Co., Ltd.

## Electronic Devices

- Melco Display Technology Inc.
- Melco Power Device Corporation
- Kanaden Corporation

## Home Appliances

- Mitsubishi Electric Living Environment Systems Corporation
- Mitsubishi Electric Life Network Co., Ltd.
- Mitsubishi Electric for Conditioning & Refrigeration Equipment Sales Co., Ltd.
- Mitsubishi Electric Engineering Co., Ltd.
- Mitsubishi Electric Engineering Co., Ltd.
- Mitsubishi Electric Engineering Co., Ltd.
- King Electric Public Co., Ltd.

## Others

- Mitsubishi Electric Trading Corporation
- Mitsubishi Electric Engineering Co., Ltd.
- Mitsubishi Electric Logistics Corporation
- Mitsubishi Electric Systems & Service Co., Ltd.
- Mitsubishi Electric Life Service Corporation
- Time Kingdom Co., Ltd.
- PLANET Inc.
- Melco Trading (Thailand) Co., Ltd.

### Notes:

1. Comprehensive sales companies include several companies that are responsible for selling products from a number of businesses, and therefore these are placed into their own separate category rather than grouped by business segment.
2. Consolidated subsidiaries are shaded in dark green.
3. Mitsubishi Electric Building Techno-Service Co., Ltd. is involved in building systems business and changed its trade name to Mitsubishi Electric Building Solutions Corporation on April 1, 2022.
4. Mitsubishi Electric Taiwan Co., Ltd. absorbed Melco Taiwan Co., Ltd.
5. Mitsubishi Electric Taiwan Co., Ltd. absorbed Melco Taiwan Co., Ltd.
6. All of the above data are as of March 31, 2022, as the audited consolidated financial statements for the year ended March 31, 2022. The equity-method companies are 625 and 728, respectively.

## Financial Section

### Contents

- 59 Five-Year Summary
- 60 Management Analysis of Financial Position, Operating Results and Cash Flows
- 67 Research and Development Expenditures / Capital Expenditures
- 68 Consolidated Statement of Financial Position
- 70 Consolidated Statement of Profit or Loss
- 71 Consolidated Statement of Comprehensive Income
- 72 Consolidated Statement of Changes in Equity
- 73 Consolidated Statement of Cash Flows
### Five-Year Summary

Mitsubishi Electric Corporation and Subsidiaries

<table>
<thead>
<tr>
<th>Years ended March 31</th>
<th>U.S. GAAP</th>
<th>IFRS</th>
<th>Yen (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>4,431,196</td>
<td>4,444,424</td>
<td>4,519,921</td>
</tr>
<tr>
<td>2019</td>
<td>4,519,921</td>
<td>4,462,509</td>
<td>4,419,433</td>
</tr>
<tr>
<td>2020</td>
<td>4,462,509</td>
<td>4,476,708</td>
<td>4,476,708</td>
</tr>
<tr>
<td>2021</td>
<td>4,476,708</td>
<td>4,494,921</td>
<td>4,494,921</td>
</tr>
<tr>
<td>2022</td>
<td>4,494,921</td>
<td>4,519,042</td>
<td>4,519,042</td>
</tr>
</tbody>
</table>

- **Revenue:**
  - U.S. GAAP: 4,431,196 Yen
  - IFRS: 4,444,424 Yen
- **Operating profit:**
  - U.S. GAAP: 318,637 Yen
  - IFRS: 327,444 Yen
- **Net profit attributable to Mitsubishi Electric Corp. stockholders:**
  - U.S. GAAP: 271,880 Yen
  - IFRS: 255,755 Yen

### Management Analysis of Financial Position, Operating Results and Cash Flows

#### Overview of Business Performance

The economy in the fiscal year ended March 31, 2022 generally continued to see recovery in the corporate sector in the U.S., Europe and Japan. The household sector continued to recover in the U.S. and Europe, while in Japan there was the downward pressure stemming from the novel coronavirus diseases (COVID-19), despite recovery owing to normalization of economic activities. China continued to see recovery in export and manufacturing, while the pace of recovery in the household sector slowed down. There was also the impact of the rise in material prices and logistics costs as well as a prolonged components shortage.

In this environment, the Mitsubishi Electric Group has been working even harder than before to uplift profitability by strengthening its business portfolio strategy towards sustainable growth, while continuously implementing initiatives to strengthen its competitiveness and business structure.

As a result, the business performance for the fiscal year ended March 31, 2022 is as follows.

#### Revenue

Revenue increased by 285.3 billion yen compared to the previous fiscal year to 4,476.7 billion yen due primarily to increased revenue in Industrial Automation Systems, Home Appliances and Electronic Device segments, despite decreased revenue in Energy and Electric Systems and Information and Communication Systems segments. Industrial Automation Systems segment saw an increase in the factory automation systems business due mainly to an increase in demand for capital expenditures relating to digital equipment and decarbonization worldwide. The automotive equipment business also increased due to the expansion of the electric vehicle market. Home Appliances segment increased due mainly to an increase in air conditioners particularly in Europe and North America, despite a decrease in air conditioners in Japan due primarily to a semiconductor shortage. Electronic Devices segment increased due primarily to recovery in demand for power modules.

#### Impact of Exchange Rate Fluctuations on Revenue

<table>
<thead>
<tr>
<th>2021</th>
<th>2022</th>
<th>Impact of exchange rate fluctuations on revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average exchange rate</td>
<td>Average exchange rate</td>
<td>-</td>
</tr>
<tr>
<td>Consolidated total</td>
<td>-</td>
<td>About ¥135.0 billion increase</td>
</tr>
<tr>
<td>US$</td>
<td>¥106</td>
<td>¥113</td>
</tr>
<tr>
<td>EURO</td>
<td>¥124</td>
<td>¥131</td>
</tr>
<tr>
<td>CNY</td>
<td>¥15.7</td>
<td>¥17.7</td>
</tr>
<tr>
<td>About ¥60.0 billion increase</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Consolidated Performance

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2022</th>
<th>Year on year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>4,191.4</td>
<td>4,476.7</td>
<td>up 285.3</td>
</tr>
<tr>
<td>Operating profit</td>
<td>230.1</td>
<td>252.0</td>
<td>up 21.8</td>
</tr>
<tr>
<td>Profit before income taxes</td>
<td>258.7</td>
<td>279.6</td>
<td>up 20.9</td>
</tr>
<tr>
<td>Net profit attributable to Mitsubishi Electric Corp. stockholders</td>
<td>193.1</td>
<td>203.4</td>
<td>up 10.3</td>
</tr>
</tbody>
</table>
Operating Profit
Operating profit increased by 21.6 billion yen compared to the previous fiscal year to 252.0 billion yen due mainly to increased operating profit in Industrial Automation Systems and Electronic Devices segments, despite decreased operating profit in Energy and Electric Systems and Home Appliances segments. Operating profit ratio improved by 0.1 points compared to the previous fiscal year to 5.6% due mainly to increased revenue.

The cost ratio improved by 0.2 points compared to the previous fiscal year due primarily to higher operating ratio owing to increased revenue in Industrial Automation Systems segment and the yen depreciating against other currencies, despite the rise in material prices. Selling, general and administrative expenses increased by 60.0 billion yen compared to the previous fiscal year, but selling, general and administrative expenses to revenue ratio improved by 0.2 points. Other profit (loss) decreased by 8.2 billion yen compared to the previous fiscal year due mainly to decreased profit from sales of land, and other profit (loss) to revenue ratio deteriorated by 0.3 points compared to the previous fiscal year.

Profit Before Income Taxes
Profit before income taxes increased by 20.9 billion yen compared to the previous fiscal year to 279.6 billion yen due primarily to an increase in operating profit. Profit before income taxes to revenue ratio was 4.5%.

Net Profit Attributable to Mitsubishi Electric Corp. Stockholders
Net profit attributable to Mitsubishi Electric Corporation stockholders increased by 10.3 billion yen compared to the previous fiscal year due mainly to increased profit before income taxes. Net profit attributable to Mitsubishi Electric Corporation stockholders to revenue ratio was 4.5%.

ROE deteriorated by 0.4% compared to the previous fiscal year to 7.1%.

Energy and Electric Systems
The market for the social infrastructure systems business saw buoyant investment in the public utility business in Japan, while demand relating to power systems decreased in Japan and there was the reconsideration of the capital expenditure plans by railway companies in Japan due to the impact of COVID-19. In this environment, orders won by the business remained substantially unchanged compared to the previous fiscal year due primarily to an increase in the public utility systems business in Japan despite a decrease in the power systems and the transportation systems businesses in Japan.

Revenue decreased compared to the previous fiscal year due mainly to decreases in the power systems and the transportation systems businesses in Japan. Revenue decreased compared to the previous fiscal year due mainly to decreases in the power systems and the transportation systems businesses in Japan.

The market for the building systems business saw recovery from stagnation stemming from COVID-19 primarily in China, while recovery is delayed in some parts of Asia. In this environment, the business saw increases in both orders and revenue compared to the previous fiscal year due mainly to an increase primarily in China.

As a result, revenue for this segment decreased by 3% compared to the previous fiscal year to 1,238.1 billion yen. Operating profit decreased by 46.7 billion yen compared to the previous fiscal year to 62.1 billion yen due mainly to decreased profit and a shift in project portfolios.

Results by Business Segment

<table>
<thead>
<tr>
<th>Business Segment</th>
<th>U.S. GAAP</th>
<th>IFRS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2022</td>
<td>2021</td>
</tr>
<tr>
<td>Energy and Electric Systems</td>
<td>1,241,952</td>
<td>1,253,062</td>
</tr>
<tr>
<td>Industrial Automation Systems</td>
<td>1,444,928</td>
<td>1,467,633</td>
</tr>
<tr>
<td>Information and Communication Systems</td>
<td>436,068</td>
<td>426,249</td>
</tr>
<tr>
<td>Electronic Devices</td>
<td>202,294</td>
<td>199,908</td>
</tr>
<tr>
<td>Home Appliances</td>
<td>1,043,369</td>
<td>1,090,248</td>
</tr>
<tr>
<td>Others</td>
<td>764,346</td>
<td>659,059</td>
</tr>
<tr>
<td>Subtotal</td>
<td>6,138,957</td>
<td>5,046,896</td>
</tr>
<tr>
<td>Eliminations</td>
<td>707,759</td>
<td>621,414</td>
</tr>
<tr>
<td>Consolidated total</td>
<td>4,431,198</td>
<td>4,414,424</td>
</tr>
</tbody>
</table>

Operating Profit by Business Segment

<table>
<thead>
<tr>
<th>Business Segment</th>
<th>U.S. GAAP</th>
<th>IFRS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2022</td>
<td>2021</td>
</tr>
<tr>
<td>Energy and Electric Systems</td>
<td>51,710</td>
<td>65,457</td>
</tr>
<tr>
<td>Industrial Automation Systems</td>
<td>190,826</td>
<td>187,350</td>
</tr>
<tr>
<td>Information and Communication Systems</td>
<td>15,987</td>
<td>11,340</td>
</tr>
<tr>
<td>Electronic Devices</td>
<td>14,554</td>
<td>14,161</td>
</tr>
<tr>
<td>Home Appliances</td>
<td>56,057</td>
<td>55,496</td>
</tr>
<tr>
<td>Others</td>
<td>23,900</td>
<td>24,034</td>
</tr>
<tr>
<td>Subtotal</td>
<td>340,034</td>
<td>322,376</td>
</tr>
<tr>
<td>Eliminations and Corporate</td>
<td>318,637</td>
<td>327,444</td>
</tr>
<tr>
<td>Consolidated total</td>
<td>621,643</td>
<td>659,636</td>
</tr>
</tbody>
</table>

Net Profit Attributable to Mitsubishi Electric Corporation Stockholders
Net profit attributable to Mitsubishi Electric Corporation stockholders increased by 10.3 billion yen compared to the previous fiscal year due mainly to increased profit before income taxes. Net profit attributable to Mitsubishi Electric Corporation stockholders to revenue ratio was 4.5%.

ROE deteriorated by 0.4% compared to the previous fiscal year to 7.1%.

Energy and Electric Systems
The market for the social infrastructure systems business saw buoyant investment in the public utility business in Japan, while demand relating to power systems decreased in Japan and there was the reconsideration of the capital expenditure plans by railway companies in Japan due to the impact of COVID-19. In this environment, orders won by the business remained substantially unchanged compared to the previous fiscal year due primarily to an increase in the public utility systems business in Japan despite a decrease in the power systems and the transportation systems businesses in Japan.

Revenue decreased compared to the previous fiscal year due mainly to decreases in the power systems and the transportation systems businesses in Japan.

The market for the building systems business saw recovery from stagnation stemming from COVID-19 primarily in China, while recovery is delayed in some parts of Asia. In this environment, the business saw increases in both orders and revenue compared to the previous fiscal year due mainly to an increase primarily in China.

As a result, revenue for this segment decreased by 3% compared to the previous fiscal year to 1,238.1 billion yen.

Operating profit decreased by 46.7 billion yen compared to the previous fiscal year to 62.1 billion yen due mainly to decreased revenue and a shift in project portfolios.
Management Analysis of Financial Position, Operating Results and Cash Flows

Results by Geographic Segment

Revenue from Customers by Geographic Segment

<table>
<thead>
<tr>
<th>Years ended March 31</th>
<th>U.S. GAAP</th>
<th>IFRS</th>
<th>Yen (milions)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2019</td>
<td>2020</td>
</tr>
<tr>
<td>Japan</td>
<td>2,423,626</td>
<td>2,438,942</td>
<td>2,556,644</td>
</tr>
<tr>
<td>North America</td>
<td>417,423</td>
<td>419,121</td>
<td>429,451</td>
</tr>
<tr>
<td>Asia (excluding Japan)</td>
<td>1,075,683</td>
<td>1,089,176</td>
<td>1,013,883</td>
</tr>
<tr>
<td>Europe</td>
<td>431,316</td>
<td>431,316</td>
<td>453,748</td>
</tr>
<tr>
<td>Others</td>
<td>83,150</td>
<td>65,869</td>
<td>66,195</td>
</tr>
<tr>
<td>Consolidated total</td>
<td>4,431,198</td>
<td>4,444,424</td>
<td>4,519,921</td>
</tr>
</tbody>
</table>

Japan
Revenue decreased by 4% year on year to 2,332.4 billion yen primarily due to decreases in the home appliances business and social infrastructure systems business, despite an increase in the factory automation systems business.

North America
Revenue increased by 22% year on year to 461.9 billion yen primarily due to an increase in home appliances business.

Asia (excluding Japan)
Revenue increased by 20% year on year to 1,114.9 billion yen primarily due to increases in the factory automation systems business and home appliances business.
In China, revenue increased by 22% year on year to 588.6 billion yen primarily due to increases in the factory automation systems business and home appliances business.

Europe
Revenue increased by 26% year on year to 495.3 billion yen primarily due to an increase in home appliances business.

Others
Revenue in other regions, including Oceania, increased 14% year on year to 72.1 billion yen.

Industrial Automation Systems
The market for the factory automation systems business saw a global increase in demand for capital expenditures relating to digital equipment such as semiconductors, electronic components and smartphones, and products in the decarbonization area such as lithium-ion batteries. In this environment, the business saw increases in both orders and revenue compared to the previous fiscal year.

The market for the automotive equipment business saw an increase in electric vehicle-related equipment due to the expansion of electric vehicle market, while sales of new cars decreased in Japan, China Europe and the U.S. due primarily to a semiconductor shortage compared to the previous fiscal year. In this environment, the business saw increases in both orders and revenue compared to the previous fiscal year due mainly to increases in electric vehicle-related equipment such as motors and inverters, as well as electrical components.

As a result, revenue for this segment increased by 17% compared to the previous fiscal year to 1,460.3 billion yen. Operating profit for this segment increased by 56.2 billion yen compared to the previous fiscal year to 96.8 billion yen, as operating profit for the factory automation systems business increased due mainly to increased revenue and the yen depreciating against other currencies, while operating profit for the automotive equipment business decreased due primarily to the rise in material prices and logistics costs.

Information and Communication Systems
The market for the information systems and service business saw a decrease in large-scale projects for the IT infrastructure service business, while delayed system development projects restarted, particularly in the manufacturing industry. In this environment, the business saw an increase in orders but a decrease in revenue compared to the previous fiscal year.

The electronic systems business saw an increase in orders compared to the previous fiscal year due primarily to an increase in large-scale projects for the defense systems business, while revenue decreased compared to the previous fiscal year due mainly to a decrease in large-scale projects for the defense systems business.

As a result, revenue for this segment decreased by 7% compared to the previous fiscal year to 354.1 billion yen. Operating profit decreased by 1.7 billion yen compared to the previous fiscal year to 14.7 billion yen due mainly to decreased revenue.

Electronic Devices
The market for the electronic devices business saw recovery in demand for power modules used in consumer, industrial and automotive applications. In this environment, the business saw an increase in orders compared to the previous fiscal year and revenue also increased by 16% compared to the previous fiscal year to 241.4 billion yen due primarily to an increase in power modules used in consumer, industrial and automotive applications.

Operating profit increased by 10.5 billion yen compared to the previous fiscal year to 16.8 billion yen due mainly to increased revenue.

Home Appliances
The market for the home appliances business saw an increase in demand for residential air conditioners primarily in Europe and North America as working from home becomes common, despite the impact of a semiconductor shortage. Demand for industrial air conditioners also recovered gradually as capital expenditures started to recover from the impact of COVID-19. In this environment, the business saw an increase in revenue by 10% compared to the previous fiscal year to 1,144.7 billion yen due mainly to an increase in air conditioners primarily in Europe and North America as well as the yen depreciating against other currencies, despite a decrease in air conditioners in Japan due primarily to a semiconductor shortage.

Operating profit decreased by 4.8 billion yen compared to the previous fiscal year to 70.9 billion yen due mainly to the rise in material prices and logistics costs despite increased revenue and the yen depreciating against other currencies.

Others
Revenue increased by 12% compared to the previous fiscal year to 676.2 billion yen due primarily to increases in materials procurement and logistics.

Operating profit increased by 8.3 billion yen compared to the previous fiscal year to 21.9 billion yen due mainly to increased revenue.
Management Analysis of Financial Position, Operating Results and Cash Flows

Analysis of Financial Position

Total assets as of the end of this fiscal year increased compared to the end of the previous fiscal year by 310.0 billion yen to 5,107.9 billion yen. The change in balance of total assets was mainly attributable to increases in inventories by 215.8 billion yen and other non-current assets by 100.4 billion yen.

Inventories increased due primarily to recovery in demand for Industrial Automation Systems and Home Appliances segments as well as the impact of semiconductor and electronic components shortages. Other non-current assets increased due mainly to an increase in net defined benefit assets mainly reflecting a rise in stock prices.

Total liabilities increased compared to the end of the previous fiscal year by 83.2 billion yen to 2,010.5 billion yen due primarily to increases in trade payables by 59.8 billion yen and accrued expenses by 24.2 billion yen. Bonds and borrowings decreased compared to the end of the previous fiscal year by 31.7 billion yen to 217.1 billion yen, with the ratio of bonds and borrowings to total assets recording 4.3%, representing a 0.9 point decrease compared to the end of the previous fiscal year.

Mitsubishi Electric Corporation stockholders’ equity increased by 221.6 billion yen compared to the end of the previous fiscal year to 2,975.9 billion yen. The stockholders’ equity ratio was recorded at 58.3%, representing a 0.9 point increase compared to the end of the previous fiscal year. These changes mainly result from increases due to recording a net profit attributable to Mitsubishi Electric Corporation stakeholders of 203.4 billion yen and accumulated other comprehensive income by 72.7 billion yen mainly reflecting the yen depreciating against other currencies, despite a decrease due to a dividend payment of 85.7 billion yen.

<table>
<thead>
<tr>
<th>Indices related to the Statement of Financial Position</th>
<th>As of Mar. 31, 2021</th>
<th>As of Mar. 31, 2022</th>
<th>YoY changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables turnover (times)</td>
<td>3.55</td>
<td>3.63</td>
<td>0.08</td>
</tr>
<tr>
<td>Inventory turnover (times)</td>
<td>5.64</td>
<td>4.66</td>
<td>(0.98)</td>
</tr>
<tr>
<td>Bonds and borrowings to total assets (%)</td>
<td>5.2</td>
<td>4.3</td>
<td>(0.9)</td>
</tr>
<tr>
<td>Mitsubishi Electric Corp. stockholders’ equity ratio (%)</td>
<td>57.4</td>
<td>58.3</td>
<td>0.9</td>
</tr>
</tbody>
</table>

Note: 1. Trade receivables turnover is calculated based on the sum of trade receivables and contract assets.
2. Bonds and borrowings to total assets is calculated based on the balance of borrowings and bonds, excluding lease liabilities.

Capital Resources and Funding Liquidity

Basic Policies Regarding Financial Strategies

In order to maintain a solid balance sheet, the Mitsubishi Electric Group continuously strives to improve its cash flow by enhancing its business performance, achieve greater asset efficiency through inventory reduction initiatives and promotion of the collection of trade receivables, and improve fund efficiency through more effective use of Group funds.

In addition, the Group will further increase capital efficiency under its capital allocation policy stated in the Medium-Term Management Plan towards fiscal 2026, by implementing its capital measures, including the enhancement of shareholder returns through profit growth while giving the top priority to investment in growth.

In order to secure funds needed to implement its growth strategies, including those for capital investment, research and development, and M&As, the Group will flexibly raise funds from financial institutions as necessary while using cash on hand generated from cash flows from operating activities with a focus on Key Growth Businesses.

Status of Cash Flows

Cash flows from operating activities for fiscal 2022 was 282.3 billion yen (cash in), while cash flows from investing activities was 114.8 billion yen (cash out). As a result, free cash flow was 167.5 billion yen (cash in). Cash flows from financing activities was 241.3 billion yen (cash out), and cash and cash equivalents at end of period decreased from the end of the previous fiscal year by 40.2 billion yen to 727.1 billion yen.

Net cash provided by operating activities decreased by 259.7 billion yen from the previous fiscal year due primarily to an increase in inventories despite increased profit.

Net cash used in investing activities decreased by 61.6 billion yen from the previous fiscal year due mainly to an increase in proceeds from sale of investment securities and a decrease in purchase of property, plant and equipment in fiscal 2022 as a result of restricted capital expenditures in the previous fiscal year.

Net cash used in financing activities increased by 83.9 billion yen from the previous fiscal year due primarily to an increase in the purchase of treasury stock and a decrease in proceeds of short-term borrowings.

Status of Funding and Liquidity

The main component within the need for working funds is operating expenses such as costs for purchasing necessary materials for production, manufacturing costs and selling, general and administrative expenses. The need for funds for investment is due to components such as capital expenditure and M&As.

Short-term working funds are derived from cash on hand and short-term borrowings from financial institutions. Capital expenditure and long-term working funds are derived from long-term borrowings from financial institutions and issuance of corporate bonds while utilizing cash on hand.

The balance of cash and cash equivalents is 727.1 billion yen and the balance of bonds, borrowings and lease liabilities totaled 329.4 billion yen as of the end of fiscal 2022. Of these, short-term borrowings totaled 74.9 billion yen, bonds and long-term borrowings totaled 142.2 billion yen, and lease liabilities totaled 112.2 billion yen.

Steadily executing the strategies above, the Group will work to further enhance its corporate value.
## Research and Development Expenditures / Capital Expenditures

### Research and Development Expenditures

<table>
<thead>
<tr>
<th></th>
<th>U.S. GAAP</th>
<th>IFRS</th>
<th>Yen (billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2019</td>
<td>2020</td>
</tr>
<tr>
<td>Energy and Electric Systems</td>
<td>35.4</td>
<td></td>
<td>34.7</td>
</tr>
<tr>
<td>Industrial Automation Systems</td>
<td>69.5</td>
<td>70.8</td>
<td>67.4</td>
</tr>
<tr>
<td>Information and Communication Systems</td>
<td>17.9</td>
<td>15.3</td>
<td>13.4</td>
</tr>
<tr>
<td>Electronic Devices</td>
<td>13.4</td>
<td>12.5</td>
<td>10.4</td>
</tr>
<tr>
<td>Home Appliances</td>
<td>41.8</td>
<td>42.3</td>
<td>42.3</td>
</tr>
<tr>
<td>Others/Other</td>
<td>32.2</td>
<td>33.7</td>
<td>33.7</td>
</tr>
<tr>
<td>Consolidated total</td>
<td>210.3</td>
<td>212.7</td>
<td>206.8</td>
</tr>
<tr>
<td>R&amp;D expenditures</td>
<td>4.7</td>
<td>4.7</td>
<td>4.6</td>
</tr>
</tbody>
</table>

### Capital Expenditures

<table>
<thead>
<tr>
<th></th>
<th>U.S. GAAP</th>
<th>IFRS</th>
<th>Yen (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
<td>2022</td>
<td></td>
</tr>
<tr>
<td>Energy and Electric Systems</td>
<td>30,861</td>
<td>30,021</td>
<td>26,411</td>
</tr>
<tr>
<td>Industrial Automation Systems</td>
<td>68,376</td>
<td>78,722</td>
<td>54,117</td>
</tr>
<tr>
<td>Information and Communication Systems</td>
<td>17,522</td>
<td>21,925</td>
<td>22,376</td>
</tr>
<tr>
<td>Electronic Devices</td>
<td>17,197</td>
<td>21,072</td>
<td>22,009</td>
</tr>
<tr>
<td>Home Appliances</td>
<td>32,849</td>
<td>38,720</td>
<td>19,488</td>
</tr>
<tr>
<td>Others/Other</td>
<td>9,950</td>
<td>11,863</td>
<td>9,326</td>
</tr>
<tr>
<td>Consolidated total</td>
<td>181,513</td>
<td>198,442</td>
<td>180,033</td>
</tr>
</tbody>
</table>

* The data above are based on the recognized value of property, plant and equipment.

## Consolidated Statement of Financial Position

Mitsubishi Electric Corporation and Subsidiaries
March 31, 2021 and 2022

### (Assets)

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>¥ 767,406</td>
<td>¥ 727,179</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>¥ 906,831</td>
<td>¥ 944,405</td>
</tr>
<tr>
<td>Contract assets</td>
<td>¥ 274,231</td>
<td>¥ 287,697</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>¥ 51,657</td>
<td>¥ 62,135</td>
</tr>
<tr>
<td>Inventories</td>
<td>¥ 103,065</td>
<td>¥ 109,220</td>
</tr>
<tr>
<td>Other current assets</td>
<td>¥ 197,570</td>
<td>¥ 297,999</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>¥ 4,797,921</td>
<td>¥ 5,107,973</td>
</tr>
</tbody>
</table>

* The data above are based on the recognized value of property, plant and equipment.
### Consolidated Statement of Profit or Loss

Mitsubishi Electric Corporation and Subsidiaries  
Years ended March 31, 2021 and 2022  

<table>
<thead>
<tr>
<th></th>
<th>2021 (Yen millions)</th>
<th>2022 (Yen millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>¥ 4,191,433</td>
<td>¥ 4,476,758</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>3,017,059</td>
<td>3,212,216</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>953,602</td>
<td>1,013,674</td>
</tr>
<tr>
<td>Other profit (loss)</td>
<td>9,423</td>
<td>1,183</td>
</tr>
<tr>
<td>Operating profit</td>
<td>230,195</td>
<td>252,051</td>
</tr>
<tr>
<td>Financial income</td>
<td>12,136</td>
<td>11,910</td>
</tr>
<tr>
<td>Financial expenses</td>
<td>2,828</td>
<td>2,702</td>
</tr>
<tr>
<td>Share of profit of investments accounted for using the equity method</td>
<td>19,251</td>
<td>18,434</td>
</tr>
<tr>
<td>Profit before income taxes</td>
<td>258,754</td>
<td>279,693</td>
</tr>
<tr>
<td>Income taxes</td>
<td>57,071</td>
<td>61,808</td>
</tr>
<tr>
<td>Net profit</td>
<td>201,683</td>
<td>217,885</td>
</tr>
<tr>
<td>Net profit attributable to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mitsubishi Electric Corp. stockholders</td>
<td>193,132</td>
<td>203,482</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>¥ 8,551</td>
<td>¥ 14,403</td>
</tr>
</tbody>
</table>

| Earnings per share (attributable to Mitsubishi Electric Corp. stockholders) | 2021 (Yen) | 2022 (Yen) |
| Basic                          | ¥ 90.03 | ¥ 95.41 |
| Diluted                        | 90.03 | 95.41 |

### Consolidated Statement of Financial Position

<table>
<thead>
<tr>
<th></th>
<th>2021 (Yen millions)</th>
<th>2022 (Yen millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Liabilities)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds, borrowings and lease liabilities</td>
<td>¥ 152,657</td>
<td>¥ 173,213</td>
</tr>
<tr>
<td>Trade payables</td>
<td>541,774</td>
<td>601,606</td>
</tr>
<tr>
<td>Contract liabilities</td>
<td>174,666</td>
<td>188,300</td>
</tr>
<tr>
<td>Other financial liabilities</td>
<td>157,750</td>
<td>167,687</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>302,418</td>
<td>326,703</td>
</tr>
<tr>
<td>Accrued income taxes</td>
<td>30,959</td>
<td>33,575</td>
</tr>
<tr>
<td>Provisions</td>
<td>97,292</td>
<td>106,112</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>47,865</td>
<td>49,526</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>1,505,381</td>
<td>1,646,722</td>
</tr>
<tr>
<td>Bonds, borrowings and lease liabilities</td>
<td>212,774</td>
<td>156,248</td>
</tr>
<tr>
<td>Net defined benefit liabilities</td>
<td>161,388</td>
<td>162,353</td>
</tr>
<tr>
<td>Provisions</td>
<td>5,435</td>
<td>4,921</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>5,759</td>
<td>4,774</td>
</tr>
<tr>
<td>Other non-current liabilities</td>
<td>36,573</td>
<td>35,558</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>421,929</td>
<td>363,854</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>1,927,310</td>
<td>2,010,576</td>
</tr>
</tbody>
</table>

| (Equity)             |                      |                      |
| Common stock         | 175,820              | 175,820              |
| Capital surplus      | 202,777              | 202,695              |
| Retained earnings    | 2,266,490            | 2,464,966            |
| Accumulated other comprehensive income (loss) | 111,801 | 184,528 |
| Treasury stock, at cost (2,595) | (52,068) | |
| Mitsubishi Electric Corp. stockholders’ equity | 2,754,293 | 2,975,941 |
| Non-controlling interests | 116,318 | 121,456 |
| Total equity         | 2,870,611            | 3,097,397            |

| Total liabilities and equity | ¥ 4,797,921 | ¥ 5,107,973 |
### Consolidated Statement of Comprehensive Income

Mitsubishi Electric Corporation and Subsidiaries  
Years ended March 31, 2021 and 2022  
Yen (millions)

<table>
<thead>
<tr>
<th>Item</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net profit</td>
<td>¥ 201,683</td>
<td>¥ 217,885</td>
</tr>
<tr>
<td>Other comprehensive income (loss), net of tax</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Items that will not be reclassified to net profit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in fair value of financial assets measured at fair value</td>
<td>¥ 64,457</td>
<td>¥ 6,762</td>
</tr>
<tr>
<td>through other comprehensive income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remeasurements of defined benefit plans</td>
<td>¥ 84,501</td>
<td>¥ 64,720</td>
</tr>
<tr>
<td>Share of other comprehensive income of investments accounted for</td>
<td>¥ 2,159</td>
<td>¥ 342</td>
</tr>
<tr>
<td>the equity method</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total items that will not be reclassified to net profit</td>
<td>¥ 151,117</td>
<td>¥ 71,824</td>
</tr>
<tr>
<td>Items that may be reclassified to net profit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exchange differences on translating foreign operations</td>
<td>¥ 61,880</td>
<td>¥ 80,060</td>
</tr>
<tr>
<td>Net changes in the fair value of cash flow hedges</td>
<td>¥ 92</td>
<td>(¥ 2)</td>
</tr>
<tr>
<td>Share of other comprehensive income of investments accounted for</td>
<td>¥ 1,162</td>
<td>¥ 9,118</td>
</tr>
<tr>
<td>the equity method</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total items that may be reclassified to net profit</td>
<td>¥ 63,154</td>
<td>¥ 89,176</td>
</tr>
<tr>
<td>Total other comprehensive income (loss)</td>
<td>¥ 214,271</td>
<td>¥ 161,000</td>
</tr>
<tr>
<td>Comprehensive income</td>
<td>¥ 415,954</td>
<td>¥ 378,885</td>
</tr>
<tr>
<td>Comprehensive income attributable to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mitsubishi Electric Corp. stockholders</td>
<td>¥ 401,559</td>
<td>¥ 356,926</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>¥ 14,395</td>
<td>¥ 21,959</td>
</tr>
</tbody>
</table>

### Consolidated Statement of Changes in Equity

Mitsubishi Electric Corporation and Subsidiaries  
Years ended March 31, 2021 and 2022  
Yen (millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Common stock</th>
<th>Capital surplus</th>
<th>Retained earnings</th>
<th>Foreign currency translation adjustment</th>
<th>Treasury stock, at cost</th>
<th>Total</th>
<th>Non-controlling interests</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>¥ 179,820</td>
<td>¥ 202,832</td>
<td>¥ 2,071,817</td>
<td>(¥ 17,802)</td>
<td>¥ 2,429,743</td>
<td>¥ 109,116</td>
<td>¥ 2,538,859</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td>¥ 175,820</td>
<td>¥ 202,777</td>
<td>¥ 2,266,490</td>
<td>(¥ 2,924)</td>
<td>¥ 2,704,259</td>
<td>¥ 116,318</td>
<td>¥ 2,870,611</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Common stock</th>
<th>Capital surplus</th>
<th>Retained earnings</th>
<th>Foreign currency translation adjustment</th>
<th>Treasury stock, at cost</th>
<th>Total</th>
<th>Non-controlling interests</th>
<th>Total equity</th>
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</thead>
<tbody>
<tr>
<td>2021</td>
<td>¥ 179,820</td>
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<td>¥ 2,538,859</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td>¥ 175,820</td>
<td>¥ 202,777</td>
<td>¥ 2,266,490</td>
<td>(¥ 2,924)</td>
<td>¥ 2,704,259</td>
<td>¥ 116,318</td>
<td>¥ 2,870,611</td>
<td></td>
</tr>
</tbody>
</table>
Cautionary Statement

While the statements herein, including the forecasts regarding the Mitsubishi Electric Group, are based on assumptions considered to be reasonable under the circumstances on the date of announcement, actual results may differ significantly from forecasts.

The main factors materially affecting the expectations expressed herein include but are not limited to the following:

(1) Changes in worldwide economic and social conditions, as well as regulations, taxation and other legislation
(2) Changes in foreign currency exchange rates
(3) Changes in stock markets
(4) Changes in the fund-raising environment
(5) Changes in the supply and demand of products, as well as the material procurement environment
(6) Establishment of important patents, status of significant licenses and disputes related to key patents
(7) Litigation and other legal proceedings
(8) Issues related to quality and defects in products or services
(9) Laws, regulations and issues related to the global environment, especially responses to climate change
(10) Laws, regulations and issues related to human rights
(11) Radical technological innovation, as well as the development, manufacturing and time-to-market of products using new technology
(12) Business restructuring
(13) Information security incidents
(14) Large-scale disasters, including earthquakes, tsunamis, typhoons, volcanic eruptions and fires
(15) Social, economic and political upheaval due to heightened geopolitical risks, war, conflict, terrorism or other factors
(16) Social, economic and political upheaval due to pandemics or other factors
(17) Important matters related to Mitsubishi Electric Corporation’s directors and executive officers, major shareholders, affiliated companies and other stakeholders
Corporate Data / Shareholder Information (As of March 31, 2022)

Corporate Data
Mitsubishi Electric Corporation
Tokyo Building, 2-7-3, Marunouchi,
Chiyoda-ku, Tokyo 100-8370, Japan
Tel: +81(3)3218-2111
Established: January 15, 1921
Paid-in Capital: ¥175,820 million
Shares issued: 2,147,201,551 shares
Employees: 145,696

Shareholders’ Meeting
The annual meeting of shareholders of the Corporation is regularly held in June each year. Additionally, special shareholders meetings may be held as necessary.

Stock Exchange Listings
Japan: Tokyo
Europe: London

Major Shareholders

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Holdings of the Company’s Share</th>
<th>Number of Shares Held (Thousands)</th>
<th>Percentage of Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td>
<td>357,390</td>
<td>16.9%</td>
<td></td>
</tr>
<tr>
<td>SSBC CLIENT OMNIBUS ACCOUNT</td>
<td>106,213</td>
<td>5.0%</td>
<td></td>
</tr>
<tr>
<td>Custody Bank of Japan, Ltd. (Trust Account)</td>
<td>97,804</td>
<td>4.6%</td>
<td></td>
</tr>
<tr>
<td>Meiji Yasuda Life Insurance Company</td>
<td>81,862</td>
<td>3.9%</td>
<td></td>
</tr>
<tr>
<td>Mitsubishi Electric Group Employees Shareholding Union</td>
<td>44,478</td>
<td>2.1%</td>
<td></td>
</tr>
<tr>
<td>JP MORGAN CHASE BANK 3850055</td>
<td>37,375</td>
<td>1.8%</td>
<td></td>
</tr>
<tr>
<td>Nippon Life Insurance Company</td>
<td>36,339</td>
<td>1.7%</td>
<td></td>
</tr>
<tr>
<td>STATE STREET BANK WEST CLIENT-TREATY 505234</td>
<td>30,422</td>
<td>1.4%</td>
<td></td>
</tr>
<tr>
<td>THE BANK OF NEW YORK MELLON 14010</td>
<td>25,072</td>
<td>1.2%</td>
<td></td>
</tr>
</tbody>
</table>

Note: The Company owns 34,098,523 company-owned shares, but is excluded from the above list of principal shareholders. Shareholder ratio calculations do not include company-owned shares (figures are rounded to the first decimal place).

Distribution of Shareholders

- Individual et al.: 13.9%
- Foreign Corporations et al.: 40.4%
- Financial Institutions: 39.3%
- Other Corporations: 4.0%
- Traders of Financial Instruments: 2.4%

Stock Price (Yen)

The Nikkei Stock Average is based on information copyrighted by Nihon Keizai Shimbun, Inc.