Corporate Governance

Basic Corporate Governance Policy

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

Corporate Management and Governance Structure

Corporate Management Structure

In June 2003, Mitsubishi Electric became a Company with Three-committee System. Key to this structure is the separation of supervisory and executive functions; the Board of Directors plays a supervisory decision-making role and Executive Officers handle the day-to-day running of the Company.

A salient characteristic of Mitsubishi Electric’s management structure is that the roles of Chairman of the Board, who heads the supervisory function, and the President & CEO, who is head of all Executive Officers, are clearly separated. Additionally, neither is included among the members of the Nomination and Compensation Committees. The clear division of supervisory and executive functions allows the Company to ensure effective corporate governance.

The present Board of Directors is comprised of twelve members (five of whom are Outside Directors, one of whom is a woman), who objectively supervise and advise the Company’s management by executing their duties based on the objectives and authority of the Companies Act, as well as by delegating to Executive Officers the decision authority for executing all operations, except the matters listed in the items of paragraphs 1 and 4 of Article 416 of the Companies Act.

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

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

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

Corporate Governance Framework
Internal Control System

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

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

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

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

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

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

Audit Committee

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

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

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

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

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

In fiscal 2020, Mitsubishi Electric held the regular Audit Committee meeting basically once a month (and one special meeting). One meeting took 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>Director (full-time)</td>
<td>Akihiro Matsuyama</td>
<td>13/13</td>
<td>100%</td>
</tr>
<tr>
<td>Director (full-time)</td>
<td>Masahiko Sagawa</td>
<td>13/13</td>
<td>100%</td>
</tr>
<tr>
<td>Outside director</td>
<td>Hiroshi Obayashi</td>
<td>13/13</td>
<td>100%</td>
</tr>
<tr>
<td>Outside director</td>
<td>Kazunori Watanabe</td>
<td>13/13</td>
<td>100%</td>
</tr>
<tr>
<td>Outside director</td>
<td>Takashi Oyamada</td>
<td>11/11</td>
<td>100%</td>
</tr>
</tbody>
</table>

Notes
1. Out of the above members, Akihiro Matsuyama and Masahiko Sagawa are responsible for investigation.
2. Because Takashi Oyamada was appointed as an outside director on June 27, 2019, his attendance after his appointment is shown.
3. **Activities of the Audit Committee members**
   The Audit Committee members—mainly those responsible for investigation (full-time Audit Committee members)—attend Executive Officers’ meetings and other such important conferences, and conduct interviews and surveys of Executive Officers and the executive staff of Mitsubishi Electric offices and affiliates in accordance with the policies and assignments agreed upon the Committee.

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

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

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

   Especially in fiscal 2020, the Audit Committee focused on checking and verifying how the Mitsubishi Electric Group had strengthened its business foundation including the internal control and compliance systems and the business platform that supports profitability, improved the cash flow through the streamlining of assets, and worked on activities such as the proper handling of quality issues and “Work Style Reforms” with an aim to improve the mid- and long-term corporate value of the Group.

   As the Mitsubishi Electric Group is committed to contribute to the achievement of the SDGs to solve diverse social challenges, the Audit Committee also checked and verified the Group’s contribution through business as well as the efforts in the environment, CSR, and other fields.

   In fiscal 2020, labor issues, improper quality-related conduct, the possibility of information leakage due to unauthorized access, and other issues have become clear at the Group. The Audit Committee has confirmed that the Executive Officers are formulating and implementing measures to prevent recurrence based on the analysis of the cause of each issue, and will closely monitor the response to each issue and the progress thereof going forward.

5. **Effectiveness evaluation of the Audit Committee**
   The Audit Committee conducts evaluation to improve performance every year. In the Audit Committee review in fiscal 2020, 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.
Status of Internal Audit

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

   With approximately 60 members acting independently in Japan and overseas, Mitsubishi Electric’s Corporate Auditing Division conducts internal audits of the Company from a fair and impartial standpoint. In addition, the division’s activities are supported by auditors with extensive knowledge of their particular fields, assigned from relevant business units. The Corporate Auditing Division reports the results of such audits to the President & CEO and the Audit Committee.

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

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

3. Mutual relationship among internal audit, the audit by the Audit Committee, and accounting audit
   The Corporate Auditing Division reports the internal audit policies and internal audit results to the Audit Committee and exchanges opinions with the Audit Committee members on a regular basis.

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

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

To strengthen the Board’s capacity to supervise the Company’s management, the bureaus of the Board of Directors and each committee provide the directors with the information necessary for supervising management, in a timely and appropriate manner. And, to further improve the Board of Directors’ capacity to supervise management, venues have been established for supplying information to and exchanging views with Outside Directors, and the Company is working to further enhance the provision of management-related information to the Board of Directors itself.

Additionally, in order to further enhance the functioning of the Board of Directors, the Board meetings are reviewed on an annual basis, and analyses and evaluations are conducted in the following areas.

- Points for improvement of policies based on previous reviews of the Board of Directors
- Opinions about and points for improvement in the method for reviewing the Board of Directors, etc.

As a result of the Board of Directors review, the Board of Directors was evaluated as making ongoing and effective improvements in response to the results of annual reviews, and achieving even better results on each occasion with respect to timely and appropriate management information sharing with Executive Officers, which is essential for the Board to properly fulfill its supervisory function. The review also concludes that this persistent improvement has stimulated discussion and opinion exchange more than ever.

Although we believe that this evaluation in effect endorses the performance of the Board of Directors, we will continue to improve its operation and attempt to further improve the performance of the Board by sharing management information, further upgrading discussion, particularly on mid- and long-term business strategies, between the supervisory and executive sides based on the shared information, and analyzing review results in more detail through individual interviews and other efforts.
Policies Regarding Decisions on Compensation, etc.

1. Basic policy
   (1) As a Company with a Three-committee System, the Company has separate functions for the supervision and execution of business, with the Board of Directors undertaking the business supervisory function, and Executive Officers, the business execution function. Accordingly, Directors and Executive Officers have separate compensation schemes according to the content and responsibilities of their duties.

   (2) Directors give advice to and supervise the Company’s management from an objective point of view, and therefore, the compensation scheme for Directors is the payment of fixed-amount compensation and the payment of a retirement benefit upon resignation.

   (3) The compensation scheme for the Executive Officers focuses on incentives for the realization of management policies and the improvement of business performance, and performance-based compensation will be paid in addition to the payment of fixed-amount compensation and a retirement benefit upon resignation. The basic policies of such performance-based compensation are as follows:

   1) Compensation scheme for Directors
      1) Directors will receive their compensation as a fixed amount, and the compensation to be paid will be set at a level considered reasonable, while taking into account the contents of the Directors’ duties and the Company’s conditions, etc.
      2) Directors will receive the retirement benefit upon resignation, and the retirement benefit to be paid will be set at a level decided on the basis of the monthly amount of compensation and the number of service years, etc.

   2) Compensation scheme for Executive Officers
      1) Fixed-amount compensation will be set at a level considered reasonable taking into account the contents of the Executive Officers’ duties and the Company’s conditions, etc.
      2) Performance-based compensation will be as follows:
         • The Mitsubishi Electric Group has been pursuing sustainable growth by maintaining Balanced Corporate Management based on three perspectives: growth, profitability and efficiency, and soundness. In line with its efforts to further increase corporate value, the Group has set its growth targets for fiscal 2021 as consolidated net sales of ¥5.0 trillion or more, and an operating income ratio of 8% or more. The payment base amount for performance-based compensation will be determined based on the consolidated business performance (Net profit attributable to Mitsubishi Electric Corp. stockholders) while taking into account the Group’s management policy and targets.
         • The payment amount of each Executive Officer will be determined within the range of ±20% of the payment base amount while taking into account the performance of the business to which the respective Executive Officer is assigned, etc.of the payment base amount while taking into account the performance of the business to which the respective Executive Officer is assigned, etc.

   (4) In order to introduce an objective perspective from outside the Company and expert knowledge about the Directors’ and Executive Officers’ compensation scheme, the Company will hire an external remuneration consultant, and with the support of the consultant it will consider the compensation levels and compensation schemes by taking into account external data on the compensation of major companies in Japan operating globally, domestic economic environment, industry trends, and the Company’s conditions, etc.

2. Compensation scheme for Directors and Executive Officers and policies regarding decisions on compensation, etc.
   (1) Compensation scheme for Directors
      1) Compensation for the improvement of business performance over the mid- to long-term, and that increases awareness regarding contributing to increased corporate value
      2) Compensation that is closely linked to the Company’s performance and highly transparent and objective
      3) Compensation focused on sharing profits with shareholders and increasing awareness of management that gives weight to shareholder benefits

      4) In order to introduce an objective perspective from outside the Company and expert knowledge about the Directors’ and Executive Officers’ compensation scheme, the Company will hire an external remuneration consultant, and with the support of the consultant it will consider the compensation levels and compensation schemes by taking into account external data on the compensation of major companies in Japan operating globally, domestic economic environment, industry trends, and the Company’s conditions, etc.
3) The amount of the retirement benefit will be decided on the basis of the monthly amount of compensation and the number of service years, etc.

(3) Decision-making process, etc.

Policies regarding decisions on compensation, etc.

Outside Directors

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

Outside Directors are expected to supervise management from a high-level perspective based on their abundant experience. Those who are comprehensively judged to possess the character, acumen, and business and professional experience suited to fulfill that role, and who satisfy the requirements of independent executives specified by the Tokyo Stock Exchange and the requirements specified in Mitsubishi Electric’s Guidelines on the Independence of Outside Directors (see note below) and thus possess no risk of giving rise to any conflict of interest with the general shareholders of the Company, are selected as Outside Director candidates by the Nomination Committee.

<Independency Guideline for Outside Directors>

Mitsubishi Electric Corporation nominates persons with experience in company management in the business world, attorneys and academics, among other specialists, who are appropriate to oversee the Company’s business operations and not falling under any of the following cases, as candidates for Outside Directors.

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

1. Persons who serve as Executive Directors, Executive Officers, managers or other employees (hereinafter “business executers”) at a company whose amount of transactions with the Company accounts for more than 2% of the consolidated sales of the Company or the counterparty
2. Persons who serve as business executers at a company to which the Company has borrowings that exceed 2% of the consolidated total assets
3. Persons who are related parties of the Company’s independent auditor
4. Persons who receive more than ¥10 million of compensation from the Company as specialists or consultants
5. Persons who serve as Executive Officers (Directors, etc.) of an organization to which the Company offers contribution that exceeds ¥10 million and 2% of the total revenue of the organization
6. Persons who are the Company’s major shareholders (holding more than 10% of voting rights) or who serve as their business executers
7. Persons who are related parties of a person or company that have material conflict of interest with the Company

In addition, Outside Directors enhance the checking function of management by receiving reports about the activity status of internal auditors, the Audit Committee, accounting auditors, and divisions in charge of internal control via the Board of Directors, and providing valuable comments regarding Mitsubishi Electric’s management from an objective perspective. By doing this, they bring greater transparency to the management framework and strengthen the Board’s function of supervising management.
### Outside Directors (as of June 26, 2020)

<table>
<thead>
<tr>
<th>Title</th>
<th>Name, Picture</th>
<th>Positions Held</th>
<th>Reasons for Nomination</th>
<th>Board Attendance Rate (FY2020)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outside Director</td>
<td>Mitoji Yabunaka</td>
<td>Chairman of the Nomination Committee, Member of the Compensation Committee</td>
<td>Mr. Yabunaka’s experience and insights as an expert in international affairs cultivated through the course of a career are highly beneficial to Mitsubishi Electric. Mitsubishi Electric thus expects him to bring an objective viewpoint to the overseeing of the Company’s business operations.</td>
<td>100% (Seven out of seven meetings)</td>
</tr>
<tr>
<td>Outside Director</td>
<td>Hiroshi Obayashi</td>
<td>Member of the Nomination Committee, Chairman of the Audit Committee</td>
<td>Mr. Obayashi’s experience and insights cultivated through the course of a career as a lawyer (public prosecutor, attorney-at-law) are highly beneficial to Mitsubishi Electric. Mitsubishi Electric thus expects him to bring an objective viewpoint to the overseeing of the Company’s business operations.</td>
<td>100% (Seven out of seven meetings)</td>
</tr>
<tr>
<td>Outside Director</td>
<td>Kazunori Watanabe</td>
<td>Member of the Audit Committee, Chairman of the Compensation Committee</td>
<td>Mr. Watanabe’s experience and insights as a certified public accountant cultivated over the course of his career are highly beneficial to Mitsubishi Electric. Mitsubishi Electric thus expects him to bring an objective viewpoint to the overseeing of the Company’s business operations.</td>
<td>100% (Seven out of seven meetings)</td>
</tr>
<tr>
<td>Outside Director</td>
<td>Hiroko Koide</td>
<td>Member of the Nomination Committee, Member of the Compensation Committee</td>
<td>Ms. Koide’s experience and insights as a business specialist cultivated over the course of her career in international corporate management are highly beneficial to Mitsubishi Electric. Mitsubishi Electric thus expects her to bring an objective viewpoint to the overseeing of the Company’s business operations.</td>
<td>100% (Seven out of seven meetings)</td>
</tr>
<tr>
<td>Outside Director</td>
<td>Takashi Oyamada</td>
<td>Member of the Nomination Committee, Member of the Audit Committee</td>
<td>Mr. Oyamada’s experience and insights as a business specialist cultivated over the course of his career in bank management are highly beneficial to Mitsubishi Electric. Mitsubishi Electric thus expects him to bring an objective viewpoint to the oversight of the Company’s business operations.</td>
<td>100% (Five out of five meetings)</td>
</tr>
</tbody>
</table>

**Note**
Mitsubishi Electric Corporation held seven Board of Directors meetings during fiscal 2020. The status of attendance for Mr. Takashi Oyamada, Outside Director, is based on the number of the Board or Directors meetings held after he assumed office on June 27, 2019.
Compliance

Message from Top Management / Our Concept of Compliance

Message from Top Management

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

The operating environment continues to undergo dramatic changes. What must continue regardless of how the times may change is respect for corporate ethics and compliance.

Mitsubishi Electric Group formulated “the Mitsubishi Electric Group Corporate Ethics and Compliance Statement” as our basic guideline for compliance, pledging to society that “We will never establish a target, nor make a commitment, that could only be achieved with conduct that would violate applicable laws or business ethics or practices.”

Looking toward the upcoming 100th anniversary of our foundation and even the next 100-year milestone, in order to continue to be a corporate group which earns the confidence of society and our customer, I request each and every one of you to be aware again that adherence to ethics and compliance forms the basis for the company to remain in business.

And you must always remember that each and every one of you has a responsibility to ensure that as a good corporate citizen we conduct our business in compliance with applicable laws and high ethical standards in all endeavors: you should have pride in our high level of business ethics.

President & CEO
Takeshi Sugiyama

Our Concept of Compliance

With the Mitsubishi Electric Group Corporate Ethics and Compliance Statement formulated in 2001 as our basic guideline for compliance, the Mitsubishi Electric Group recognizes the importance of ethics and absolute compliance with legal requirements as a fundamental precondition for the Group’s continued existence.

Based on this awareness, we are attempting to perfect a compliance system which promotes compliance in the broadest sense, encompassing the perspective of corporate ethics, rather than merely focusing on following the letter of the law. At the same time, we are working to educate our employees in this area.

The Corporate Ethics and Compliance Statement

<table>
<thead>
<tr>
<th>Compliance with the Law</th>
<th>We will conduct ourselves always in compliance with applicable laws and with a high degree of sensitivity in social ethics or local practices. We will never establish a target, nor make a commitment, that can only be achieved with conduct that would violate applicable laws or business ethics or practices.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respect for Human Rights</td>
<td>We will conduct ourselves always with a respect for human rights. We will not discriminate based on nationality, race, religion, gender, disability, or any other reason prohibited by applicable laws nor will we violate international laws providing protection for individual and human rights or any treaties providing such protection to which the country where any of our companies is located is a party.</td>
</tr>
<tr>
<td>Contributing to Society</td>
<td>Concurrently with the pursuit of a reasonable profit, we will conduct ourselves always with an awareness of our corporate social responsibility in order to further the progress of society as a whole.</td>
</tr>
<tr>
<td>Collaboration and Harmonization with the Community</td>
<td>As a good corporate citizen and neighbor, we will support civic and charitable organizations and activities in the communities where we reside or work that in our view contribute to community development.</td>
</tr>
<tr>
<td>Consideration of Environmental Issues</td>
<td>As part of our goal to achieve a recycling-oriented society, we will pay attention to and respect the global environment in every aspect of our business.</td>
</tr>
<tr>
<td>Awareness of Personal Integrity</td>
<td>We will conduct ourselves with the highest integrity, making a proper distinction between public and private matters, and we will use company resources—including money, time, and information—for legitimate business purposes. We will use company computers and various networks and online services, including e-mail and Internet access, primarily for company business.</td>
</tr>
</tbody>
</table>
Mitsubishi Electric Group Conduct Guidelines

Mitsubishi Electric Group Conduct Guidelines is a uniform code of conduct in which laws and regulations and social norms to be complied with and respected by each employee of Mitsubishi Electric Group in executing company business and performing his/her duties are put together and summarized, and is intended to serve as guidelines for our day-to-day conduct.

These Guidelines were first established in 1990, and became what they are now through multiple revisions based on revisions of relevant laws and regulations, changes to people’s perceptions of social norms and other relevant factors. The version presented here is the most recent revision, published in April 2017.

In addition to the Japanese language, the Code of Conduct is published in English, Chinese, and Thai, and offers identical content for each country and region in which we operate, presenting norms to which every Mitsubishi Electric Group employee should conform.

System to Ensure thorough Implementation of Compliance at the Global Level

Based on recognition that the promotion of compliance is inseparably linked with business promotion, the Mitsubishi Electric Group's compliance system has our business divisions and affiliates in Japan and overseas take the initiative in promoting compliance.
Initiatives against Major Compliance Risks

Fair Competition (Preventing the Violation of Anti-trust Laws)

The Mitsubishi Electric Group deeply regrets its experience of having received an administrative penalty for violating anti-trust laws in Japan and overseas. Out of this regret, we uphold anti-trust laws as one of the most important laws that we must abide by, and make ongoing Group-wide efforts to both prevent any recurrence of such incidents and prevent previous incidents from being forgotten. In addition to formulating and operating internal regulations that govern Mitsubishi Electric and its affiliated companies in Japan and overseas, we have also strengthened internal audits that specialize in anti-trust laws, and place importance on employee training through a combination of e-learning and classroom programs.

In Japan, in addition to providing e-learning to directors, officers, and employees of Mitsubishi Electric and domestic affiliated companies (Mitsubishi Electric participants in fiscal 2020: 15,310), we have continued to conduct practical training that reflects the characteristics of each business since fiscal 2014. Additionally, we provide education on anti-trust laws that focus on regional characteristics overseas in the combined form of e-learning programs and face-to-face education.

We will continue to make greater efforts to prevent similar incidents from occurring and previous incidents from being forgotten, through regular monitoring of the status of daily business activities and internal regulations, practical training that matches actual transaction situations, and other such initiatives.

Corruption Prevention (Preventing Bribery)

We engage in Group-wide initiatives to prevent bribery. The "Mitsubishi Electric Group Anti-Bribery Policy" that was established on April 1, 2017 reiterates to people in and outside the Group our policy that, among other things, our Group companies, their officers and employees do not offer bribes and do not pursue profits that can be realized only by offering bribes.

Furthermore, we are conducting monitoring activities such as maintaining and enacting internal regulations for interactions with public officials inside and outside the country as a measure to prevent bribery.

In addition, we provide education to directors, officers, and employees who regularly interact with public officials in the combined form of e-learning programs and face-to-face education (participants in e-learning programs in fiscal 2020: 24,365).

In the light of the current global situation where anti-bribery regulations are becoming increasingly tighter, we will continue to enhance measures in each region, and take effective and efficient measures by selecting countries and transactions with particularly high risks of being involved in bribery, to respond to the expansion of our business at a global level.
Support and Responses to Political Activities

The Mitsubishi Electric Group provides support to political activities only upon full consideration of its social standing as defined in its corporate mission, and in compliance with relevant laws and regulations in each country.

For example, when Mitsubishi Electric makes a political donation in Japan, the Corporate Administration Division screens all cases in detail in accordance with the Political Fund Control Law, and ensures adherence to all internal procedures. Additionally, in public elections, we make every effort neither to infringe on the Public Offices Election Act nor deviate from sound social morals.

Export Control

To maintain international peace and security, Mitsubishi Electric has established and abides by the Corporate Security Export Control Regulation. Based on the regulation, all transactions are closely checked for any inclusion of export controlled items and security concerns related to destination, customers, end-use, and transaction conditions, and are strictly managed pursuant to relevant laws and regulations. Furthermore, to ensure all affiliated companies in Japan and overseas also take proper action in line with our policies, we distribute the Security Export Control Standard Regulations of the Mitsubishi Electric Group (in Japanese, English, Chinese, and Thai) to all affiliated companies, and provide guidance for the establishment of regulations, the development of a framework, employee training and internal audits in each company. In fiscal 2020, we held educational workshops in Thailand, Europe and Korea intended for ECAs (Export Control Administrators) in affiliated companies. In Japan, we provided e-learning courses that 37,520 Mitsubishi Electric employees and 33,880 employees of affiliated companies took. For overseas affiliated companies, we have e-learning materials for the implementation of training programs in each company in English, Chinese, Thai, and other languages.

Disassociation with Anti-social Groups

The Mitsubishi Electric Group adheres to the policy of refusing transactions and any other relationship whatsoever with anti-social groups (crime syndicates, terrorists, drug syndicates and other criminal organizations) in countries and regions where it engages in business, as clearly set forth in the following three provisions in the Mitsubishi Electric Group Conduct Guidelines.

1. We will not have any relationship with anti-social groups, and will deal with such groups with a firm attitude.
2. When engaging in a new transaction, we will make certain that the transaction partner is not related in any way to an anti-social group.
3. Transaction contracts shall include an article on the ‘elimination of crime syndicates and other anti-social groups,’ and provide for the termination of the contract in the event a transaction partner is found to be related to an anti-social group, even if the transaction with the partner has already begun.

Furthermore, in Japan an officer for preventing unreasonable demands, as stipulated in the Anti-Organized Crime Law, is assigned to each business office and affiliated company as a Group-wide measure against unreasonable demands from anti-social groups. If a transaction partner is found to be an anti-social group, we make every effort to promptly disassociate ourselves with the company with the cooperation of the police, external specialist institutions (the National Center for the Elimination of Boryokudan and the Special Violence Prevention Measures Association (Tokubouren) under the control of the Metropolitan Police Department, the National Center for the Elimination of Boryokudan, etc.), and lawyers.
Thorough Dissemination/ 
Education of Our Compliance Policy

Ensuring that Employees are Familiar with Our Compliance Policy

The top management of the Mitsubishi Electric Group, including the President, takes every opportunity to directly address employees on the subject of compliance in a diverse range of situations, ensuring that an awareness of the importance of compliance and our stance on it takes root throughout our organization.

To raise awareness even further, we also display posters of the Mitsubishi Electric Group Corporate Ethics and Compliance Statement in our workplaces and distribute cards printed with the Statement to each of our employees.

We distribute the “Mitsubishi Electric Group Conduct Guidelines” to all Mitsubishi Electric Group employees, including overseas employees. Employees in Japan receive a booklet containing the conduct guidelines, which summarizes points that employees should be aware of in relation to compliance as they conduct their work duties.

Compliance Education by Diverse Means

The Mitsubishi Electric Group works to ensure that employees are aware of the Group’s concept of compliance and of the laws that are essential to the conduct of our business activities, using a variety of tools including workshops, e-learning programs, the distribution of manuals, and screen displays when employees log in. In using these tools, we carefully consider and provide the optimum content for different businesses, job levels, job categories, and regions (overseas).

In addition to educational activities conducted independently by each of the Group’s affiliated companies and business divisions, we also carry out Group-wide educational initiatives. Employees in all countries in which we operate take part in an educational program concerning the major relevant laws, respect for human rights, and the Group’s concept of compliance, through e-learning programs, group lessons, distance learning or other such methods. In fiscal 2020, as many as 125,614 employees in Japan (employees of Mitsubishi Electric and affiliated companies in Japan) participated in such programs (100% participation in compliance-related e-learning programs by Mitsubishi Electric). Overseas as well, some 6,644 employees have taken part in compliance-related e-learning programs that have been uniformly implemented in the Southeast Asia and Oceania regions, for example.

In fiscal 2020, Mitsubishi Electric’s Corporate Legal & Compliance Division conducted 180 compliance-related workshops within the Group, in which a cumulative total of 6,531 people participated.
Compliance Audits

To verify the state of compliance in the Mitsubishi Electric Group, the internal departments in each of the affiliated companies in the Group carry out self-inspection several times a year by various means. The inspection utilizes various tools, including specific check sheets for the areas of corporate ethics and legal compliance. Corrective action is taken as necessary in response to the result of such self-inspection.

Additionally, internal regulations and systems are in place to ensure proper operations across the Mitsubishi Electric Group. The Corporate Auditing Division of Mitsubishi Electric conducts internal audits to check the operational effectiveness of these regulations and systems (in the audit areas of ethics and legal compliance, accounting and finance, human resources, technology management and quality management). If an audit reveals the need for improvement, the relevant company or department will receive instructions for remediation/improvement. Periodical reports of audit are presented before the audit committee through the executive officer in charge of internal audits.

Establishment of Internal and External Ethics and Legal Compliance Hotlines

Mitsubishi Electric has put in place "ethics and legal compliance hotlines" (internal notification system, so-called "whistle blowing system"), with the objective of promptly addressing fraudulent, illegal, and anti-ethical conducts as a self-disciplinary mechanism. This function is available through two notification channels, inside and outside the company. The outside channel is managed by independent law firms. The hotlines are operated pursuant to clearly defined internal regulations that ensure responses to anonymous informants, elimination of disadvantageous treatment of informants, and the confidentiality of all informants. Notifications are also accepted from business partners and companies, if it pertains to issues that arise out of their relationship with Mitsubishi Electric, including but not limited to business transactions.

Alleged issues of each notification are examined by a group composed “ad hoc” of members from departments capable of conducting investigation, depending on the nature of the notification. In case an alleged issue casts doubt on compliance with pertinent laws and/or internal rules, efforts are made to reinforce the prevalence of adequate norms through a revision of rules or explanatory meetings for promoting due understanding of the same. Where misconduct contrary to any laws and/or internal rules is detected, the concerned employee is subject to disciplinary action, and if any organized involvement in the detected incident is found, remediation is demanded of the concerned department.

The detailed functions of these "ethics and legal compliance hotlines" are provided in the booklet distributed to all employees for dissemination of Mitsubishi Electric Group Conduct Guidelines. These detailed functions also appear on posters displayed in each workplace (each department and operating base), on the handheld cards containing the contact information of internal and external contact points that are distributed to all employees, and on the Group website, to ensure that we communicate them to all employees.

The internal notification system is also in place in each affiliated company of the Mitsubishi Electric Group both in Japan and overseas.
<Mitsubishi Electric Group Global Tax Policy>

The Mitsubishi Electric Group has established the basic policy on tax that each group company shall adhere to in its domestic and international business activities.

- **Our principles**
  
  The Mitsubishi Electric Group has positioned Corporate Social Responsibility (CSR) as a pillar of its corporate management, based on its "Corporate Mission" and "Seven Guiding Principles."  
  
  Furthermore, the Mitsubishi Electric Group recognizes the importance of ethics and absolute compliance with legal requirements as a fundamental precondition for the Group's continued existence.
  
  Aligning with these principles and the "Mitsubishi Electric Group Conduct Guidelines," the Mitsubishi Electric Group is committed to complying with tax laws and regulations, and pays the correct amount of tax.

- **Our attitude towards tax planning**
  
  The Mitsubishi Electric Group complies with tax laws and regulations of the countries and regions in which we conduct business, including without limitation treaties applicable to them. We also respect guidelines such as, but not limited to OECD guidelines, and conduct transactions between group companies on an arm's length principle.
  
  The Mitsubishi Electric Group may seek to apply the tax incentives and exemptions available in the countries and regions in which we conduct business, however, we do not engage in any artificial tax arrangements which are not in line with "Our principles."

- **Tax risk management**
  
  The Mitsubishi Electric Group believes that tax compliance is inseparably linked with business promotion. Therefore, each group company shall thoroughly ensure tax risk management in carrying out their business operations.
  
  The Mitsubishi Electric Group has put in place a framework for tax governance to ensure that tax management at the group level is properly implemented, and each group company maintains an organizational structure and processes in place to ensure that all applicable tax rules are respected and taxes are paid in accordance with those rules.
  
  Where material uncertainty exists, the Mitsubishi Electric Group may proactively seek the advice of external experts as appropriate. Also, if available, we may consider to seek predictability from tax authorities by obtaining an interpretation/clarification of the application of tax laws and regulations through prior consultation.
  
  In the event a disagreement with the tax authority arises on the appropriate tax treatment of a case and it cannot be resolved between both parties, the Mitsubishi Electric Group will resolve the issue constructively through an appropriate method.

- **Relationship with tax authorities**
  
  The Mitsubishi Electric Group adopts a collaborative and constructive relationship at all times with tax authorities. We make accurate and timely declarations and respond to queries and information requests from tax authorities in a sincere and timely manner.
Risk management

Basic Policy

The Mitsubishi Electric Group engages in the development, manufacture and sale of a broad range of products in diverse sectors, including the Energy & Electric Systems, Industrial Automation Systems, Information & Communication Systems, Electronic Devices and Home Appliances. Moreover, the Group operates these businesses not only in Japan but overseas, such as in North America, Europe and Asia.

To respond to the expectations of all stakeholders beginning with society, customers and shareholders, and to realize sustainable growth, the Group has a framework in place for managing business-related risks in an appropriate manner.

The framework provides proper responses to risks depending on their type, size and impact. For example, by incorporating risk management into business activities, risks are managed according to the size and characteristics of each business, and important risks that cover the entire Group are mainly managed by corporate departments.

Risk Management Framework

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

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

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

The Mitsubishi Electric Group works to quickly discover latent risks in business activities that can impact or potentially impact the environment in a substantial way. To prepare for an accident or emergency that involves an environmental risk such as groundwater or soil pollution, the handling of waste, or the malfunction of an environmental facility, head office divisions, manufacturing facilities, R&D centers, branches, and affiliates in Japan and overseas have developed detailed risk descriptions and procedure manuals that specify departmental responsibilities. Mitsubishi Electric also anticipates the possibility of accidents, complaints, or violations of the law arising on the side of construction subcontractors or companies working under outsourcing agreements, and informs these outside parties of our risk response procedures and disseminates the proper procedures in their respective organizations.

Each organization runs a test at least once a year to determine if the managers in charge are capable of appropriately responding to an emergency. The tests simulate an emergency that has the potential of occurring, to determine whether initial responses, provisional measures, and communication methods properly function in regard to environmental accidents. When problems are uncovered, the procedures are revised and the new version is publicized throughout the organization.

Disaster Countermeasures

Development of a Response Framework for Large-scale Disasters

Engaging in business on a global scale entails the risk of being affected by disasters, including earthquakes, regional conflicts, terrorism, and outbreaks of infectious diseases. The Mitsubishi Electric Group is strengthening its response framework, reexamining its disaster prevention system and disaster countermeasures, to prepare for emergencies.

Emergency disaster prevention framework

In the event that any of the Mitsubishi Electric Group’s sites suffer or are at risk of suffering serious damage as the result of a large-scale disaster, we have a framework in place that is centered on the Mitsubishi Electric Emergency Response Center headed by our president, to enable the entire Mitsubishi Electric Group to respond to the emergency situation.

In addition to verifying the (personal and physical) disaster situation, the Emergency Response Center promptly examines and executes policies in response to business continuity initiatives and requests from society (support for affected areas, donations, etc.). Particularly with regard to overseas sites and affiliated companies overseas, it works closely with each regional response headquarters to ensure employee safety (safety confirmation, livelihood support, etc.) and provide support for business restoration.

Mitsubishi Electric Group’s disaster prevention framework
Framework for ordinary times (creation of a PDCA cycle for disaster response)

In ordinary times, we take steps to ensure that the disaster prevention initiatives we have so far taken continue to be valid, by establishing a Company-wide Disaster Prevention and Safety Committee headed by the executive officer in charge of general affairs, and by implementing continuous improvement activities through a PDCA cycle to make improvements based on periodic examinations and reviews of the disaster response measures of the Mitsubishi Electric Group (at least once a year) and the results of emergency drills.

In fiscal 2020, simulation of the initial response of the Emergency Response Center was performed by the parties involved, assuming a shutdown of important infrastructure, including electricity, communication and transportation, in the event of a large-scale disaster.

For fiscal 2021, the Committee considers that in order to maintain the effectiveness of the BCPs, it is crucial to continue conducting reviews that are in step with the changes in external environments, and will focus on reviewing BCPs toward increasing their viability in times of emergency as a Group-wide priority.

Initiatives for Business Continuity and Disaster Response

Business continuity plan (BCP) formulation and regular (annual) review

To fulfill our responsibility as a product supplier, we had all Mitsubishi Electric offices formulate a BCP assuming the possible outbreak of a new strain of influenza in fiscal 2011 and a BCP assuming the risk of a large-scale earthquake in fiscal 2013.

In fiscal 2014, we began an examination of continuing business at an alternative site and urged major affiliated companies in Japan and overseas to formulate a BCP. To ensure the BCP that is formulated in each office and affiliated company in Japan and overseas remains valid, the BCP is reviewed and countermeasures are upgraded every year.

Business continuity in the supply chain

At Mitsubishi Electric, we pursue initiatives to avoid situations in which a large-scale disaster or other unavoidable circumstance imposes serious damage on suppliers, severs the supply of materials, or obstructs our production activities.

1. Evaluation of BCP risks among suppliers
   From fiscal 2015, we have begun an evaluation of BCP risks among our suppliers in Japan using a company-wide unified index, and are bringing visibility to suppliers with high risks.

2. Activities for mitigating supplier risks
   To mitigate the risks that have come to light through the BCP risk evaluation of suppliers, we recommend multi-company purchasing, and request our suppliers to multi-site their production centers. We also organize BCP seminars for suppliers, to strengthen awareness and provide support for disaster prevention measures.

3. Activities for ensuring prompt initial response at times of disaster
   To ensure prompt initial response at times of disaster, we have created and actively utilize a map search system that allows us to search on a map the locations of suppliers in the vicinity of a disaster point.

   Hereafter, we will also promote multi-company purchasing and multi-siting of production centers by suppliers overseas, to ensure stable procurement activities in our overseas production centers.

Strengthening disaster responses

Each office and affiliated company of the Mitsubishi Electric Group possesses a disaster response manual that is used to implement preliminary measures (disaster mitigation measures) and disaster prevention drills. For example, every year, the Mitsubishi Electric Corporate IT Strategy Division, which has two separate data centers in Tokyo and the Kansai region, carries out a drill for switching between data centers in the event of an emergency.

In fiscal 2020’s drill, the target time for recovery of all enterprise systems was successfully achieved.

We have also instructed affiliated companies to establish the same level of disaster countermeasures as those implemented by Mitsubishi Electric to strengthen their emergency preparedness through disaster-prevention drills at each site.
The development of various modes of transportation and transportation networks, and the globalization of the economy have increased not only the movement of people, but also the risk of pandemic diseases such as the Ebola virus disease and new strains of influenza.

Amid the advancing globalization of the Mitsubishi Electric Group’s businesses, in Japan we commenced initiatives to fulfill our corporate social responsibilities to (1) ensure people’s safety, (2) sustain businesses that serve societal functions, and (3) minimize economic impact on our company in the event of an outbreak of a new strain of influenza (through BCP formulation, keeping tabs on the dynamics of business travelers and expatriates, stockpiling masks, etc.). Overseas, and particularly in countries where there is a high probability of an outbreak of a new strain of influenza, we provide direction for formulating a BCP that assumes such an outbreak and to otherwise implement countermeasures that are suitable for the situation in each country.

In response to COVID-19, we have established the COVID-19 Crisis Center to ensure the stable supply of products and provide necessary services as well as support health care workers as social contribution activities.

Going forward, we remain committed to preventing the spread of infection in light of guidance, requests, and the like from government agencies (as of May 2020).

Ensuring safety overseas

The Mitsubishi Electric Group’s Overseas Safety Response Center, under the Corporate Human Resources Division, works closely with overseas sites (overseas offices and affiliated companies of Mitsubishi Electric and affiliates in Japan) to grasp the dynamics and confirm the safety of overseas business travelers, convey various information (travel restrictions, etc. based on information gathered from the Ministry of Foreign Affairs and specialized agencies), and provide employee education.

In fiscal 2020, in response to the increasing number of overseas assignments to dangerous regions, we organized overseas safety seminars for employees scheduled to take up such assignments or business trips to dangerous regions. In addition, our overseas sites with high risk of warfare, terrorism, civil unrest, general crime, traffic dangers and environmental disasters have developed a crisis management manual to clarify the guidelines for action in normal times and times of emergency.

At the outbreak of COVID-19 we sent masks from Japan to employees at Chinese, Korean and European sites where the infection was spreading to support their safety and health, and brought back some employees and their families to Japan temporarily and restricted overseas business trips from Japan, depending on the region (as of March 2020).

We also participated in the public-private overseas safety cooperation conference sponsored by the Ministry of Foreign Affairs, and exchanged information and views with other companies and organizations. The results of the conference have been incorporated into the risk management activities of our company and overseas sites.
Our Approach to Information Security

Basic Policy

In January 2020, Mitsubishi Electric reported a data leak incident caused by unauthorized access to its system, which has resulted in inconvenience and concern for customers and society. After also reflecting on guidance from the Personal Information Protection Commission received in December 2019 concerning the handling of personal information obtained through recruitment activities, the Mitsubishi Electric Group will continue to strengthen its information security measures* to prevent such a situation from occurring again. We also will strengthen the measures considering the general trend toward teleworking and cloud-based business models.

Mitsubishi Electric manages confidential corporate information relating to sales, engineering, intellectual property, and other areas, as well as information entrusted to the company by its customers and stakeholders. This is carried out based on the Declaration of Confidential Corporate Information Security Management established in February 2005. In light of events in fiscal 2019, we will once again work to increase awareness of this declaration within the Mitsubishi Electric Group and strive to protect and manage information even more carefully.

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

<Declaration of Confidential Corporate Information Security Management>

With respect to the information assets that constitute its core business activities, Mitsubishi Electric Corporation shall disclose information that should be released externally in a timely and appropriate manner, while ensuring strict and appropriate management of confidential corporate information.

In the unlikely event that valuable information or confidential corporate information entrusted to us by others were to leak, this would not only cost the trust and confidence invested in the Company; the improper use of this information could also threaten national, societal and individual security.

Recognizing that appropriate management of confidential corporate information is a key corporate social responsibility, the Company hereby declares that all employees shall comply with the following confidential corporate information management policies.

1. Appropriate Management of Confidential Corporate Information through Compliance with Laws, Ordinances and Regulations
   The Company shall manage all confidential corporate information concerning business activities appropriately in accordance with laws, ordinances and Company regulations.
   “Confidential corporate information” means valuable technical or business information held by the Company, and information (such as personal information, information obtained from outside the Company and insider information), which, if disclosed or used in an unauthorized way, could be disadvantageous to the Company and/or its stakeholders. Physical objects that constitute confidential corporate information are also subject to control.

2. Enforcement of Security Management Measures
   The Company shall implement appropriate security management measures for the protection and proper control of confidential corporate information.
   “Security management measures” means organizational, human, technological and physical measures that are strictly enforced according to the confidentiality level of the applicable corporate information.

3. Enhancement of Information System Security Measures
   The Company shall enhance its information system security measures to prevent unauthorized access, intrusion and wrongful use of confidential corporate information, and implement comprehensive countermeasures with IT.

4. Education
   Recognizing that the awareness of individual employees who are involved in handling confidential corporate information is fundamental to management, the Company shall provide regular education for all employees concerning the importance of confidential corporate information management and the Company’s efforts to enhance it.

5. Continual improvement of Management through the PDCA Cycle
   The Company shall establish a confidential corporate information management system and improve it proactively and continually through the PDCA (Plan-Do-Check-Action) cycle.

6. Timely and Appropriate Information Disclosure
   In addition to rigorously managing confidential corporate information in an appropriate manner in line with items 1 through 5 above, the Company shall disclose information that should be externally released in a timely and appropriate manner.

April 1, 2018
Takeshi Sugiyama, President & CEO
Mitsubishi Electric Corporation
Personal information collected from customers through questionnaires, registration of purchased products, repair services, and other such means is managed based on the "Personal Information Protection Policy." On the basis of this system, Mitsubishi Electric has been granted the right to use the "PrivacyMark" under Japan’s system for certifying personal information protection systems, in recognition of its ongoing efforts to ensure proper handling of personal information.

<Personal Information Protection Policy>

Mitsubishi Electric Corporation fully complies with Japan’s laws and regulations, national policies and other rules concerning the protection of personal information.

Personal information can be defined as any information that may be used to identify an individual, including, but not limited to, a first and last name, a home or other physical address, an e-mail address or other contact information.

Mitsubishi Electric Corporation sometimes collects personal information from its customers while conducting business activities. On the Global Website, personal information is collected predominantly through the various contact/inquiry forms.

When we directly solicit personal information from you in writing, we will specify how we intend to use the information, and ask for your consent. When we collect personal information by other means, we will announce on our website how we intend to use it.

When you provide us with personal information, we use the information to respond to and confirm your inquiry, and may keep a record of the inquiry for the same purposes. In addition, to support our customer relationship, we may store and process personal information and share it with our worldwide subsidiaries and affiliates to better understand your needs and how we can improve our products and services.

At times Mitsubishi Electric Corporation may conduct online surveys to better understand the needs and profile of our visitors. When we conduct a survey, we will do our utmost to let you know how we will use the information collected from you. Our site may provide contests, sweepstakes or other promotions that may ask you to enter your personal information. We will use the information you provide for the purpose of conducting the promotion, like providing customer support or contacting you if you’re a winner.

Mitsubishi Electric Corporation does not use or disclose information gathered from individual visits to the Site or information that you may give us to any third parties for intention to sell, rent or otherwise market your personal information. We may at times employ a third party service providers to perform or assist us on the on-line surveys, contests, sweepstakes or other promotions. For example, administering the survey or promotion, compiling the data or providing customer support. These parties will have signed a Non-Disclosure Agreement prior to any services we initiate with them. They will not disclose any personal information they receive from you and will only use it in order to initiate and or continue the services they are providing for us.

You have the option not to provide personal information to Mitsubishi Electric Corporation. If you choose not to provide the personal information we request, you can still visit most of the Site, but you may be unable to access certain options, offers and services that involve our interaction with you.

April 1, 2018
Takeshi Sugiyama, President & CEO
Mitsubishi Electric Corporation
Framework and Guidelines

In April 2020, a new “Corporate Information Security Division” was established under the direct control of the president, to oversee all the Group’s information security management. It has integrated three functions that were previously separate: management of confidential corporate information and personal data protection, information system security, and product security.

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

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

Business groups and offices (offices, branches, works [production plants]) issue instructions and guidance on information security to affiliates in and outside Japan. Paying special attention to the circumstances and special characteristics of overseas affiliates, the Corporate Information Security Division places overseas regional representative managers at sites in the Americas, Europe, China, and other Asian countries and coordinates with them to ensure information security.

Global Activities

To maintain and improve the information security level of the Mitsubishi Electric Group as a whole, including overseas affiliates, various inspections are conducted as appropriate for each information security system, as prescribed in the Guidelines to Information Security Management Rules for Affiliated Companies.
Management Principles

The Mitsubishi Electric Group practices confidential corporate information management and personal information protection utilizing a continuous improvement approach implemented using the Plan, Do, Check, Act (PDCA) cycle, and employs four security measures to ensure proper management and protection of confidential corporate information and personal information from the organizational, human, physical, and technological perspectives.

Information Security Regulations and Guidelines

Committed to living up to its Declaration of Confidential Corporate Information Security Management and Personal Information Protection Policy, Mitsubishi Electric Corporation has established information security regulations and guidelines alongside the four security measures, and reviews them as necessary to stay in compliance with current laws. In addition, we have similar rules for personal information protection and affiliates.

<table>
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<th>Item</th>
<th>Basic regulations</th>
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<tr>
<td>Security measures</td>
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Information Security Inspections

The Mitsubishi Electric Group performs the following inspections as part of the C (Check) stage of the PDCA cycle at head office management departments, business groups and offices, and affiliates. These inspections focus on checking whether confidential corporate information management and personal information protection activities are being implemented properly by the Mitsubishi Electric Group as a whole, and on confirming the status of those activities. The Group reviews measures based the results, and this leads to the A (Act) stage of the PDCA cycle.

These inspections are set down in the Confidential Corporate Information Management Regulations, which cover Mitsubishi Electric Corporation, and in the Guidelines for Information Security Management Regulations, which cover affiliates in and outside Japan.
### Inspections related to information security

<table>
<thead>
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<th>Item</th>
<th>Content</th>
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<tr>
<td><strong>Self-check</strong></td>
<td>Self-check program for confidential corporate information management and personal information protection</td>
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<tr>
<td></td>
<td>Using a checklist, each Mitsubishi Electric Group company performs a self-inspection of its activities for information security.</td>
</tr>
<tr>
<td><strong>Third-party check</strong></td>
<td>Third-party check program for confidential corporate information management and personal information protection</td>
</tr>
<tr>
<td></td>
<td>Mitsubishi Electric’s business sites mutually check each other’s status of information security management. Mitsubishi Electric checks the status of information security at affiliated companies.</td>
</tr>
<tr>
<td></td>
<td>Personal information protection audits (Personal information protection management system audits)</td>
</tr>
<tr>
<td></td>
<td>At Mitsubishi Electric, the status of personal information protection is internally audited under the supervision of the Audit Manager for Personal Information Protection, who is appointed by the President &amp; CEO of Mitsubishi Electric. In affiliated companies in Japan that have been granted the right to use the “PrivacyMark,” the same internal audit is conducted by the audit manager at each company.</td>
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### Various Measures

#### Information Security Education

Mitsubishi Electric provides the following education programs to foster a corporate culture that enforces the proper handling of confidential corporate information and personal information.

**Education for all employees**

An e-learning program on information security is offered once a year to all of the Company’s roughly 50,000 employees, to disseminate thorough knowledge of various issues on information security, including Mitsubishi Electric’s policies, the status of information leakage incidents, laws and regulations on the protection of personal information, the Unfair Competition Prevention Act, and security measures (human, physical, technological, and organizational) to be taken by all employees. In addition, we are providing training materials for employees as necessary in response to the rapid increase in telework and to business environment and business models changes based on the growing use of cloud services.

**Exercises to practice handling spoofed e-mails**

As a measure against cyber-attacks, Mitsubishi Electric regularly conduct exercises that allow all employees, including officers, to verify that they know how to handle spoofed e-mails. Employees of affiliates in Japan can participate in this exercise. At overseas affiliates in the Americas, Europe, and China, practice exercises are conducted according to local circumstances under the direction of regional representative managers.

**Other individual training**

Employees posted overseas are provided with a preliminary education program, which covers risks in confidential corporate information management and personal information protection outside Japan and examples of information leakage incidents that have occurred overseas.

**Education corresponding to each career stage**

Education on confidential corporate information management and personal information protection is provided to new employees, employees in their twenties and thirties, and newly appointed section managers, so that they may fulfill the roles that are expected of them at each career stage.
Contractor Management

Confidential corporate information and personal information are entrusted to a contractor only after a proper non-disclosure agreement is concluded between Mitsubishi Electric and the contractor. The agreement stipulates all the security matters that we require. To ensure that confidential corporate information and personal information entrusted to a contractor will be handled with appropriate control, before entrusting the information to the contractor, we confirm that the contractor will maintain the proper level of protection. After submitting the information, we supervise the contractor by regularly examining a status report on the use and management of the information that we have submitted. Moreover, the agreement includes a special clause that provides for the protection of the personal information that we have submitted.

Cyber-Attack Countermeasures

Cyber-attacks have become a major threat for businesses. As they are growing increasingly sophisticated and diverse year-by-year, it is becoming difficult to prevent them. The Mitsubishi Electric Group deploys cyber-attack countermeasures through a multilayered defense consisting of a number of different defense measures stacked on top of each other. Furthermore, there are cyber-attacks that cannot be prevented entirely with a multilayered defense alone. Accordingly, we monitor cyber-attacks and have put in place a system to respond immediately should a case occur, in an effort to prevent or minimize damage.

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

<Potential for leaks of personal data and confidential corporate information due to unauthorized system access>

We sincerely apologize for any inconvenience and/or concern experienced by our customers and society as a result of the potential data leak incident caused by unauthorized system access, as reported in January 2020.

On June 28, 2019, after detecting and investigating suspicious activity involving computer terminals at Mitsubishi Electric, it was determined that data had been taken through unauthorized system access by a third party. The investigation took some time because it was a sophisticated attack that bypassed monitoring and detection measures, and the logs that would have identified the affected files were deleted by the hacker on some terminals. The finding was that personal data and confidential corporate information may have been leaked externally.

The Mitsubishi Electric Group deeply regrets not being able to prevent such a situation, and reaffirms that cyber security is an important management issue as stated in the Cyber Security Management Guidelines of the Ministry of Economy, Trade and Industry of Japan. Going forward, we will deploy stronger and more nimble information security measures globally. The Group has established the Corporate Information Security Division, which is a unified organization under the direct control of the president, in order to continually ascertain and manage risks and prevention measures within the Group. We continue to work on information security measures to prevent any such incident from reoccurring. The Group also shares its knowledge to help society as a whole counter today’s increasingly sophisticated and diversified cyber-attacks.

- Feb 12, 2020  🔄 Potential for leaks of personal data and confidential corporate information due to unauthorized system access <third report> (In Japanese text)
- Feb 10, 2020  🔄 Potential for leaks of personal data and confidential corporate information due to unauthorized system access <second report> (In Japanese text)
- Jan 20, 2020  🔄 Potential for leaks of personal data and confidential corporate information due to unauthorized system access <first report> (In Japanese text)
Activities for Personal Information Protection

Personal Information Protection

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

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

Proper handling of personal information

Mitsubishi Electric handles personal information appropriately; we acquire it by specifying purpose of use, use it only within the intended scope, and provide it to a third party only with prior consent from users.

<Guidance from the Personal Information Protection Commission>

In August 2019, there was an incident where personal information was not properly handled during recruitment activities, and in December 2019, guidance was received from the Personal Information Protection Commission. We deeply regret this incident and will strive to always acquire personal information appropriately.

• Dec 5, 2019  Guidance from the Personal Information Protection Commission (In Japanese text)

Response to the EU General Data Protection Regulation (GDPR)

The Mitsubishi Electric Group handles personal data from the EU in an appropriate manner with due consideration to the General Data Protection Regulation (GDPR), which was put into force in the EU in May 2018 as a framework to protect privacy. In addition, cross-border transfer of personal data is now also being regulated outside Europe, and the Group is taking appropriate measures.
Research and Development

Basic Policy on Research and Development

As the cornerstone of its growth strategy, the Mitsubishi Electric Group will promote short-, medium-, and long-term R&D themes in a balanced manner.

In addition to promoting research and development toward strengthening current businesses and achieving innovation, and continuous development of common basic technologies, the Company is striving to evolve technology and business synergies to provide integrated solutions that will solve increasingly diverse social issues, while also working to realize sustainable growth through the development of future technologies.

Furthermore, the Company will promote enhancement of efficiency of development and creation of new value, through proactive utilization of open innovation in collaboration with universities and other external R&D institutions.

During fiscal 2020, the total R&D expenses for the entire Group have amounted to 206.8 billion yen (3% decrease compared to the previous fiscal year). Representative achievements are as follows.

**Development of New Technology Controls In-Building Mobilities and Facilities, Supported with Building Dynamic Maps**

In recent years, with the aim of improving added value of buildings, studies have been underway to reduce the workloads of building-management personnel through the use of in-building mobile robots for cleaning, security, deliveries, and guidance, as well as to realize safe and secure movement within buildings by users of personal mobility devices, including next-generation electric wheelchairs.

The Company has developed a technology for controlling in-building mobile robots as well as personal mobility devices, using building dynamic maps to achieve cooperative interaction between the robots, etc. and building facilities, such as elevators and access control systems. In addition, the Company has built systems that work with animated lighting guidance systems.

This supports the safe, efficient movement of people and in-Building Mobilities in buildings, thereby reducing the workloads of building-management personnel and realizing smart buildings in which people and robots coexist safely.

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**Development of Compact AI Knowledge Representation and Reasoning Solution for Human-Machine Interfaces**

Devices with complex features, such as home appliances and car navigation systems, require humans to understand how they operate and devise controls. However, in recent years, AI that supports operation of such devices by using big data on the cloud has become widespread. On the other hand, there is a growing need to complete information processing on stand-alone devices without communication with external devices, in order to enhance response speed.

The Company has developed the Compact AI Knowledge Representation and Reasoning Solution for HMI (human-machine interfaces) based on its proprietary AI technology “Maisart*,” which enables devices to understand vague user commands through the reasoning of missing information, according to the situation.

It achieves this by means of a “knowledge graph” which integrates user information, device specification and functionality and external information, and will allow responsive and easy-to-use human-machine interfaces to be embedded in stand-alone consumer products such as home appliances and car navigation systems.

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* A new three-dimensional map for buildings that shows the status of building facilities (e.g. elevators and access control systems), location of mobility devices and passable route
* The animated lighting guidance system “Terasu Guide” (released April 2020) that allows facility users to intuitively understand guidance and warning with lighting animations projected on the floor
* Buildings in which advanced IoT is deployed to energy-saving and labor-saving work environments through the building

Example: Animated lighting indicates movements of the service robot

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*1 A new three-dimensional map for buildings that shows the status of building facilities (e.g. elevators and access control systems), location of mobility devices and passable route
*2 The animated lighting guidance system “Terasu Guide” (released April 2020) that allows facility users to intuitively understand guidance and warning with lighting animations projected on the floor
*3 Buildings in which advanced IoT is deployed to energy-saving and labor-saving work environments through the building

For labor-saving building management and smart buildings where people and robots coexist safely

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*2 The animated lighting guidance system “Terasu Guide” (released April 2020) that allows facility users to intuitively understand guidance and warning with lighting animations projected on the floor

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Example: The TV’s AI integrates necessary information according to the situation and understands ambiguous commands.

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* Mitsubishi Electric’s AI creates the State-of-the-ART in technology Mitsubishi Electric’s AI technology brand aimed at making every device smarter

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The device understands ambiguous commands from people for quick operations.

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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.

Structure of the Intellectual Property Division

The IP divisions of the Mitsubishi Electric Group include the Head Office IP Division, which is the direct responsibility of the president, and the IP divisions at the Works, R&D centers, and affiliated companies. The activities of each IP division are carried out under the executive officer in charge of IP at each location. The Head Office IP Division formulates strategies for the entire Group, promotes critical projects, coordinates interaction with external agencies including patent offices, and is in charge of IP public relations activities. At the Works, R&D center, and affiliated company level, IP divisions promote individual strategies in line with the Group’s overall IP strategies. Through mutual collaboration, these divisions work to link and fuse their activities in an effort to develop more effective initiatives.

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, we strive to create a robust global patent network.

As an indication of the Mitsubishi Electric Group’s IP capability and global IP activities, the company ranked No.2 in Japan in terms of the number of patent registrations (in 2019) announced by the Japan Patent Office (JPO), and No.2 in the world in terms of Patent Cooperation Treaty (PCT) applications by businesses (in 2019) announced by the World Intellectual Property Organization (WIPO).

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

(Top 5) PCT applicants: businesses, 2019 (WIPO, PCT Yearly Review)

<table>
<thead>
<tr>
<th>Rank</th>
<th>Applicant</th>
<th>Country</th>
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(WIPO)

Number of patent registrations in 2019 (Japan)

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<th>Applicant</th>
<th>No. of patents</th>
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<tr>
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<td>Panasonic</td>
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</table>

(JPO)
IP Strategy for International Standardization

In order to expand business in global markets, the Mitsubishi Electric Group is actively promoting international standardization. Activities to acquire patents that support international standards (e.g., standard essential patents) are openly promoted. As the member of an organization in which patent pools for Digital Broadcasting, MPEG, HEVC, DVD, Blu-ray Disc™ and Mobile communications collectively control standard essential patents, the IP revenues obtained through the organization are contributing to improvement and growth in business earnings. The Group is also working to increase activities for acquiring patents in competitive fields involving international standards, and promoting IP activities that contribute to increasing product competitiveness and expanding market share. In the field of 5G mobile communication systems, which are expected to proliferate in the future, we are not only involved in activities to acquire standard-essential patents, but also leveraging our technologies to promote IP activities that make our products even better.

* Blu-ray Disc™ is a trademark of the Blu-ray Disc Association

Respecting IP Rights

The Mitsubishi Electric Group firmly recognizes the importance of mutually acknowledging and respecting not only its own intellectual property rights but 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 impairments include being obliged to pay significant licensing fees or being forced to discontinue the manufacture of a certain product.

In order to prevent any infringement on the IP rights of others, various educational measures are provided mainly to engineers and IP officers, to raise employee awareness and promote greater respect for the IP rights of others. At the same time, a set of rules has been put in place to ensure that a survey of the patent rights of others 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.

Cooperation in IP Policies

IP policies—such as those for prompt and efficient patent examination, international standardization activities, measures against counterfeit and pirated goods, and the establishment of a global patent system—encourage fair competition and contribute to building affluent lifestyles and society.

Based on this awareness, Mitsubishi Electric makes various proposals regarding IP policies and amendments of relevant laws from the industrial perspective, through its activities with institutions such as the Intellectual Property Strategy Headquarters and other governmental agencies of the Patent Office, and industrial organizations such as the Keidanren and the Japan Intellectual Property Association. Given today's advances in economic globalization, Mitsubishi Electric thus engages in active exchanges of views and information with the World Intellectual Property Organization (WIPO) and patent offices abroad, and cooperates in establishing IP policies from a broad, global perspective.
Communication with Shareholders and Investors

Basic Policy

The Mitsubishi Electric Group enthusiastically engages in IR activities to gain the understanding and trust of its shareholders and investors, and makes it a point to disclose the appropriate information in a timely manner, in regard to management policies, strategies, and financial results. We also make every effort to incorporate into our management plans and practices the views of our shareholders and investors and the results of dialogue with them.

Communication with Shareholders and Investors

Mitsubishi Electric holds a General Meeting of Shareholders in late June every year. By issuing the convocation notice for this meeting in early June and publishing the notice on our homepage one week before it is issued, we ensure that there is sufficient time for all shareholders to examine the items on the agenda. In addition, we are establishing an environment that enables shareholders to exercise their voting rights on the Internet.

Mitsubishi Electric regards shareholders meetings as precious opportunities for direct communication with our shareholders. To explain our business strategies, results and other important matters, we employ visual presentations that make abundant use of photographs, charts and the like in PowerPoint slides. In addition to making our explanations easier for our shareholders to comprehend, we also aim to stimulate sincere and constructive dialogue by providing detailed answers to questions that our shareholder pose.

Together with this, we also hold product exhibitions, which provide an opportunity for our shareholders to understand the Mitsubishi Electric Group’s business activities.

And furthermore, at the beginning of December every year, we send a “Shareholder Communique (Midterm Report, written in Japanese)” to all of our shareholders. The Shareholder Communique provides an overview of the second quarter cumulative period and looks at future initiatives. This report is another example of how we strive to deepen our shareholders’ understanding of the Mitsubishi Electric Group.

Major IR Activities in Fiscal 2020

In addition to holding presentations concerning corporate strategies and financial results for institutional investors and analysts and organizing individual meetings with them, we held “Environmental Sustainability Vision 2050” where we explained our vision from a long-term perspective. In addition, we held factory tours and hosted various exhibitions. Also held were company presentation meetings for individual investors.

Investor Relations website

Shareholder Communique (In Japanese text)

Presentations on corporate strategy