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 sustainability management and contribute to the realization of a vibrant and sustainable society.
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 by 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 Japan, 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, 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 our goals as follows:

(1) Carbon neutral
(2) Circular economy
(3) Safety / Security
(4) Inclusion
(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* 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 (BAs). 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-
I would like to reiterate our sincere apologies to our many stakeholders for the interdepartmental communication, and we expressed this desire in the term from them instead of disposing of them after use. There is a circulation in the process, we engage in manufacturing in which products and services are designed for long-term use, and we reuse these products by collecting materials from them instead of disposing of them after use.

As the CEO of the company, I have driven reforms in three areas—quality assurance, organizational culture, and governance—toward the restoration of public trust. Based on reports submitted by the Investigative Committee, we have been pursuing reforms in these areas.

(1) Quality assurance reform: We have been strengthening the quality assurance system by establishing the Corporate Quality Assurance Reengineering Group as an organization under the direct control of the CEO, by inviting Mr. Yosikazu Nakai from outside of the company to serve as the head of this Group and as the Chief Quality Officer (CQO), by reconstructing our control functions as we assign authority for shipments and other areas at each production site to this Group, and by having the Quality Governance Subcommittee periodically monitor activities. We also plan to invest more than 30 billion yen in two years to strengthen the infrastructure of the quality assurance system.

We have yet to be able to thoroughly find out why improper quality control practices continued for decades at certain plants and why no one could stop such practices. I believe, however, that our organizational culture prevented people from speaking out against improper practices, thereby leading them to lose their sense of conscientiousness for ensuring quality and ultimately causing them to engage in such practices.

(2) Organizational culture reform: I believe there is a need to change the awareness and behavior of both superiors and subordinates. When a subordinate seeks advice or shares information, their superior must always accept it at first and then try to solve the problem together. In this process, it is important that the superior fully understands the concept of managing an organization. At the same time, however, subordinates also need to actively speak out. To this end, our employees who volunteered launched a company-wide transformation project team called Team Sousei (Embrace it) in October 2021. All our employees were invited to apply for this team, and applications were received from 465 employees in two weeks. Of these applicants, 45 were selected to become team members and Team Sousei started with 300 other supporters.

Some of them were uncertain as to whether reforms can really be achieved through their own visits at the beginning, but the atmosphere changed after holding repeated discussions that fostered a sense of unity for team members to make changes themselves. When I talk with the positive and enthusiastic team members, myself often feel energized too. Although reforms do involve difficulties, we will not be afraid to go ahead with a strong will to carry out actions through to the end.

Robust Policies announced in April 2022 are the guiding principles for organizational culture reform that Team Sousei proposed to the company. Members from Team Sousei and executive officers are currently visiting business sites in Japan to hold briefings so that they can spread the policies to each and every employee. We have also formed a transformation project team in each business group or division to ensure the promotion and implementation of reforms.

In fiscal 2023, we will introduce several measures as part of our efforts to reform communication, including building human relationships irrespective of individual positions. These measures include addressing everyone by the neutral honorific "san" rather than addressing them by their titles, and by gradually implementing one-on-one meetings to promote communication between superiors and subordinates. Since assuming the position of the CEO, I am currently on my second round of visiting all the 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.

(3) Governance reform: We asked Mr. Miki Yabunaka, Outside Director, to chair the Board of Directors starting last year from the viewpoint of strengthening corporate governance. As a result, the Board of Directors, starting last year, decided to make various changes to the perspective of strengthening corporate governance. As we engage in business for an extended period, things that are viewed as common sense within the company may actually be abnormal in the eyes of an external party. I believe it is extremely important to incorporate the viewpoints of people outside of the company, hold discussions to reveal how to preserve quality and prevent improper quality control practices, and work swiftly to make all necessary changes. Based on this, the Company have appointed seven Outside Directors among our 12 directors in total. The company have selected Mr. Tatsuro Kousaka and Mr. Hiroshi Yamauchi as Outside Directors owing to their expertise in manufacturing, the field at the foundation of the Mitsubishi Electric Group. As for the Board of Directors, we will promote diversity, considering appointing more female directors.

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

For us to continue existing as a company despite the dramatic changes of the times, I believe it is important for us to be able to quickly and nimbly shift in response to such changes. I feel that in the future, we will need to have a willingness to shift from our current state if this is determined to be necessary. What I really want to create is a company where employees can feel happy and motivated in their work. If employees can work in such an environment, they will seek to communicate with the people around them. They will become active in many different places, which will result in various teams forming spontaneously. Through this process, I want to create a workplace where people can realize what they really want to accomplish. As a result, we will start to see a strong overlap between our Purpose and the motivation of each employee. This will further boost the value that we can offer to customers.

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

In October 2021, Mr. Mitoji Yabunaka became the Chairman of the Board of Directors of Mitsubishi Electric. This was the first time an Outside Director had assumed this role, and this decision was made to strengthen governance. Based on the themes of restoring trust after improper quality control practices and promoting future sustainability, we held a dialogue between Mr. Yabunaka and President & CEO Kei Uruma.

Expectations for the company-wide reform project “Team Sousei (Creation)”

Yabunaka: When I was asked to succeed the former Chairman of the Board of Directors, the first thing I felt was the weight of the responsibility involved. With this serious situation in which improper quality control practices have been identified, we are at a very important phase to change the entire company under the leadership of Mr. Uruma, who was elected as the new President by the Nomination Committee. As I have served as Chairman of the Nomination Committee, I accepted the offer, and I am willing to support the reforms to the best of my ability.

Uruma: Mr. Yabunaka and I have had discussions so far on the Board of Directors’ meetings. After I assumed the position of President, we have had even more opportunities to discuss a wider range of topics. Your advice on how to change our organizational culture and other matters based on your experiences is very helpful.

Yabunaka: When I was working for the Ministry of Foreign Affairs, I had also headed an organizational reform project after a problem occurred. From my experience there, I learned that for employees to be able to work with pride again, it is essential for the company as a whole to seriously deepen discussions and truly work together on reforms. I have high expectations for the “Team Sousei (Creation)” company-wide reform project led by young employees gathered through in-house recruitment.

Uruma: Team Sousei formulated and announced its Robust Policies both internally and externally at the end of March 2022. In the first step, 45 team members discussed how they would like to change their workplace, while interviewing more than 2,000 employees in the company. In the second step, cross-departmental challenges related to organizational climate were categorized from a company-wide perspective, and their solutions were considered by appointing persons responsible for each category. In the third step, the members were further divided into two teams: one for digging deeper into each activity and one for establishing reform guidelines, with both working together to develop the Robust Policies. As a result, the Robust Policies turned out extremely well, with each ward filled with their passion for the reforms.

Turning a crisis into an opportunity for organizational reforms

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 distant from individuals in higher positions. I think the overall atmosphere has changed greatly and for the better, thanks to the efforts of Mr. Uruma and other Executive Officers to gather members’ thoughts and opinions through direct communication with them.

Uruma: 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.

Uruma: 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 each other, and the management must firmly support their activities to avoid such a situation.

Yabunaka: Facing a crisis is a great 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.

Placing the realization of sustainability at the foundation of our management

Uruma: 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, placing the realization of sustainability at the foundation 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.

Uruma: I feel that 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, hone 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 crosswise 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 reputa-
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. At 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 disclose 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.

Investigation Method
Target: Mitsubishi Electric
Method: Questionnaire survey; information brought to a dedicated email address of the third-party committee or Nakamura & Asahi separately; forensic investigation; interview survey

Summary of the number of cases of improper quality control practices pointed out by the Investigative Committee

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<tr>
<th>Number of sites investigated</th>
<th>Declared in Oct. 2021</th>
<th>Declared in Dec. 2021</th>
<th>Declared in May 2022</th>
<th>Total</th>
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<tr>
<td>Number of cases of improper quality control practices</td>
<td>2</td>
<td>5</td>
<td>22</td>
<td>29</td>
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<tr>
<td>Bases among those of improper quality control practices occur</td>
<td>2</td>
<td>5</td>
<td>15</td>
<td>18</td>
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</table>
*There is an overlap in the number of bases within the figures released in Oct. 2021, Dec. 2021, May 2022.*

Number of sites investigated 16 29 111 146

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
1. Promote company-wide understanding and correct perception of quality, ensuring quality throughout the business with protocols
2. Check and review processes such as procedure manuals from a third-party’s perspective
3. Strengthen the quality control division
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Three Reform Areas
- Quality assurance reform
- Organizational culture reform
- Governance reform

4. Initiatives for the Three Reforms

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.

Robust Policies
- Promote positive, interactive communication as part of our culture
- Prioritize productivity by eliminating unproductive work
- Trust each other and share information transparently
- Collaborate across divisions to maximize Group strength
- Increase opportunities to learn from each other and grow spontaneously

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-establish an awareness of quality compliance."

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

Strengthen management supervisory 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.

Executive Officers’ Meeting
• Reports
• Recommendations

Emergency Response Division
• Implements quality assurance policies

Governance Review Committee
• Evaluates and recommends measures for improvement of the company’s internal control and governance systems
• Clarifies the managerial responsibility of executive officers and board directors

Governece Review Committee (Established in Oct. 2021)

Robust Policies

Changes for the Better start with ME

"Employees feel that they can consult with their superiors; "failure are tolerated," and "problems are solved together"

- Realize effective, internal management and strengthen head office support
- Comply with laws, standards, and customer specifications, and ensure infrastructure to strengthen quality assurance processes
- Establish "Company-wide Quality Day," strengthen quality education and promote personnel rotation among bases and departments

"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.
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

**Changes for the Better**
"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 soundness, we will return to our fundamental principle of "addressing social challenges through our businesses" and position the realization of sustainability as the cornerstone of our management. From this approach, we will pursue a strengthened 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.

**Initiatives to Create Value**

**Value Creation**

**Economic value**
- 2025 Financial Targets
  - Revenue: ¥5 trillion
  - Operating Profit Margin: 10%
  - R&D: 10%
  - Cash Generation: ¥3.4 trillion / $50billion

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

**Priority SDG initiatives**

**Circular Digital-Engineering Company**

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

**Integrated Solutions**
- Consulting, Marketing and Sales
- Strengthening connections
- Accumulating wisdom & knowledge
- Encouraging creativity

**Solve social challenges**
- Carbon neutral
- Circular economy
- Safety/Security
- Inclusion
- Well-being

**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 to curb climate change by reducing CO2 emissions from the company and society

- **Circular economy**
  Achieve a society in which resources are effectively used and sustainably circulated

- **Safety / Security**
  Achieve a 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

Materiality

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

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.

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.

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.

Digital Space

- strengthens connections
- accumulating wisdom & knowledge
- exercising creativity

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.
Mitsubishi Electric Corporate Strategy

Initiatives for Carbon-Neutral

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

We will strengthen our initiatives to achieve net zero greenhouse gas emissions in the entire value chain in FY2031 and to reduce greenhouse gas emissions from factories and offices by 50% or more in FY2031.

Target

FY2051 ➔ Net zero greenhouse gas emissions in the entire value chain
FY2031 ➔ Reduce greenhouse gas emissions from factories and offices by 50% or more.(compared to FY2014)

Contribution

We will accelerate R&D in three innovation areas: Green by Electronics, Green by Digital, and Green by Circular to create and expand businesses that make society as a whole carbon neutral.

Green by Circular

Promote R&D to realize circular carbon use.

Green by Digital

Contribute to the improvement of energy efficiency and the expansion of renewable energy by using advanced digital technology.

Green by Electronics

Promote energy conservation and electrification of equipment by promoting the development of core components with higher efficiency and smaller size, etc.

Initiatives to reduce greenhouse gas at factories and offices.

- 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(*)

Use renewable energy to 85 sites in Japan in FY2023
Continuously invest 0.15% of revenue in carbon neutral efforts.

Progress of Medium-term Management Plan Towards FY2026

Financial Targets

Our Group will aim to achieve ¥5 trillion in revenue and 10% in operating profit margin for FY2026. In addition, we will aim to achieve 10% in ROE and ¥3.4 trillion in cash generation during the five years of the medium-term management plan.

̈ FY2026 Financial Targets

<table>
<thead>
<tr>
<th>Metric</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>¥ 5 trillion</td>
</tr>
<tr>
<td>Operating Profit Margin</td>
<td>10 %</td>
</tr>
<tr>
<td>ROE</td>
<td>10 %</td>
</tr>
<tr>
<td>Cash Generation(1)</td>
<td>¥ 3.4 trillion / 5 years</td>
</tr>
</tbody>
</table>

*(1) Cash Generation: Adjusted operating cash flow (CF)

Business Portfolio Strategy

For sustainable growth, in an attempt to improve profitability through strengthened business portfolio strategy, we will strategically invest management resources in five businesses: FA Control Systems, Air-Conditioning & Refrigeration Systems, Building Systems, xEV/ADAS(*1), and Power Semiconductor Devices that we define as the key growth businesses and thereby shift our resources to businesses with high profitability and growth potential. For potential businesses and new businesses, we will expand data linkage/utilization-type solutions businesses and reform business models of existing businesses to create next-generation businesses.

*1 ADAS: Advanced Driver Assistance System

Progress of Medium-term Management Plan Towards FY2026

Financial Targets

Our Group will aim to achieve ¥5 trillion in revenue and 10% in operating profit margin for FY2026. In addition, we will aim to achieve 10% in ROE and ¥3.4 trillion in cash generation during the five years of the medium-term management plan.

High

Resilient Businesses

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

Expand profitability through efficient investment
Revenue of ¥1 trillion
Operating profit margin of 9%
(FY2026: Total of Resilient Businesses)

FY2026 Financial Targets

<table>
<thead>
<tr>
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</tr>
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<td>Cash Generation(1)</td>
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</tr>
</tbody>
</table>

*(1) Cash Generation: Adjusted operating cash flow (CF)

Business with issues

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

Key Growth Businesses

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

Scale up and increase profitability through concentrated investment in growth
Revenue of ¥1 trillion / growth rate of 8% (CAGR for FY2021-FY2026)
Operating profit margin of 13%
(FY2026: Total of Key Growth Businesses)

Potential Businesses/New Businesses

Expand data linkage/utilization-type solutions businesses
Reform business models of existing businesses and create next-generation businesses

Value Recapturing Businesses

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

Business growth potential
Mitsubishi Electric Corporate Strategy

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 Owarazashi district in response to demand for FA control systems in decarbonisation-related fields
  Invested approx. ¥1.3 billion (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. ¥1.7 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 Solutions Corporation (Apr. 2022)

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

- Power Semiconductor Devices
  Doubled the production capacity for water fabrication to meet the strong demand in automotive and consumer electronics areas
  Doubled the production capacity by FY2021 compared to FY2020. 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>

- Established a corporate venture capital (CVC) fund to accelerate open innovation aimed at creating new businesses
  Established M.E Innovation Fund with a total investment amount of ¥5 billion with Global Brain Corporation (Jan. 2022).
  Established a corporate venture capital (CVC) fund to accelerate open innovation aimed at creating new 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 Mar. 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 JUNI in the industrial sewing machine business
  Established a joint venture with JUNI in the industrial sewing machine business with JUNI Corporation and Miyota Technica Corporation (established in Jul. 2022)
  Aim to expand the industrial sewing machine business by combining the strengths of both companies (Jul. 2022)

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

- Established Mitsubishi Electric Building Solutions Corporation (Apr. 2022)
  Aim to expand the industrial sewing machine business by combining the strengths of both companies (Jul. 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>

- Improve 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.
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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.

Revenue / Operating Profit

FY2026 Financial Targets
Revenue: ¥5 trillion / OPM: 10%

Key Growth Businesses
Resilient Businesses

Key Growth Businesses: Key Growth Businesses approximately 60%

Resource Investment (¥tn)

- FY2021
- FY2022
- FY2023
- FY2024
- FY2025
- FY2026

Cash Generation

- Growth investment, etc. (FY2025: ¥2.0 tn)
- Growth investment, etc. (FY2026: ¥2.8 tn)

Capital Allocation

- Shareholder returns: ¥0.4 trillion
- Shareholder returns: ¥0.4 trillion

- FY2025
- FY2026

Source: MITSUBISHI ELECTRIC CORPORATION

*1 Allocation to growth investment, etc. (M&A and other strategic investment, R&D expenses, capital investment)
*2 Strategic investments such as M&A, R&D expenses and capital investment
*3 Acquisition of non-business assets and reduction of non-business assets
*4 Share buybacks of approx. ¥50 billion

FY2025

Capital Allocation

- Growth investment, etc. (FY2025: ¥2.0 tn)
- Growth investment, etc. (FY2026: ¥2.8 tn)

Shareholder returns: ¥0.4 trillion

FY2026

*1) After making adjustments, such as adding R&D expenses to operating cash flow
*2) Strategic investments such as M&A’s, R&D expenses and capital investment

Shareholder returns: ¥0.4 trillion

Value Recapturing Businesses, etc.

Capital Allocation

- Growth investment, etc. (FY2025: ¥2.0 tn)
- Growth investment, etc. (FY2026: ¥2.8 tn)

Shareholder returns: ¥0.4 trillion

Value Recapturing Businesses, etc.

- Growth investment, etc. (FY2025: ¥2.0 tn)
- Growth investment, etc. (FY2026: ¥2.8 tn)

Shareholder returns: ¥0.4 trillion

Value Recapturing Businesses, etc.

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Value Recapturing Businesses, etc.

- Growth investment, etc. (FY2025: ¥2.0 tn)
- Growth investment, etc. (FY2026: ¥2.8 tn)

Shareholder returns: ¥0.4 trillion

Value Recapturing Businesses, etc.
## Research and Development

### 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 (continuously deepen fundamental technologies such as AI, and investigate and create new technologies aimed at realizing 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).

## Intellectual Property

### Protection of Intellectual Property Rights

#### Basic Policy

The proper protection of intellectual property (IP) rights 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.

#### Integrating Business, R&D and IP Activities

- **Integration**
  - **Integration Strategy**
  - **R&D Strategy**
  - **IP Network**
  - **Business Strategy**

- **Development Strategy**

- **Global IP Strategy**

- **Open Technology Bank Activity**

**Global IP Strategy**

The Mitsubishi Electric Group identifies critical IP-related themes based on its mainstay businesses and important R&D projects, and is accelerating the globalization of IP activities also by filing patents prior to undertaking business development in emerging countries where an expansion of business opportunities is expected. Furthermore, resident officers are assigned to Mitsubishi Electric sites in the United States, Europe, China, and Southeast Asia to take charge of IP activities and strengthen the IP capabilities of business offices, R&D centers, and affiliated companies in each country. Through these initiatives, the Company aims to create a robust global patent network.

As an indicator of the Mitsubishi Electric Group’s IP capability and global IP activities, the company ranked No. 1 in Japan in terms of the number of patent registrations (in 2021) announced by the Japan Patent Office (JPO), and No. 5 in the world in terms of Patent Cooperation Treaty (PCT) applications by businesses (in 2012) announced by the World Intellectual Property Organization (WIPO).

In conjunction with creating a patent network, the Company is also actively pursuing activities toward acquiring design rights in Japan and overseas, to protect both the functional and design aspects of our technologies.

**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 use, preventing imitation, and exercising rights in relation to other companies); however, going forward, the Company will actively use intellectual property as tools for promoting collaborative creation.

## Major R&D Achievements in Fiscal 2022

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

- **The SUSTIE** net-zero-energy building test facility, which was completed at the Company’s Information Technology R&D Center in 2020, has achieved energy consumption at less than 0% in its first full year of operation by producing more energy than it consumes. 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 facilities such as temperature and brightness, and Maisart*1 AI technology. Through this development, the Company achieved ZEB**2-level**-level operation in an urban location with limited premise area, while maintaining a highly comfortable and productive work environment.

### Development of AI Technology that Clarifies its own Control Rationale

- **R&D Efforts**
  - **AI technology**
  - **Solving social issues**
  - **Investigating and creating new technologies**

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, however, going forward, the Company will actively use intellectual property as tools for promoting collaborative creation.

### Respecting IP Rights

The Mitsubishi Electric Group firmly recognizes the importance of mutually acknowledging and respecting not only its own intellectual property but also the intellectual property rights of others as well. 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 liabilities 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.

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 wide range of measures to prevent the counterfeiting of our products.

### Development and Creation of Value

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).

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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).
Our subsidiary in India, Mitsubishi Electric India Private Limited, has secured 25 orders, including 21 high-speed elevators for Commuter Madaupur and Allahabad, totaling high-grade railway stations. Facilities constructed by a leading Indian developer, K Raheja Corp.

We have launched Open Technology Bank activities to promote internal and external collaborations based on intellectual assets, which contribute to solving 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 have developed a concept car, EMIRAI xS Drive. This concept car is equipped with technology to monitor passengers in the car and control headlight intensity distribution. EMIRAI xS Drive contributes to eliminating traffic accidents by providing safe and secure transportation by car to solve this social issue.

Mitsubishi Electric became the first non-European supplier to be awarded a contract to supply a communications-based train control (CBTC) system to restart operations in stricter automatic train control on the east end of the Queens-Bruckner busway (QBR) operated by New York City Transit (NYCT).

By leveraging our AI technology, Maisart*, we have developed a ‘teaching-less’ robot system technology to create a robot operation environment by using peripheral devices, which are used in mass-production using a brain in a box in below-0% conversion rate. Maisart is Mitsubishi Electric’s AI technology brand aimed at making every device smarter.

Fiscal 2022 Topics

2021

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We have developed the Open Technology Bank activities to promote internal and external collaborations based on intellectual assets, which contribute to solving 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 the Purchasing, logistics, real estate, advertising, finance, and other services subsidiary in China, opened the Collaborative Engineering Center (China) and started developing FA systems business in China.

2022

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

*Acronym of ‘Mitsubishi Artificial Intelligence System Technology’.
Financial Highlights

Performance for the Year Ended March 31, 2022

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

Per share Amounts

<table>
<thead>
<tr>
<th></th>
<th>Basic</th>
<th>Diluted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings per share attributable to Mitsubishi Electric Corp. stockholders</td>
<td>¥90.03</td>
<td>90.03</td>
</tr>
<tr>
<td>Cash dividends declared</td>
<td>36</td>
<td>40</td>
</tr>
</tbody>
</table>

Statistical Information

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<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit ratio</td>
<td>5.5%</td>
<td>5.6%</td>
</tr>
<tr>
<td>Return on equity (ROE)</td>
<td>7.5%</td>
<td>7.1%</td>
</tr>
<tr>
<td>Bonds and borrowings to total assets</td>
<td>5.2%</td>
<td>4.3%</td>
</tr>
</tbody>
</table>

Revenue Breakdown by Business Segment

- **13.2%** Others
  - Revenue ¥676.2bn
- **24.2%** Energy and Electric Systems
  - Revenue ¥1,238.1bn
- **22.4%** Home Appliances
  - Revenue ¥1,144.7bn
- **28.6%** Industrial Automation Systems
  - Revenue ¥1,460.3bn
- **4.7%** Electronic Devices
  - Revenue ¥241.4bn
- **6.9%** Information and Communication Systems
  - Revenue ¥354.1bn

Non-financial Highlights

Main target initiatives in fiscal 2023

1. **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)

2. **Realize a sustainable global environment**
   - Safety/Security
     - Promotion of products, services, and solutions that contribute to minimizing damage due to natural threats, including prevention of 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 more comfortable and healthy living

3. **Respect for all people**
   - Employee Awareness Survey Goal
     - Percentage of employees who are proud and motivated to work for the Company: 80% or more
     - Percentage of employees who responded that they had a good work-life balance: 80% or more
   - Conduct quality audits and promote improvements once a year at all manufacturing facilities and plants
   - Conduct (maintain a rate of more than 75% understanding on the operation of business in line with the management policy)

4. **Strengthen corporate governance and compliance a sustainable basis**
   - Realize a highly independent composition in the board of directors (Over 50% independent outside directors)
   - Conduct quality audits and promote improvements once a year at all manufacturing facilities and plants (Implementation rate of 100%)
   - Rate of attendance in e-learning programs about the Code of Conduct (maintain a rate of 100%)
   - Information security activities to protect important information
   - Eradication of major information leakage incidents (Zero incidents)

5. **Create a sustainability-oriented corporate culture**
   - Strengthen the management system to realize sustainability management that integrates the promotion of sustainability
   - Report to the Executive Officers’ Meeting and the Board of Directors at least three times
   - Business divisions participating in the Sustainability Committee
   - 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
INTEGRATED REPORT 2022

25 26

Review of Operations

Energy and Electric Systems

Revenue Breakdown by Business Segment

<table>
<thead>
<tr>
<th>Business Segment</th>
<th>Revenue</th>
<th>Operating Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power systems</td>
<td>¥1,238.1 billion</td>
<td>¥62.1 billion</td>
</tr>
<tr>
<td>Transportation systems</td>
<td>¥1,460.3 billion</td>
<td>§96.8 billion</td>
</tr>
<tr>
<td>Social infrastructure systems</td>
<td>§1,460.3 billion</td>
<td>§96.8 billion</td>
</tr>
<tr>
<td>Industrial Automation systems</td>
<td>§1,460.3 billion</td>
<td>§96.8 billion</td>
</tr>
<tr>
<td>Elliptical Motor Systems</td>
<td>¥1,238.1 billion</td>
<td>¥62.1 billion</td>
</tr>
<tr>
<td>Motor Vehicles</td>
<td>¥1,460.3 billion</td>
<td>§96.8 billion</td>
</tr>
<tr>
<td>Motors and Inverters for Electric Motor Vehicles</td>
<td>¥1,460.3 billion</td>
<td>§96.8 billion</td>
</tr>
</tbody>
</table>

The market for the social infrastructure systems business saw brisk 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 in the social infrastructure systems business.

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 mainly to decreased revenue and a SWR in project portfolios.

Railway Lifecycle Management Solution (LMS)

Wirelessly collecting on-board equipment operation data in the cloud platform, INFORPRES® features such as remote condition monitoring and screen sharing from the driver’s cab enable optimized maintenance of train infrastructure from train depot and other locations is also integrated to contribute 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 monitoring applications in cities, factories, public facilities, railway, and road. Mitsubishi Electric’s network camera systems are a variety of image solutions with its high-quality image, rich lineup and scalability.

Multi-Regional Digital Power Supply Optimization Technology

As efforts toward decarbonization are spreading all over the world, the introduction of electricity generated from renewable energies (renewable electricity) and the expansion of distributed power supplies are expected to proceed. We support the achievement of the decarbonization goal at each site, ensuring cost efficiency with measures such as the sharing of renewable electricity among multiple sites and the operation of rechargeable batteries.

Smart Medium Voltage DC Distribution Network Systems, D-SMire

DC electricity is generated and stored in solar power plants and rechargeable batteries and used as needed. D-SMire 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.

Machine-room-less Elevators

Compact, lightweight, and energy-saving, NEXIEZ machine-room-less elevators are the global flagship product. They are widely used throughout the world, mainly in low to mid-rise buildings. Models designed with various functions and features for specific regions are also available to meet the preferences and customer needs of each region.

Mitsubishi u series Escalators

Mitsubishi Electric’s new u series escalators offer enhanced passenger safety and comfort, significant energy savings and reduced environmental impact. Extensive features enhance safety and comfort when stepping on or off, and the inverter control included as standard, along with LED lighting, achieve significant energy savings. With an industry-leading compact size, these escalators allow for more flexible building designs and weigh less.

Industrial Automation Systems

Revenue Breakdown by Business Segment

<table>
<thead>
<tr>
<th>Business Segment</th>
<th>Revenue</th>
<th>Operating Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Programmable Logic Controllers</td>
<td>¥1,460.3 billion</td>
<td>§96.8 billion</td>
</tr>
<tr>
<td>Computerized Numerical Controllers (CNCs)</td>
<td>¥1,460.3 billion</td>
<td>§96.8 billion</td>
</tr>
<tr>
<td>AC Servo</td>
<td>¥1,460.3 billion</td>
<td>§96.8 billion</td>
</tr>
<tr>
<td>Electric Power Steering (Motors and Controllers)</td>
<td>¥1,460.3 billion</td>
<td>§96.8 billion</td>
</tr>
<tr>
<td>Disaster Prevention</td>
<td>¥1,460.3 billion</td>
<td>§96.8 billion</td>
</tr>
<tr>
<td>Productivity</td>
<td>¥1,460.3 billion</td>
<td>§96.8 billion</td>
</tr>
<tr>
<td>Operation Support</td>
<td>¥1,460.3 billion</td>
<td>§96.8 billion</td>
</tr>
<tr>
<td>Comfort</td>
<td>¥1,460.3 billion</td>
<td>§96.8 billion</td>
</tr>
</tbody>
</table>

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 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.

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 revenues and the yen depreciating against other currencies, while operating profit for the automotive business decreased due primarily to the rise in material prices and logistics costs.

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.

Computerized Numerical Controllers (CNCs)

Our rich lineup includes the MINOW and MIBOW Series, which contributes to productivity improvement and standardization at manufacturing sites with its variety of innovative control functions, process management using embedded Wi-Fi, and other features. Our controllers also support a variety of field networks that are necessary for constructing automation systems.

AC Servos

The MELSEM 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.

Electric Power Steering (Motors and Controllers)

Mitsubishi Electric was the first company in the world to mass produce the spiral gear type rack and pinion electric power steering as a driving system in line with driving conditions. Over the years, Mitsubishi Electric has helped to improve steering feel, response, and stability while delivering compact units and high output performance, and contributing to reduced automobile CO2 emissions.

Car Navigation System

The DATETIME SOUND NAVI car audio-navigation system eliminates the slight noise generated by audio devices and transmits sounds in full detail. In addition, it provides high-speed multi-task processing, fast responsiveness when searching and scrolling and beautiful images on the map screen and in video playback.

Mitsubishi Electric Car Navigation System

Motors for both driving/power-generating, as well as for inverters that control the motors, which are installed 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.
**Review of Operations**

### Information and Communication Systems

- **Video analysis solution “kizka”**
  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 “kizka 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 divestment 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 working 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 customization 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 analyzes 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 ICs to light sources based on the expertise we have accumulated through 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 photocopy, financial, and inspection machine markets.

### Electronic Devices

- **Power Semiconductor Modules**
  Our power semiconductor modules help reduce the power consumption of power electronics equipment such as home appliances, motor control, renewable energy, power supplies, power transmission, traction, and automobiles. The product lineup includes SiPM, IGBT modules and IPI, 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.

- **MVIC**
  An IC with a high withstand voltage that directly drives gates with input signals from microprocessors and other devices in place of gate driving by the power MOSFET or IGBT that uses a pulse transformer or phototransistor. The MIC improves the reliability of equipment with a variety of embedded protective functions including undervoltage lockout and an output enable 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 efficiencies, 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 station devices in fifth generation mobile communication systems (5G) and earth stations in satellite communication systems (SATCOM).

- **Thermal Diode Infrared Sensor MelDIR®**
  With advanced temperature detection including a larger pixel number and higher temperature resolution, the MelDIR distinguishes people from objects and enables the identification of specific human behavior. MelDIR can be implemented into a wide range of applications including security, air conditioning, temperature measuring, surveillance, people counting, and smart building.

### Revenue Breakdown by Business Segment

- **Revenue**
  - Information and Communication Systems: ¥354.1 billion down 7% year on year
  - Electronic Devices: ¥241.4 billion up 18% year on year
  - Operating Profit:
    - Information and Communication Systems: ¥14.7 billion
    - Electronic Devices: ¥16.8 billion

### Other Highlights

- **Communication Systems**
  Revenue decreased compared to the previous fiscal year due mainly to a decrease in systems business, while revenue decreased compared to the previous fiscal year due primarily 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**
  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 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.

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Review of Operations

Home Appliances

Revenue Breakdown by Business Segment

- 22.4%

Revenue

¥1,144.7 billion
up 10% year on year

Operating Profit

¥70.9 billion
down ¥4.8 billion year on year

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 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), polystyrene (PS), 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

### Basic Policy of Sustainability

The Mitsubishi Electric Group regards sustainability initiatives as the foundation of its corporate management, and implements sustainability-oriented initiatives in all corporate activities in accordance with its “Purpose,” “Our Values,” and “Commitment.”

Our management policy states, “We have returned 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 sustainable enhancement of our corporate value and fulfill our responsibility to society, to our customers, shareholders and employees, and to all other stakeholders.” It is crucial to maintain communication with various stakeholders to pursue initiatives for achieving a sustainable society, as well as to incorporate the expectations, requests, and opinions from society into activities and to assist acts that will strengthen society.

By ensuring transparent disclosure of information on sustainability, the Mitsubishi Electric Group aims to obtain a favorable response from stakeholders, and to realize a vibrant and sustainable society together with its stakeholders.

### 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 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’ Meeting. From fiscal 2023, 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.

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 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/Legal Disclosure 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.

### 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

### Sustainability Promotion Framework (2023)

- Board of Directors
- Executive Officers’ Meetings
- Sustainability Committee
- Strategic Subcommittee
- Social Sustainability Subcommittee
- Governance Subcommittee
- Corporate Governance Legal Disclosure Working Group
- TCFD Working Group

### Priority SDG Initiatives

- **Goal 3: Good Health and Well-being**
- **Goal 7: Affordable and Clean Energy**
- **Goal 9: 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.

### Mitsubishi Electric Group’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 “To provide solutions to social challenges through our businesses” and as part of our “Struggle to 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).

### 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.
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.

Obtention 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
Sustainability at Mitsubishi Electric Group

E : Environment

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

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.
E : Environment

Policy Initiatives
- Adopted dual approaches to carbon-neutral Responsibility and Contribution.
- Responsibility: Make the entire value chain carbon neutral
- Contribution: Create/expand carbon neutral businesses

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(*).

Contribution: Create/expand businesses that contribute to carbon-neutral
To make society as a whole carbon neutral, we have established a development roadmap up to 2050 and will accelerate R&D in three innovation areas: Green by Electronics, Green by Digital, and Green by Circular.

Green by Electronics: 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.

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).

The Mitsubishi Electric Group has a wide range of businesses. Our strength is in our ability to provide a wide range of products, services, and solutions that can contribute to solving social challenges.

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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 Standards in 2003 and pledged that executives and members of the Group “will conduct ourselves always with a respect for human rights, will not discriminate based on nationality, race, religion, gender, or any other reason.”2 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.

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 Corporate 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.

| Human Rights Management

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

Human Rights Impact Assessment

As part of human rights due diligence required by the United Nations 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.

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, namely; “environmental contribution through products and services,” “reducing the environmental impact of business activities,” “pursuing business innovations,” and “publicizing and sharing new values and lifestyles.”

Mid-Term Targets

In order to achieve the long-term target above, in FY2023, the Mitsubishi Electric Group has set a target to reduce greenhouse gas emissions (Scope 1 and 2) from its plants and offices by at least 50% by 2030 compared to FY2014 levels.

Human Rights Initiatives Related to Employees’ Human Rights

We will respect the human rights of employees and implement initiatives, such as ensuring diversity, maintaining a fair 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 agree on initiatives for social issues including human rights issues.

Mitsubishi Electric’s main points of contact for whistleblowing/consultation

Service available to: Name of point of contact for whistleblowing/consultation Matters to be consulted Contact

* Inquiries on sustainability and “Other Inquiries” on the Mitsubishi Electric Group’s ethical stance

Mitsubishi Electric’s main points of contact for whistleblowing/consultation

Inquiries regarding the Mitsubishi Electric Group’s sustainability

Mitsubishi Electric’s main points of contact for whistleblowing/consultation

Mitsubishi Electric’s main points of contact for whistleblowing/consultation

Mitsubishi Electric’s main points of contact for whistleblowing/consultation

Human Resources Div. at each office of Mitsubishi Electric

* Limited to whistleblowing that is relevant to Mitsubishi Electric’s personal and business aspects.

* Sample list of companies that publish the RBA Code of Conduct: “Code of Corporate Ethics and Compliance,” etc.

* A whistleblowing system has been established at each domestic and overseas family companies of the Mitsubishi Electric Group.

Human Resources Div. at each office of Mitsubishi Electric

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**Human Resources**

**Basic Policy on Human Resources**

- Mitsubishi Electric's action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace (Target: FY2026)

**Workforce Diversity & Inclusion**

- Mitsubishi Electric’s action plan based on the Act on Promotion of Women’s Participation and Advancement in the Workplace and the Workforce Diversity & Inclusion initiative.

**Supporting Career Development**

- Basic Policy
- Workforce Diversity & Inclusion
- Educational and Training Program

**Organic combination of components through management enhancements**

- Principles for Developing Global Human Resources
- Fundamentals of the System to Gauge Employee Opinion on It
- Mitsubishi Electric’s desire to be a global company where human resources from all over the world can work to their full potential. For this purpose, we have produced multiple videos introducing our history and corporate principles to all employees. By doing so, we aim to build a culture of thinking and working together, regardless of differences in age, nationality, disabilities, LGBTQ, workstyles, and gender.

**For personnel in managerial positions who are responsible for human resource development, we support the acquisition of skills, including a plan to stimulate communication in the workplace, active listening, and ways of coping with stress, so that they can give appropriate support to each and every employee who works under their immediate control. We will promote the development of human resources in order to create a workplace with openness for communication.**
The Mitsubishi Electric Group takes the multiple work-related issues that it experiences into account when creating a workplace environment that supports employees with mental health issues, and other goals. Mitsubishi Electric Workplace Reform Program

In FY2022, the Mitsubishi Electric Group implemented a variety of measures to prevent harassment and improve upon problems at an early stage. If an employee reports harassment, the employee is invited to an interview and 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.

The Mitsubishi Electric Group has developed a roadmap for measures to improve the workplace environment, and in FY2022, we continued to apply the measures that have been implemented from the roadmap. In FY2023, we will work to further improve the workplace environment by accelerating the development of organizational culture reforms among the three reforms as part of measures to prevent recurrence in quality-related issues, 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 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.

Mitsubishi Electric determined "Work Style Reform" as an important management policy in FY2017 to create a workplace environment in which everyone can maintain physical and mental health and thrive with a good work-life balance. Mitsubishi Electric has set key performance indicators (KPIs) related to a “sense of purpose in work” and “work-life balance.” We continually improve and review measures by implementing the PDCA cycle through periodical monitoring of these KPIs and reflecting them in our activities. Although the employee engagement score fell in 2H FY2022, we have set up opportunities for the management and employees to talk together, and we carried out many different reforms including the renovation of the personnel system, with the aim of making improvements.

Changes in monthly overtime hours per employee (including managers)

<table>
<thead>
<tr>
<th>KPI</th>
<th>Result for FY2021</th>
<th>Result for FY2022</th>
<th>Target for FY2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes in monthly overtime hours per employee (including managers)</td>
<td>35%</td>
<td>30% or lower</td>
<td>25% or lower</td>
</tr>
</tbody>
</table>

*Average percentage of positive responses to the five questions in the employee attitude survey: “Pride in working for the Company,” “Willingness to contribute,” “Decision to change jobs,” “Encouraging efforts to join the Company,” and “Sense of achievement through work.”

Third-party Evaluation of Recurrence Prevention Measures

Continuing from FY2021, the Mitsubishi Electric Group arranged for an assessment to be conducted by external third-party experts regarding the penetration of various measures. The assessment involved quantitative data analyses of employee awareness survey results, stress check results, and other details, as well as qualitative analyses based on interviews with employees. As a result, the external experts reported that, among the measures that have already been implemented, "strictly streamlining of operations," "management according to the value, ability, and competence of subordinates," "career development based on the value and orientation of individuals," and others must be committed at a higher priority. We will work to enhance and entrenched these measures while continuing to receive advice from external experts.

Examples of Workplace Reform Initiatives

At Mitsubishi Electric, Head Office management departments play a central role in improving the quality of company-wide operations by promoting company-wide activities, with each office conducting activities in line with the circumstances of the business.

Examples of company-wide activities

1. Developing an IT environment

- Providing mobile terminals to employees in all offices who need them
- Implementing online conferences for meetings between remote offices
- Developing flexible working 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 expansion of 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 JIT Kanban activities

- Promoting improvement activities suitable for each workplace through activities in small groups
- Analyzing operations by external consultants and implementing JIT Kanban activities company-wide

Mitsubishi Electric Workplace Reform Program

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**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-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 sustainable growth through all corporate activities. By doing so, we will make further efforts to enhance economic and social value so as to raise our corporate value,” which is the Group’s 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 (BCP).

**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

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

<table>
<thead>
<tr>
<th>Region</th>
<th>Local procurement rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>87%</td>
</tr>
<tr>
<td>Japan</td>
<td>90%</td>
</tr>
<tr>
<td>Europe</td>
<td>43%</td>
</tr>
<tr>
<td>USA</td>
<td>55%</td>
</tr>
<tr>
<td>Other areas</td>
<td>43%</td>
</tr>
</tbody>
</table>

*1 Local procurement rate: Materials, parts, etc. regardless of country of origin that are procured by overseas procurement offices at their own discretion

*2 Local procurement ratio: Among all locally procured items, the procurement rate of items produced in the country of the overseas site

*3 Foreign origin: Among all locally procured items, the procurement ratio of items produced in countries other than the country of the overseas site

**Mitsubishi Electric Group Policies for Responsible Minerals Procurement**

The Mitsubishi Electric Group aims for transparency in its procurement supply chain to avoid any affiliation with armed groups that trade in conflict minerals¹ as their source of funding. We also recognize the possibilities of human rights violations occurring in the severe labor conditions in cobalt mining sites as a major problem. The Group adheres to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas², and removes certain minerals from the procurement supply chain in situations where their procurement encourages or contributes to serious human rights violations or environmental destruction.

¹. Conflict minerals refer to gold, tin, tantalum, tungsten, and other minerals that have been determined by the U.S. State Department to be a source of support for armed groups when mined in the countries referred to above.

². OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas

**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 inheres the principles outlined in the Keys to Management in (Japanese, Keinei no Hito) set out when Mitsubishi Electric 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 relationships based on strong 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 our 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 “Memorandum of Quality” issued in 1958. 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:

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.

**Promotion of Quality Assurance and Improvement Activities (Mitsubishi Electric)**

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. Furthermore, 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)

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.

<table>
<thead>
<tr>
<th>Task</th>
<th>Specific Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Creating a new company-wide structure for quality assurance (led by head office)</td>
</tr>
<tr>
<td>1-1</td>
<td>A Chief Quality Officer (CQO) was appointed from outside the company to oversee the Corporate Quality Assurance Reengineering Group.</td>
</tr>
<tr>
<td>1-2</td>
<td>The Corporate Compliance Committee’s quality governance subcommittee has assessed the Corporate Quality Assurance Reengineering Group’s activity every two months.</td>
</tr>
<tr>
<td>1-3</td>
<td>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.</td>
</tr>
</tbody>
</table>

2. Company-wide measures for quality assurance reforms

- 2-1 Restructure the control functions

  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.

- 2-2 Addressing technical capabilities and resources issues

  1) Strengthen and ensure compliance with laws, regulations and public standards. Differed from conventional management of information on laws and regulations relevant to each site, the company finished drafting the outline of a system via which the Corporate Quality Assurance Reengineering Group centrally collects and manages information on laws and regulations common to all sites. Using an external organization, the company started the revision/abolition of legal standards and standards documents.
  2) Enhance quality through IT and digitalization. The company decided on basic specifications clearly defining what points should be checked when assessing consistency between customer specifications and shipped products. Tools for the digital management of customer specifications and inspection data are scheduled to be introduced.
  3) Strengthen head office support for manufacturing sites. The quality support team is gathering information on problems experienced in specific work sites. This will be used to provide support going forward. A contact center has also been set up to handle inquiries on technical issues from manufacturing sites.
  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. The survey results will be used to identify skills strengths and weaknesses and an enhancement plan will be formulated. A quality assurance and quality control department leadership training course has started.

- 2-3 Enhance an awareness of quality compliance

  1) Renovate personnel rotation. Quality assurance department personnel rotations will be scheduled across manufacturing sites.
  2) Instill awareness of quality compliance among senior managers. A compliance seminar for executives was held.
  3) Quality Compliance Awareness Training. Improving Conduct Prevention meetings using the Kani Factory as a case study were held at all workplaces.
  4) July 2 has been designated Company-wide Quality Day; the CEO and business division heads are slated to issue messages to employees.

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**Corporate Governance**

**Basic Corporate Governance Policy**

While maintaining the feasibility 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**

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 check on the management by executing 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.

**Corporate Management Structure**

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**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 whistle-blower system is developed and its details are reported to the Audit Committee members.

3. 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.

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

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

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

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

**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 Audit 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.

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

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

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

   In fiscal 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>Mutsuo Okuyama</td>
<td>13/13</td>
<td>100%</td>
</tr>
<tr>
<td>Outside Director (full-time)</td>
<td>Masashi Sagawa</td>
<td>13/13</td>
<td>100%</td>
</tr>
<tr>
<td>Outside Director (full-time)</td>
<td>Tetsuo 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>Taiichi Omae</td>
<td>13/13</td>
<td>100%</td>
</tr>
</tbody>
</table>

**Notes:**
1. Out of the above members, Masashi Sagawa and Tetsuo Sakamoto are responsible for investigation.

**3. Activities of the Audit Committee members**

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

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

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

**4. Agenda of the Audit Committee**

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

Especially in fiscal 2022, the Audit Committee focused on checking and verifying the status of a range of initiatives aiming at enhancing the risk-to-long term corporate value of the Group. These initiatives include: strengthening the management structure, including internal control and compliance systems; strategically allocating management resources and responding to businesses with issues; improving profitability and asset efficiency; strengthening the use of R&D to ensure capital cost-conscious management; promoting measures for deploying and developing talent; and contributing to the achievement of the SDGs. Furthermore, the Group takes its recent product and service quality, work-related, and information security issues extremely seriously as a top management priority, and is promoting a number of reoccurrence prevention initiatives. With regard to improper quality control practices, the Group set up the Investigation Committee comprised of external experts. At a company-wide level, the committee is investigating the facts and determining the causes, and formulating and implementing measures to prevent any recurrence. The Audit Committee requests each responsible Executive Officer, etc. to report on the status, as appropriate, provides opinions, and follows up on the status of formulation and implementation of measures to prevent recurrence that are being implemented sequentially. In addition, the Company commissioned the Governance Review Committee comprised of external experts to conduct an overall review of the internal control system and the Company’s Directors and Executive Officers. The Audit Committee will continue to closely monitor ongoing investigations, the identification of causes, and the progress of the formulation and implementation of measures to prevent recurrence, as well as the status of ongoing improvements in the internal control system. The Audit Committee asked questions and stated opinions after each responsible Executive Officer explained the following: with regard to work-related issues, the Company is promoting the Mitsubishi Electric Workplace Reform Program and working to prevent recurrence, with regard to information leakage due to unauthorized entry, the Company is working to reinforce comprehensive information security measures to prevent recurrence; in order to ensure their steady implementation.

**5. Effectiveness evaluation of the Audit Committee**

The Audit Committee conducts evaluation to improve performance every year. In the Audit Committee review in fiscal 2022, outside Audit Committee members concluded that the members responsible for investigation (full-time Audit Committee members) periodically report their activity results and that management information is properly shared in a timely manner in the Audit Committee. Although we believe that this evaluation in effect endorses the performance of the Audit Committee, we will continue to make efforts to improve performance.
1. Organization, members, and procedures for internal audit

An internal audit is intended to contribute to the sound management and strengthened management structure of Mitsubishi Electric and its affiliations in Japan and overseas by improving management functions and debates on management, thoroughly observing the code of corporate ethics and enforcing compliance, and enhancing internal control. With approximately 60 members acting independently in Japan and overseas, Mitsubishi Electric’s Corporate Auditing Division conducts internal audits of the Company from a fair and impartial standpoint. In addition, the division’s activities are supported by auditors with extensive knowledge of their particular fields, assigned from the Corporate Auditing Division. The Corporate Auditing Division reports the results of such audits to the President & CEO and the Audit Committee.

2. Relationship with the divisions in charge of internal control

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

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

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

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

### Policies Regarding Decisions on Compensation, etc.

#### 1. Basic Policies

As a Company with a Three-committee System, the Company segregates the supervisory function and the execution function of management. The supervisory function of management is assigned to the Directors and the Board of Directors, and the execution function of management is assigned to the Executive Officers. The compensation scheme for Directors and other executive officers, such as the Corporate Chairperson, for the Executive Officers will set different, corresponding to the contents and responsibilities of each of the duty and position.

The compensation will be determined by the Compensation Committee based on the following basic policies:

- **(1) Directors**
  - (a) The committee should ensure the Directors to demonstrate their supervisory function of management.
  - (b) The compensation should be the amount necessary to secure talent to fulfill responsibilities of the Company’s Directors.

- **(2) Executive Officers**
  - (a) The committee should observe the corporate philosophy of the Mitsubishi Electric Group, and, on a fair and impartial basis, provide Directors with appropriate and necessary information.
  - (b) The compensation should be the amount necessary to secure talent to fulfill responsibilities of the Company’s Directors.

- **(3) The company should function as an incentive for sustainable performance growth and the improvement of corporate value.
  - (4) The compensation should reflect 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

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

- **(2) Executive Officers**
  - The compensation scheme for Executive Officers shall be as follows, with an emphasis on the improvement of the corporate value and share price.

#### (a) Basic Compensation

- **(i) Basic salary**
  - A basic salary is set in accordance with the role and responsibilities of each Executive Officer and is paid monthly in cash by dividing the position-based annual standard amount by 12.

- **(ii) Servicing compensation**
  - The bonus payment amount shall be determined by “Corporate Performance-based Compensation” as well as the consideration of the range of 0% to 200% depending on the evaluation result. The amount to be paid to each individual shall be calculated as withheld and paid in a lump sum at the end of each fiscal year.

- **(iii) Individual payment amount**
  - *Position-based standard amount* x “Corporate performance evaluation score from a regular basis.

#### (b) Performance-based stock compensation (*Performance Share Units [PSU]*)

- **(i) Concept**
  - In principle, the number of shares to be issued as performance-based stock compensation (PSU) varies between 0% and 200%, depending on the result in percentage between the Company’s TSR (total shareholder return) for the three years from the 10th of the pre-selected group of comparable companies. The comparable companies are selected from domestic and overseas companies in the business area in which the Company operates.
  - The number of shares to be determined to each individual is calculated as follows:

  
  [number of shares to be determined to each individual = standard PSU points for the position × PSU grant rate (in the range of 0-200%)]

- **(ii) Restricted Stock Units (RSU)**
  - In order to propose continuous shareholding and share value during the term of office, the Restricted Stock Units (RSU) program shall be principal, deliver shares, with transfer restrictions, equivalent to the standard amount for the position at the end of each fiscal year. The transfer restrictions shall be lifted at retirement (when the Company’s Director or Executive Officers retire from his/her position).

#### (c) Outside Directors

Outside Directors are expected to supervise management from a high-level perspective based on their abundant experiences. Those who are comprehensively judged to possess the character, acumen, and business and professional experiences suited to fulfill that role, and who have the required professional qualifications specified by the Tokyo Stock Exchange, and who are noted for their independence from the Company and the Independence of Outside Directors (see note below) and thus possess the right to give the advice or opinions to management, are selected as Outside Director candidates by the Nomination Committee.

- **(1) 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, their roles and responsibilities, and other factors.

- **(2) Executive Officers**
  - The compensation levels of Executive Officers are set in consideration of the trends 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 Officers concerned, and other relevant factors. Additionally, from the perspective of pay-for-performance, the compensation composition has been set with a higher ratio of incentive compensation to place greater emphasis on the link between performance and the medium- and long-term improvement of corporate value and shareholder value.

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**Note:**

Outside Directors (outside directors) are those who are not eligible for directorship or executive officer status. The Board of Directors is responsible for nominating candidates for outside directors, and the General Shareholders Meeting will subsequently appoint them. Outside Directors are expected to supervise management from a high-level perspective based on their abundant experiences. Those who are comprehensively judged to possess the character, acumen, and business and professional experiences suited to fulfill that role, and who have the required professional qualifications specified by the Tokyo Stock Exchange, and who are noted for their independence from the Company and the Independence of Outside Directors (see note below) and thus possess the right to give the advice or opinions to management, are selected as Outside Director candidates by the Nomination Committee.
**Integrity and Discipline for Outside Directors**

Mitsubishi Electric Corporation recognizes persons with experience in company management in the business world, attorneys and academics, among others, as appropriate to oversee the Company’s business operations and not falling within any of the following cases, as candidates for Outside Directors. Each of the following 1), 2), and 3) is a case in any fiscal year starting the past three fiscal years.

1. Persons who serve as Executive Directors, Executive Officers, managers or other employees (herein called “business executers”) at a company whose amount of transactions with the Company accounts for more than 2% of the consolidated sales of the Company or the parent company.
2. Persons who serve as business executers at a company in which the Company has taken dividends that exceed 10 million yen of profit from the Company, as specialists or consultants.
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 Executive Officers (Director, etc.) of an organization to which the Company offers contributions that exceed 10 million yen in the 12-month period prior to the organization.
6. Persons who are the Company’s major shareholders (holding more than 10% of voting rights or who serve on its board of directors), or persons who are related parties of a person or company that have material conflicts of interests with the Company.

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

**Status of Stocks Held**

**G : Governance**

**Compliance**

**Our Concept of Compliance**

The Mitsubishi Electric Group regards “ethics and compliance” as the foundation of corporate management, and issues a compliance message from top management to all employees as part of its efforts to establish even stronger relationships of trust with customers, stakeholders and society.

**Compliance Motto – “Always Act with Integrity”**

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

**Mitsubishi Electric Group Compliance Promotion Structure**

### Risk Management

**Risk Management Framework**

Risk management is implemented independently by each division and by domestic and overseas associated companies. In addition, the Group has established a CRD* and a Corporate Risk Management Division to supervise the entire Group and has also built a framework to enable quick decision making. The Group addresses not only conventional risks such as large-scale disasters and social risks, but also promotes agile and strategic exploration of and preparation for new risks such as economic, security, human rights, and the global environment.

In particular, important matters related to management supervision and execution are deliberated upon and decided at the Board of Directors meetings and the Executive Officers’ meetings.

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*Chief Risk Management Officer (Established in January 2020)

*Established in January 2022
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 Division” was established under the direct control of the president, to oversee all the Group’s information security management. Since April 2000, 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 2001, we have enhanced the system and added members of Corporate Information Security Division. In addition, we will invest more than ¥5 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 secure the safety 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 production, 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 (CVA) to vulnerabilities that affect Mitsubishi Electric products and publish them by ourselves. This has strengthened a framework to practice efficient vulnerability handling with external stakeholders. Identified vulnerabilities are reported, instructions are given in keeping with this framework, and appropriate responses are 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. Paying special attention to the circumstances and special characteristics of overseas affiliates, the Corporate Information Security Division will build close cooperative relations with overseas regional representative managers at sites in the Americas, Europe, China, and other Asian countries to ensure information security.

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

CVA: Certifying Authority, CVA is an abbreviation for Common Vulnerabilities and Exposures. The CVA standardly lists vulnerabilities.

Framework (Mitsubishi Electric Group)

PSIRT

Leaks of data due to unauthorized system access

On October 8, 2021, Mitsubishi Electric detected unusual access from overseas and it was confirmed that the same domestic customer information at our affiliate 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 to prevent similar incidents from occurring in the future. Mitsubishi Electric strengthens the monitoring of the cloud service that was accessed illegally 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 the strengthening of domestic and overseas network access controls, encryption, data erasure, security measures, authentication platforms, including multi-factor authentication, and monitoring. Going forward, we will continuously work to strengthen security in coordination with relevant authorities. As for measures, we will introduce the concept of central management and work to ensure consistent security measures.

ESG Information Disclosure List (Sustainability website)

Management Message

Message from the Executive Officer Responsible for Sustainability

Sustainability at Mitsubishi Electric:

Business Segments

Corporate Governance

ESG Survey Index

Locations where our disclosed information is published

More information related to sustainability at Mitsubishi Electric Group is published on our website


About

Directors and Executive Officers

Directors (As of June 30, 2022)
Mitsui Yabunaka  Chair of the Board of Directors
Hiroshi Ogbuchi  Chair of the Audit Committee
Kazunori Watanabe  Chair of the Nomination Committee
Hiroshi Kake  Member of the Audit Committee
Takashi Oyamada  Member of the Nomination Committee
Tatsuro Kosaka  Member of the Nomination Committee
Hiroshi Taniguchi  Member of the Nomination Committee
Jun Namiki  Member of the Audit Committee
Kunihiko Kaga  Member of the Audit Committee

Executive Officers (As of April 1, 2022)
President & CEO:
Kei Uruma

Senior Vice Presidents:
Mitoji Yabunaka  Chairman of the Board of Directors
Hiroshi Obayashi  Chairman of the Audit Committee
Kazunori Watanabe  Chairman of the Compensation Committee
Hiroko Koide  Member of the Nomination Committee
Takashi Oyamada  Member of the Nomination Committee
Mitsui Yabunaka  Member of the Audit Committee
Kazunori Watanabe  Member of the Nomination Committee
Hiroko Koide  Member of the Nomination Committee

Representative Executive Officers (As of April 1, 2022)
Kei Uruma
Tadashi Matsumoto

Executive Officers (As of April 1, 2022)
President & CEO:
Kei Uruma

Senior Vice Presidents:
Mitoji Yabunaka  Chairman of the Board of Directors
Hiroshi Obayashi  Chairman of the Audit Committee
Kazunori Watanabe  Chairman of the Compensation Committee
Hiroko Koide  Member of the Nomination Committee
Takashi Oyamada  Member of the Nomination Committee
Mitsui Yabunaka  Member of the Audit Committee
Kazunori Watanabe  Member of the Nomination Committee
Hiroko Koide  Member of the Nomination Committee

Executive Officers:
Yoshinori Hara  Group President, Electronic Systems
Atsushi Iwata  Group President, Automotive Equipment
Satoshi Kusakabe  CEO (In charge of Legal Affairs & Compliance, Risk Management, Economic Security and Export Control)
Yoji Sato  CMO (In charge of Purchasing)
Noriyuki Takasawa  Infrastructure Business Area Owner (Group President, Energy & Industrial Systems)
So Sugiyama  Group President, Living Environment & Digital Media Equipment
Ichiro Mitani  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)
Shota Takano  Vice President, Corporate Total Productivity Management & Environmental Programs
Kunihiko Kaga  In charge of Auditing, CISO (In charge of Corporate Strategic Planning and Operations of Associated Companies), CTO (In charge of Technology Strategies)
Katsumi FUJITA  CMO (In charge of Global Marketing, Vice President, Corporate Marketing)
Koichi Kinugasa  CPO (In charge of Accounting and Finance), CHRO (In charge of General Affairs and Human Resources)
Takamori Satoh  In charge of Intellectual Property, Corporate Research and Development
Yoshikazu Nakai  CPO (In charge of Manufacturing), CGO (Vice President, Corporate Quality Assurance Reengineering)
Satoshi Takada  Industry and Mobility Business Area Owner (Group President, Factory Automation Systems)
Hironori Sakahara  CGO (Vice President, Corporate Business Innovation)

Executive Officers:
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Takamori Satoh  In charge of Intellectual Property, Corporate Research and Development
Yoshikazu Nakai  CPO (In charge of Manufacturing), CGO (Vice President, Corporate Quality Assurance Reengineering)
Satoshi Takada  Industry and Mobility Business Area Owner (Group President, Factory Automation Systems)
Hironori Sakahara  CGO (Vice President, Corporate Business Innovation)
### Financial Section

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73 Consolidated Statement of Cash Flows

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**Major Subsidiaries and Affiliates** (As of March 31, 2022)

<table>
<thead>
<tr>
<th>Energy and Electric Systems</th>
<th>Sales/Installation/Services</th>
<th>Comprehensive Sales Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mitsubishi Electric Public Utility Corporation</td>
<td>Mitsubishi Electric Building Techno Service Co., Ltd.</td>
<td>Dipyenshi Mitsubishi Electric Co., Ltd. and other regional comprehensive sales companies (5 companies)</td>
</tr>
<tr>
<td>Mitsubishi Electric Central Panel Corporation</td>
<td>Mitsubishi Electric Plant Engineering Corporation</td>
<td>Mitsubishi Electric Europe B.V</td>
</tr>
<tr>
<td>Mitsubishi Electric Power Products, Inc.</td>
<td>Mitsubishi Electric Control Software Corporation</td>
<td>Mitsubishi Electric US, Inc.</td>
</tr>
<tr>
<td>Mitsubishi Electric Smart Grid Electric O&amp;M Co., Ltd.</td>
<td>Kyuden Electric Construction, Ltd.</td>
<td>Mitsubishi Electric Taiwan Co., Ltd.</td>
</tr>
<tr>
<td>Mitsubishi Electric Elevator Asia Co., Ltd.</td>
<td>Kyuden Co., Ltd.</td>
<td>Mitsubishi Electric (Hong Kong) Ltd.</td>
</tr>
<tr>
<td>Mitsubishi Elevator Korea Co., Ltd.</td>
<td>Mitsubishi Elevator Hong Kong Co., Ltd.</td>
<td>Mitsubishi Elevator (Thailand) Co., Ltd.</td>
</tr>
<tr>
<td>Toshiba Mitsubishi Electric Industrial Systems Corporation</td>
<td>Hitachi Mitsubishi Elevator Co., Ltd</td>
<td>Mitsubishi Elevator Malaysia</td>
</tr>
<tr>
<td>Shangnal Mitsubishi Elevator Co., Ltd.</td>
<td>MEDCOM Co., Ltd.</td>
<td>Mitsubishi Elevator Co., Ltd.</td>
</tr>
</tbody>
</table>

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**Industrial Automation Systems**

| Mitsubishi Electric Building Techno Service Co., Ltd. | Dipyenshi Mitsubishi Electric Co., Ltd. and other regional comprehensive sales companies (5 companies) |
| Mitsubishi Electric Plant Engineering Corporation | Mitsubishi Electric Europe B.V |  
| Mitsubishi Electric Control Software Corporation | Mitsubishi Electric US, Inc. | Mitsubishi Electric Taiwan Co., Ltd. |  
| Kyuden Electric Construction, Ltd. | Mitsubishi Electric (Hong Kong) Ltd. | Mitsubishi Electric (Thailand) Co., Ltd. |  
| Kyuden Co., Ltd. | Mitsubishi Elevator Malaysia | Mitsubishi Elevator Co., Ltd. |  

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**Information and Communication Systems**

| Mitsubishi Electric Building Techno Service Co., Ltd. | Dipyenshi Mitsubishi Electric Co., Ltd. and other regional comprehensive sales companies (5 companies) |
| Mitsubishi Electric Plant Engineering Corporation | Mitsubishi Electric Europe B.V |  
| Mitsubishi Electric Control Software Corporation | Mitsubishi Electric US, Inc. | Mitsubishi Electric Taiwan Co., Ltd. |  
| Kyuden Electric Construction, Ltd. | Mitsubishi Electric (Hong Kong) Ltd. | Mitsubishi Electric (Thailand) Co., Ltd. |  
| Kyuden Co., Ltd. | Mitsubishi Elevator Malaysia | Mitsubishi Elevator Co., Ltd. |  

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**Electronic Devices**

| Mitsubishi Electric Building Techno Service Co., Ltd. | Dipyenshi Mitsubishi Electric Co., Ltd. and other regional comprehensive sales companies (5 companies) |
| Mitsubishi Electric Plant Engineering Corporation | Mitsubishi Electric Europe B.V |  
| Mitsubishi Electric Control Software Corporation | Mitsubishi Electric US, Inc. | Mitsubishi Electric Taiwan Co., Ltd. |  
| Kyuden Electric Construction, Ltd. | Mitsubishi Electric (Hong Kong) Ltd. | Mitsubishi Electric (Thailand) Co., Ltd. |  
| Kyuden Co., Ltd. | Mitsubishi Elevator Malaysia | Mitsubishi Elevator Co., Ltd. |  

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**Home Appliances**

| Mitsubishi Electric Building Techno Service Co., Ltd. | Dipyenshi Mitsubishi Electric Co., Ltd. and other regional comprehensive sales companies (5 companies) |
| Mitsubishi Electric Plant Engineering Corporation | Mitsubishi Electric Europe B.V |  
| Mitsubishi Electric Control Software Corporation | Mitsubishi Electric US, Inc. | Mitsubishi Electric Taiwan Co., Ltd. |  
| Kyuden Electric Construction, Ltd. | Mitsubishi Electric (Hong Kong) Ltd. | Mitsubishi Electric (Thailand) Co., Ltd. |  
| Kyuden Co., Ltd. | Mitsubishi Elevator Malaysia | Mitsubishi Elevator Co., Ltd. |  

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**Others**

| Mitsubishi Electric Building Techno Service Co., Ltd. | Dipyenshi Mitsubishi Electric Co., Ltd. and other regional comprehensive sales companies (5 companies) |
| Mitsubishi Electric Plant Engineering Corporation | Mitsubishi Electric Europe B.V |  
| Mitsubishi Electric Control Software Corporation | Mitsubishi Electric US, Inc. | Mitsubishi Electric Taiwan Co., Ltd. |  
| Kyuden Electric Construction, Ltd. | Mitsubishi Electric (Hong Kong) Ltd. | Mitsubishi Electric (Thailand) Co., Ltd. |  
| Kyuden Co., Ltd. | Mitsubishi Elevator Malaysia | Mitsubishi Elevator Co., Ltd. |  

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### 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 blue, while equity method companies are shaded in 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.
5. Dipyenshi Mitsubishi Electric Co., Ltd. absorbed Sakeyama Co., Ltd. and changed its trade name to Mitsubishi Electric Industrial Systems Corporation on April 1, 2022.
6. As of the end of March 2022, the authors of consolidated subsidiaries and equity method companies are 205 and 58, respectively.
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></td>
<td>2018</td>
<td>2019</td>
<td>2020</td>
</tr>
<tr>
<td>Revenue</td>
<td>¥4,431,196</td>
<td>¥4,444,424</td>
<td>¥4,519,921</td>
</tr>
<tr>
<td>Operating profit</td>
<td>318,637</td>
<td>327,444</td>
<td>290,477</td>
</tr>
<tr>
<td>Profit before income taxes</td>
<td>364,576</td>
<td>263,206</td>
<td>315,958</td>
</tr>
<tr>
<td>Net profit attributable to Mitsubishi Electric Corp. stockholders</td>
<td>271,880</td>
<td>255,755</td>
<td>226,848</td>
</tr>
<tr>
<td>Total assets</td>
<td>4,264,559</td>
<td>4,305,580</td>
<td>4,356,211</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>589,195</td>
<td>599,195</td>
<td>514,224</td>
</tr>
<tr>
<td>Bonds and borrowings</td>
<td>311,485</td>
<td>311,485</td>
<td>298,438</td>
</tr>
<tr>
<td>Mitsubishi Electric Corp. stockholders' equity</td>
<td>2,259,355</td>
<td>2,204,174</td>
<td>2,399,946</td>
</tr>
<tr>
<td>Cash flows from operating activities</td>
<td>240,450</td>
<td>265,768</td>
<td>239,817</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td>(178,219)</td>
<td>(182,015)</td>
<td>(210,968)</td>
</tr>
<tr>
<td>Free cash flows</td>
<td>62,231</td>
<td>83,753</td>
<td>29,849</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td>(128,291)</td>
<td>(149,813)</td>
<td>(112,087)</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>68,696</td>
<td>68,696</td>
<td>85,871</td>
</tr>
<tr>
<td>R&amp;D expenditures</td>
<td>210,306</td>
<td>210,306</td>
<td>212,794</td>
</tr>
<tr>
<td>Capital expenditures (Based on the recognized value of property, plant and equipment)</td>
<td>181,513</td>
<td>181,513</td>
<td>198,442</td>
</tr>
<tr>
<td>Depreciation</td>
<td>154,558</td>
<td>153,161</td>
<td>152,315</td>
</tr>
</tbody>
</table>

Per Share Amounts:

- Earnings per share attributable to Mitsubishi Electric Corp. stockholders (Yen) per share:
  - Basic: ¥126.70
  - Diluted: ¥119.19

Financial Ratios:

- Operating profit ratio (%): 7.2%
- Return on revenue (%): 6.1%
- Return on equity (ROE) (%): 12.6%
- Return on assets (ROA) (%): 6.4%
- Mitsubishi Electric Corp. stockholders’ equity ratio (%): 53.0%
- Bonds and borrowings to total assets (%): 7.3%

Employees (persons): 142,340

Total Shareholder Return (%): 109.0%

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 uplist 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.

Revenues:
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>About ¥135.0 billion increase</td>
</tr>
</tbody>
</table>

Consolidated total: ¥106

US$: ¥113

EURO: ¥124

CNY: ¥15.7

About ¥50.0 billion increase
Management Analysis of Financial Position, Operating Results and Cash Flows

Operating Profit
Operating profit increased by 21.8 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 to 203.4 billion yen due mainly to increased profit before income taxes. Net profit attributable to Mitsubishi Electric Corporation stockholders to revenue ratio 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. ROE deteriorated by 0.4% compared to the previous fiscal year to 7.1%.

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 6.2%.

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 to 203.4 billion yen due mainly to increased profit before income taxes. Net profit attributable to Mitsubishi Electric Corporation stockholders to revenue ratio 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. 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

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.

Results by Geographic Segment

<table>
<thead>
<tr>
<th>Revenue from Customers by Geographic Segment</th>
<th>Yen (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>2,423,626</td>
</tr>
<tr>
<td>North America</td>
<td>417,423</td>
</tr>
<tr>
<td>Asia (excluding Japan)</td>
<td>1,075,683</td>
</tr>
<tr>
<td>Europe</td>
<td>431,316</td>
</tr>
<tr>
<td>Others</td>
<td>63,183</td>
</tr>
<tr>
<td>Consolidated total</td>
<td>4,431,198</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 588.8 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.
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 stockholders of 203.4 billion yen and accumulated other comprehensive income attributable to Mitsubishi Electric Corporation stockholders’ equity increased by 221.6 billion yen compared to the end of the previous fiscal year.

### 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 114.8 billion yen.

Steadily executing the strategies above, the Group will work to further enhance its corporate value.
### Consolidated Statement of Financial Position

<table>
<thead>
<tr>
<th>(Assets)</th>
<th>2021 (millions)</th>
<th>2022 (millions)</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>743,782</td>
<td>959,660</td>
</tr>
<tr>
<td>Other current assets</td>
<td>103,065</td>
<td>109,220</td>
</tr>
<tr>
<td>Current assets</td>
<td>2,846,972</td>
<td>3,090,296</td>
</tr>
<tr>
<td>Investments accounted for using the equity method</td>
<td>205,464</td>
<td>221,467</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>353,624</td>
<td>321,056</td>
</tr>
<tr>
<td>Goodwill and intangible assets</td>
<td>205,464</td>
<td>221,467</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>51,657</td>
<td>62,135</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>743,782</td>
<td>959,660</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>103,065</td>
<td>109,220</td>
</tr>
<tr>
<td>Total assets</td>
<td>¥ 4,797,921</td>
<td>¥ 5,107,973</td>
</tr>
</tbody>
</table>

### Research and Development Expenditures

#### Research and Development Expenditures

<table>
<thead>
<tr>
<th>Years ended March 31</th>
<th>U.S. GAAP</th>
<th>IFRS</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy and Electric Systems</td>
<td>¥ 35.4</td>
<td>¥ 35.4</td>
<td>¥ 34.7</td>
<td>¥ 35.1</td>
<td>¥ 34.7</td>
<td>¥ 36.1</td>
<td></td>
</tr>
<tr>
<td>Industrial Automation Systems</td>
<td>69.5</td>
<td>69.5</td>
<td>70.8</td>
<td>67.4</td>
<td>60.4</td>
<td>63.9</td>
<td></td>
</tr>
<tr>
<td>Information and Communication Systems</td>
<td>17.9</td>
<td>17.9</td>
<td>15.3</td>
<td>13.4</td>
<td>8.8</td>
<td>8.0</td>
<td></td>
</tr>
<tr>
<td>Electronic Devices</td>
<td>13.4</td>
<td>13.4</td>
<td>14.1</td>
<td>12.5</td>
<td>10.4</td>
<td>9.5</td>
<td></td>
</tr>
<tr>
<td>Home Appliances</td>
<td>41.8</td>
<td>41.8</td>
<td>43.8</td>
<td>44.9</td>
<td>42.3</td>
<td>42.4</td>
<td></td>
</tr>
<tr>
<td>Others/Common</td>
<td>32.2</td>
<td>32.2</td>
<td>33.9</td>
<td>33.2</td>
<td>33.7</td>
<td>34.0</td>
<td></td>
</tr>
<tr>
<td>Consolidated total</td>
<td>¥ 210.3</td>
<td>¥ 210.3</td>
<td>¥ 212.7</td>
<td>¥ 206.8</td>
<td>¥ 190.5</td>
<td>¥ 195.1</td>
<td></td>
</tr>
<tr>
<td>R&amp;D expenditures/revenue (%)</td>
<td>4.7</td>
<td>4.7</td>
<td>4.7</td>
<td>4.6</td>
<td>4.5</td>
<td>4.4</td>
<td></td>
</tr>
</tbody>
</table>

#### Capital Expenditures

<table>
<thead>
<tr>
<th>Years ended March 31</th>
<th>U.S. GAAP</th>
<th>IFRS</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy and Electric Systems</td>
<td>¥ 30,861</td>
<td>¥ 30,861</td>
<td>¥ 27,165</td>
<td>¥ 29,414</td>
<td>¥ 30,021</td>
<td>¥ 36,411</td>
<td></td>
</tr>
<tr>
<td>Industrial Automation Systems</td>
<td>68,376</td>
<td>68,376</td>
<td>79,257</td>
<td>78,722</td>
<td>54,117</td>
<td>45,874</td>
<td></td>
</tr>
<tr>
<td>Information and Communication Systems</td>
<td>17,522</td>
<td>17,522</td>
<td>21,925</td>
<td>29,982</td>
<td>22,376</td>
<td>17,156</td>
<td></td>
</tr>
<tr>
<td>Electronic Devices</td>
<td>17,197</td>
<td>17,197</td>
<td>21,072</td>
<td>31,298</td>
<td>22,009</td>
<td>20,786</td>
<td></td>
</tr>
<tr>
<td>Home Appliances</td>
<td>32,849</td>
<td>32,849</td>
<td>31,199</td>
<td>38,720</td>
<td>19,488</td>
<td>23,628</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>4,758</td>
<td>4,758</td>
<td>7,437</td>
<td>6,426</td>
<td>11,863</td>
<td>9,326</td>
<td></td>
</tr>
<tr>
<td>Common</td>
<td>9,950</td>
<td>9,950</td>
<td>10,387</td>
<td>12,888</td>
<td>20,159</td>
<td>22,591</td>
<td></td>
</tr>
<tr>
<td>Consolidated total</td>
<td>¥ 181,513</td>
<td>¥ 181,513</td>
<td>¥ 198,442</td>
<td>¥ 227,450</td>
<td>¥ 180,033</td>
<td>¥ 187,722</td>
<td></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  
Yen (millions)

<table>
<thead>
<tr>
<th>Description</th>
<th>2021</th>
<th>2022</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>
<tr>
<td>Earnings per share (attributable to Mitsubishi Electric Corp. stockholders)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>¥90.03</td>
<td>¥95.41</td>
</tr>
<tr>
<td>Diluted</td>
<td>90.03</td>
<td>95.41</td>
</tr>
</tbody>
</table>

## Consolidated Statement of Financial Position

<table>
<thead>
<tr>
<th>Description</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<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>
<tr>
<td>Common stock</td>
<td>175,820</td>
<td>175,820</td>
</tr>
<tr>
<td>Capital surplus</td>
<td>202,777</td>
<td>202,695</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>2,266,490</td>
<td>2,464,966</td>
</tr>
<tr>
<td>Accumulated other comprehensive income (loss)</td>
<td>111,801</td>
<td>184,528</td>
</tr>
<tr>
<td>Treasury stock, at cost</td>
<td>(2,595)</td>
<td>(52,068)</td>
</tr>
<tr>
<td>Mitsubishi Electric Corp. stockholders’ equity</td>
<td>2,754,293</td>
<td>2,975,941</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>116,318</td>
<td>121,456</td>
</tr>
<tr>
<td>Total equity</td>
<td>2,870,611</td>
<td>3,097,397</td>
</tr>
<tr>
<td>Total liabilities and equity</td>
<td>¥4,797,921</td>
<td>¥5,107,973</td>
</tr>
</tbody>
</table>
## Consolidated Statement of Comprehensive Income

<table>
<thead>
<tr>
<th></th>
<th>2021 (yen millions)</th>
<th>2022 (yen millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net profit</strong></td>
<td>¥ 201,683</td>
<td>¥ 217,885</td>
</tr>
<tr>
<td><strong>Other comprehensive income (loss), net of tax</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in fair value of financial assets measured at fair value through other comprehensive income</td>
<td>¥ 64,457</td>
<td>¥ 6,762</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 using the equity method</td>
<td>¥ 2,159</td>
<td>¥ 342</td>
</tr>
<tr>
<td><strong>Total items that will not be reclassified to net profit</strong></td>
<td>¥ 151,117</td>
<td>¥ 71,824</td>
</tr>
<tr>
<td><strong>Items that may be reclassified to net profit</strong></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 using the equity method</td>
<td>¥ 1,162</td>
<td>¥ 9,118</td>
</tr>
<tr>
<td><strong>Total items that may be reclassified to net profit</strong></td>
<td>¥ 63,154</td>
<td>¥ 89,176</td>
</tr>
<tr>
<td><strong>Total other comprehensive income (loss)</strong></td>
<td>¥ 214,271</td>
<td>¥ 161,000</td>
</tr>
<tr>
<td><strong>Comprehensive income</strong></td>
<td>¥ 214,271</td>
<td>¥ 161,000</td>
</tr>
<tr>
<td><strong>Comprehensive income attributable to:</strong></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>
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</table>

## Consolidated Statement of Changes in Equity

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</tr>
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<tbody>
<tr>
<td><strong>Balance at beginning of year</strong></td>
<td>¥ 175,820</td>
<td>¥ 202,777</td>
</tr>
<tr>
<td><strong>Comprehensive income</strong></td>
<td>¥ 203,482</td>
<td>¥ 217,885</td>
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<td><strong>Other comprehensive income (loss), net of tax</strong></td>
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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 100-8310, 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

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**Major Shareholders**

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Holdings of the Company’s Share</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of Shares Held (Thousands)</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td>
<td>357,390</td>
</tr>
<tr>
<td>SSBC CLIENT OMNIBUS ACCOUNT</td>
<td>106,213</td>
</tr>
<tr>
<td>Custody Bank of Japan, Ltd. (Trust Account)</td>
<td>97,804</td>
</tr>
<tr>
<td>Meiji Yasuda Life Insurance Company</td>
<td>81,862</td>
</tr>
<tr>
<td>Mitsubishi Electric Group Employees Shareholding Union</td>
<td>44,478</td>
</tr>
<tr>
<td>JP MORGAN CHASE BANK 3850055</td>
<td>37,375</td>
</tr>
<tr>
<td>Nippon Life Insurance Company</td>
<td>36,339</td>
</tr>
<tr>
<td>STATE STREET BANK WEST CLIENT-TREATY 505234</td>
<td>30,422</td>
</tr>
<tr>
<td>JP MORGAN CHASE BANK 385781</td>
<td>25,072</td>
</tr>
<tr>
<td>THE BANK OF NEW YORK MELLON 140044</td>
<td>24,180</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).

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**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%

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**Stock Price (Yen)**

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