

Corporate Governance

Basic Views on Corporate Governance

As a part of our initiatives to strengthen our business foundation to enable sustainable growth, the Mitsubishi Electric Group recognizes the importance of corporate governance as a fundamental precondition for our continued existence. The Group's fundamental policy is to further enhance its corporate value by constructing, maintaining, and sustainably strengthening a corporate governance system that more accurately meets the expectations of society, our customers, shareholders, employees, and all other stakeholders.

As a company with a three-committee system, Mitsubishi Electric segregates the supervisory and executive functions; the Board of Directors plays a supervisory decision-making role, and the Executive Officers handle the day-to-day running of the Company. This system maintains the flexibility of its operations and promotes management transparency, leading to swift and decisive management decision-making. Through this system, the Company aims to promote sustainable growth in corporate value and shareholders' value. To this end, the Company recognizes the importance of a highly independent Board of Directors adequately fulfilling its roles and responsibilities in corporate governance as a supervisory function.

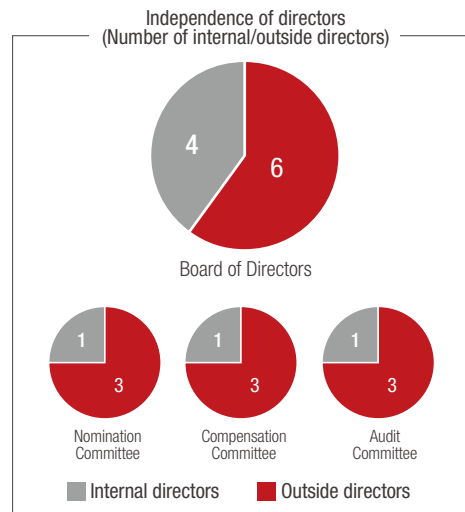
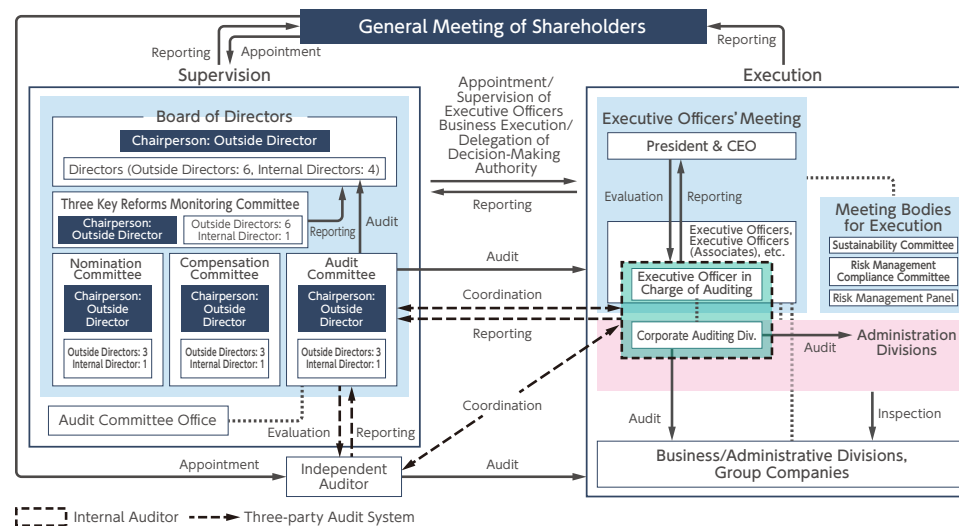
The Board of Directors formulates and publishes [Mitsubishi Electric Corporation Corporate Governance Guidelines](#) based on the views outlined above. The purpose of the Guidelines is to promote a clear understanding of the fundamental approach and framework of corporate governance and to build long-lasting, mutually trusting relationships through constructive dialogue with shareholders. The Board will inspect and review the Guidelines on an ongoing basis to ensure that the basic policy is effectively implemented and enhance our corporate governance practices.

Corporate Governance Framework

To promote the segregation of supervisory and executive functions, the Mitsubishi Electric's Board of Directors is dedicated to supervising management with specific details of deliberations stipulated as the Board of Directors' deliberation criteria. By delegating to the Executive Officers, the authority to make all business execution decisions within the limits permitted by the Companies Act, the Company ensures swift and decisive decision-making and appropriate risk-taking in business execution.

Both the Board of Directors and the three statutory committees are chaired by independent outside directors, and a majority of their members are independent outside directors as well, thereby improving the effectiveness of the supervisory function. In addition, the Executive Officers' Meeting has been established as a voluntary body to deliberate and make decisions on important business matters from the perspective of pursuing synergy and multifaceted risk management, in addition to sharing information among Executive Officers.

Corporate governance framework



Board of Directors

Because the Board of Directors is dedicated to supervising management, the Board is able to fully discuss critical decisions that form the foundation of management, such as the Group's basic management policies (Purpose, Our Values, Commitment, Management Policy, and Corporate Strategy) and the Group's key agenda items set by the Board. From July 2024 to June 2025, the key agenda items include company-wide management strategy, sustainability management, human capital strategy, information system strategy (operational DX), digital strategy (business DX), technology development strategy, etc. The Board of Directors sufficiently discusses matters based on reports on the status of execution, and monitors as needed whether initiatives are being addressed in line with the basic policies and Corporate Strategy, and strives to improve corporate value sustainably over the medium- to long-term. The Board also strives to support swift and decisive decision-making and to appropriately evaluate business execution so that Executive Officers are encouraged to take appropriate risks.

Activities of the Board of Directors (Fiscal 2024)

In fiscal 2024, the Company held Board of Directors meetings 14 times (including three special meetings). Each regular meeting took about three hours. The main content of each discussion is as follows. In addition to the regular meetings, other meetings are held to exchange opinions among independent outside directors and with employees.

Agenda	Discussion content	Time Allocated
Key agenda items	In order to promote the medium- and long-term sustainable improvement of the corporate value of the Mitsubishi Electric Group, we established and discussed key agenda items for the Group (business portfolio strategy, sustainability management, human capital strategy, ECM*1/SCM*2 strategy, digital strategy [business DX], and information system strategy [operational DX], etc. from July 2023 to June 2024). The Three Key Reforms Monitoring Committee, established under the Board of Directors, continuously supervised the progress and effectiveness of the three key reforms (quality assurance, organizational culture, and governance), which were aimed at restoring trust in the Company in response to a series of improper quality control practices that had been identified since June 2021.	Approx. 27%
Statutory resolution items	Matters required by the Companies Act, including basic policies of management, matters necessary for the execution of duties by the Audit Committee, the establishment of systems necessary to ensure the legality of duties executed by the Executive Officers and the properness of other corporate operations, the business report and its supplementary schedules, the financial statements, and their supplementary schedule, the consolidated financial statements, dividends of surplus, convocation of the General Meeting of Shareholders and appointment of Executive Officers	Approx. 13%
Execution status report	Received reports from Executive Officers on the progress and results of business operations etc., and held sufficient discussions	Approx. 37%
Other	Financial results, schedule of Board of Directors' meetings, evaluation of effectiveness of the Board of Directors, reports on status of holding cross-shareholdings, reports on interviews with investors, etc.	Approx. 23%

*1 Engineering chain management

*2 Supply chain management

Specific Initiative to Enhance Discussions of the Board of Directors

Mitsubishi Electric provides preliminary briefings and explanatory videos for independent outside directors to deepen their understanding of the agenda for meetings of the Board of Directors and to stimulate discussion on the day of each meeting. Independent outside directors also continue to visit Works in order to deepen their understanding of Mitsubishi Electric's business. In fiscal 2024, outside directors visited the Information Technology R&D Center, the Kobe Works, and the Energy Systems Center to tour the sites and exchange opinions with employees.

Information Gathering by the Directors

Mitsubishi Electric establishes the bureaus for the Board of Directors and the three statutory committees responsible for communication and coordination with the Directors including independent outside directors and Executive Officers (management). The Directors will request information necessary to supervise management from the bureaus and related departments, and the bureaus and departments in charge will provide such information in a timely and appropriate manner. The independent outside directors will actively seek a wide range of necessary information, not only from the Executive Officers and the bureaus, but also through direct dialogue with other employees. The Board of Directors will conduct regular reviews to ensure that information is provided appropriately, giving particular attention to the opinions of independent outside directors.

Evaluation of Effectiveness of the Board of Directors

In order to continue the evaluation of the effectiveness of the Board of Directors' composition and operations and pursue sustainable improvements in the monitoring board functions, the Board of Directors conducts an annual third-party evaluation of the effectiveness of the Board of Directors, and discusses the issues identified and initiatives for improvement.

As a part of fiscal 2024 initiatives, the Company requested Board Advisors, Inc., a third-party organization, to assess the effectiveness of the Board of Directors of the Company from July to September 2023. The assessment results were delivered at the Board of Directors meeting held at the end of September 2023, along with suggestions for how to address issues that need improvement.

Based on these results of evaluations and suggestions, the Board of Directors discussed measures to enhance its effectiveness in the second half of fiscal 2024 and reflected the results in its operation in fiscal 2025. Going forward, the Board of Directors will improve its operations and further strengthen its management monitoring functions based on external perspectives.

Assessment Methods/Processes by the Third-party Organization

Assessment methods	<ul style="list-style-type: none"> (1) Review the minutes of the Board of Directors meetings and other documents (2) Questionnaire survey of all directors*¹ (3) Interviews with all directors*² (4) Evaluation based on the expertise of the third-party organization
Target items of assessment	<ul style="list-style-type: none"> (1) Overall assessment (2) Composition of the Board of Directors (3) Support system of the Board of Directors (4) Agenda for meetings of the Board of Directors (5) Status of deliberations at meetings of the Board of Directors (6) Contribution of directors (7) Activities of the three statutory committees (8) Monitoring system for business execution

*1 Excluding three newly appointed directors

*2 Excluding three retired directors

Fiscal 2024 Summary of the Assessment Results on the Board of Directors' Effectiveness

The effectiveness of the Board of Directors has generally been ensured. Progress has also generally been made on the issues cited in the evaluation of the effectiveness of the Board of Directors in fiscal 2023.

Strengths underpinning the Board of Directors' effectiveness	<ul style="list-style-type: none"> (1) Commitment to continued reforms (2) Enhancement of the composition of the Board of Directors (3) Elevation of the discussions at Board of Directors meetings
Priority issues for improving effectiveness in the future	<ul style="list-style-type: none"> (1) Further enhancement of monitoring (2) Strengthening Group governance (3) Strengthening Board of Directors and committees agendas <p>Based on these findings, Mitsubishi Electric will set an annual agenda for the Board of Directors based on full discussion that allows indepth examination of growth strategy and is working to further improve the Board of Directors' discussions to take account of the Group perspective and the complete picture of its business.</p>

Nomination Committee

The Nomination Committee has authority over the appointment and dismissal of Directors and the decision on proposals regarding the appointment and dismissal of the President & CEO to be submitted to the Board of Directors. The Committee is also responsible for leading the succession planning of independent outside directors, discussing the personnel requirements for the President & CEO and the content and operational status of succession planning (the appointment and training of candidates), and reporting back to the Board of Directors.

Under this authority and role, the Nomination Committee recognizes the value of diverse perspectives, such as gender, internationality, work experience, and age, in fostering business development. As such, the Committee has established criteria for selecting Directors that prioritize a balanced mix of knowledge, experience, and abilities for the Board as a whole. Candidates are carefully chosen in accordance with these criteria.

Proposals regarding the appointment of the candidates for Directors and dismissal of Directors submitted to the General Meeting of Shareholders are comprehensively judged and decided by the Nomination Committee, and the appointment and dismissal of the Executive Officer by the Board of Directors.

The Nomination Committee is chaired by an independent outside director, and a majority of the members are also independent outside directors to ensure sufficient independence and objectivity.

Activities of Nomination Committee (Fiscal 2024)

Based on the objectives and authority of the Companies Act, the Nomination Committee determined the candidates for Directors to be submitted to the General Meeting of Shareholders. In addition, in order to ensure objectivity and transparency in the selection and dismissal of the President and CEO, the committee also has made decisions regarding proposals to be submitted to the Board of Directors regarding the selection and dismissal of the President and CEO. The committee also led the succession of Independent Outside Directors, discussed personnel requirements for the President and CEO and the contents and status of operation of succession planning (appointment and training of successor candidates), and submitted its recommendations to the Board of Directors.

The Company held nine Nomination Committee meetings during the fiscal 2024. Each meeting took about 40 minutes.

Audit Committee

The Audit Committee is chaired by an independent outside director and the full-time internal audit committee members also assist the Audit Committee's ability to collect information.

Audit Committee members recognize that they owe fiduciary duty to shareholders, which includes contributing to sustainable growth and enhancing corporate value. To achieve this, the Committee will not limit itself to conducting defensive audits, such as operational and accounting audits. Rather, for enhanced information sharing, it will also attend important meetings such as the Executive Officers' Meeting and Risk Management Compliance Committee, hold meetings with senior management as appropriate, and assess the management policy and the progress of business execution in each division and base. This will help investigate any potential management issues and risks from the perspectives of legality, appropriateness, and efficiency. When conducting such investigations, the Audit Committee will properly confirm the development and operation status of the internal control system and provide its opinions, in collaboration with the internal auditors for internal audits and the external accounting auditors for external audits.

The Audit Committee is chaired by an independent outside director, and a majority of the members are also independent outside directors to ensure sufficient independence and objectivity.

Activities of Audit Committee (Fiscal 2024)

The Audit Committee members—mainly those responsible for investigation (full-time Audit Committee members)—attended the Executive Officers' Meeting and other such important conferences, and conducted investigations such as interviews with Executive Officers and Executive Officers (Associate), as well as visits of the Company's offices and subsidiaries and interviews with executive staff thereof in accordance with the policies and assignments agreed upon the Committee.

The Audit Committee members received internal audit reports and monthly reports from the Corporate Auditing Division. At Audit Committee meetings, members also received reports on internal audit policies for the fiscal year and the results of semiannual internal audits, and provided their opinions as necessary.

The Audit Committee members received reports from the Corporate Legal & Risk Management Group and other departments in charge of internal control. Reports included the building of an internal control system with emphasis on predictive indicators and prevention, the formulation and operation of a compliance program, and the development and operation of an internal whistle-blowing system. The committee members provided their opinions as necessary.

In addition, the Audit Committee members discussed policies and methods of auditing with Independent Auditors, who furnish them with quarterly reports on the implementation status of reviews, including responses to audit risks, and explanations of their quality management system and independence, and exchanged opinions with them.

The Company held 14 Audit Committee meetings during the fiscal 2024. Each meeting took about an hour and a half.

Compensation Committee

The Compensation Committee has the authority to determine the policies for determining compensation for Directors, Executive Officers, etc.; the details of compensation for individual Directors and Executive Officers; and the Company-wide performance evaluations and individual assessment of compensation, etc., related to the incentive compensation of Executive Officers.

Under this authority and role, the Compensation Committee deliberates on matters relating to compensation, giving due consideration to the diversity and skills perspective. In addition, the compensation system for Executive Officers was reviewed in fiscal 2023, and discussions are held on how to ensure that the system is fully operational.

The compensation scheme for Directors and the compensation scheme for the Executive Officers are set differently, corresponding to the contents and responsibilities of each duty and position. The compensation is determined based on the basic policies set by the Compensation Committee. Please refer to "[Compensation for Directors and Executive Officers](#)" for the details.

The Compensation Committee is chaired by an independent outside director, and a majority of the members are also independent outside directors to ensure sufficient independence and objectivity.

Activities of Compensation Committee (Fiscal 2024)

The Compensation Committee executed its duties based on the objectives and authority stipulated under the Companies Act. Specifically, the Committee discussed and decided on the policy regarding the determination of compensation for Directors and Executive Officers, the details of individual compensation for Directors and Executive Officers, performance evaluation regarding incentive compensation for Executive Officers, and compensation for each individual.

In addition, after confirming the operation progress of the compensation system for the Company's Executive Officers, which was revised in fiscal 2023, the Compensation Committee discussed the operation of the system in fiscal 2025. Please refer to the Annual Securities Report for the details concerning the said system.

The Company held seven Compensation Committee meetings during the fiscal 2024. Each meeting took about 30 minutes.

Criteria for Election to Board of Directors

Mitsubishi Electric recognizes the importance of ensuring the Board of Directors as a whole is competent in various areas: corporate management, corporate strategies and global affairs; sustainability; finance and accounting; legal affairs, compliance and governance; human resources and human resources development; engineering, DX and R&D; and business development and investment. Therefore, the Company has identified these as skills that should be possessed by the Board of Directors.

The outside directors, in particular, are chosen after consideration to ensure a well-balanced Board composition. For instance, the Board includes individuals with extensive experience in corporate management and in-depth knowledge of international affairs, experts in compliance and other internal controls, and specialists in accounting and tax practices. The specific skills possessed by individual Directors are disclosed through a skills matrix that describes the capabilities that the Board of Directors as a whole should possess and the status of securing such capabilities.

Independency Guideline for Outside Directors

Mitsubishi Electric has specified the independence standards for outside directors.

The 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 Independency Guideline for Outside Directors and thus possess no risk of giving rise to any conflict of interest with the general shareholders of the Company, are nominated as the outside director candidates by the Nomination Committee.

In the Independency Guideline for Outside Directors defined by the Company, the independence of candidates is more strictly judged by setting specific numerical criteria, such as the amount of transactions, etc., as well as by the standard of the Financial Instruments Exchange.

Mitsubishi Electric Corporation Independency Guideline for Outside Directors

The Company 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 who do not fall under any of the following cases, as candidates for outside directors.

Each of the following (a), (b), (d), and (e) includes a case in any fiscal year during the past three fiscal years.

- (a) 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 revenue of the Company or the counterparty
- (b) Persons who serve as business executers at a company to which the Company has borrowings that exceed 2% of the consolidated total assets
- (c) Persons who are related parties of the Company's Independent Auditor
- (d) Persons who receive more than 10 million yen of compensation from the Company as specialists or consultants
- (e) Persons who serve as Executive Officers (Directors, etc.) of an organization to which the Company offers contribution that exceeds 10 million yen and 2% of the total revenue of the organization
- (f) Persons who are the Company's major shareholders (holding more than 10% of voting rights) or who serve as their business executers
- (g) Persons who are related parties of a person or company that have material conflict of interest with the Company

Training for Directors and Executive Officers

Mitsubishi Electric recognizes the importance of Directors and Executive Officers having a thorough understanding of the business characteristics, finances, and organizational structure of each of the Company's businesses, as well as the general roles and responsibilities expected of corporate officers, and being able to supervise, advise, and make business decisions from a company-wide perspective.

Based on this recognition, training is provided on the new roles, responsibilities, and actions, etc., expected of Mitsubishi Electric's Directors and Executive Officers prior to their taking office. To continue to fulfill their roles and responsibilities as Directors and Executive Officers after their appointment, the Company provides compliance education and updated training materials for them. The Company also provides the Directors and Executive Officers with sufficient information about the characteristics and latest status of Business Areas and Business Groups to promote understanding as well as opportunities to gain an understanding of the business and listen to the voices of on-site managers and employees by visiting Works.

Succession Planning and Training of Successor Candidates

The Nomination Committee deliberates on the contents regarding the personnel requirements of the President & CEO and succession planning (appointment and training of successor candidates) based on proposals drafted by the President & CEO, monitors the status of appointment and training of successor candidates, and reports to the Board of Directors.

The personnel requirements for the President & CEO are positioned as criteria for training of successor candidates, and the Committee is promoting the succession plan under the monitoring of the Nomination Committee so that successor candidates meet these criteria.

The Nomination Committee and the Board of Directors supervise the systematic training of successor candidates by sufficiently deliberating on these matters.

Compensation for Directors and Executive Officers

Process for Determining Compensation

In order to ensure the independence of judgment and enhance the effectiveness of the roles and authority of the Compensation Committee, the Committee gathers information and receives advice from compensation consultants of an external professional organization with abundant global experience and knowledge. The Committee deliberates and makes decisions about the policies for determining compensation for Directors, Executive Officers, etc. based on such information, giving due consideration to the surrounding environment and general trends in managerial compensation.

Policy on Determining Compensation Amounts

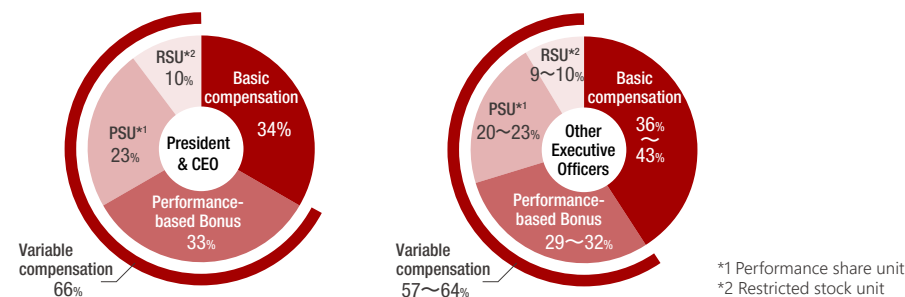
Mitsubishi Electric segregates the supervisory function and the execution function of management. The supervisory function of management is assigned to the Directors and the Board of Directors and the execution function of management is assigned to the Executive Officers. The compensation scheme for the Directors and the compensation scheme for the Executive Officers are set differently, corresponding to the contents and responsibilities of each duty and position.

	Directors	Executive Officers
Basic Policy	<ul style="list-style-type: none"> The compensation scheme should encourage the Directors to demonstrate their supervisory function of management. The compensation should be the amount necessary to secure suitable talent to fulfill responsibilities of the Company's Directors. 	<ul style="list-style-type: none"> The compensation scheme should observe the Purpose of the Mitsubishi Electric Group, and be fully accountable to all stakeholders including society, customers, shareholders, and employees. The compensation scheme should encourage the execution of duties in line with management strategies and provide strong incentives to achieve management goals. The compensation scheme should function as an incentive for sustained performance growth and the improvement of corporate value. The compensation scheme should reflect a fair and impartial evaluation of the achievements and contributions toward their respective roles and responsibilities.
The System for Determining Compensation	The compensation scheme for Directors consists exclusively of basic compensation (fixed compensation), in light of the Directors' role to provide advice and supervise management of the Company from an objective and independent perspective.	The compensation scheme for Executive Officers consists of basic compensation, performance-based bonus, performance-based stock compensation and restricted stock unit, with an emphasis on the improvement of medium-term corporate value and shareholder value.
Compensation Levels	The compensation levels and compensation ratios of Directors and Executive Officers are set each year according to their roles and responsibilities based on a comparison with market compensation levels using compensation survey data of external professional organizations. When comparing with market compensation levels, major domestic manufacturers similar to Mitsubishi Electric in terms of scale, type of business, global expansion, etc., are selected as the compensation benchmark group.	

Please refer to the Annual Securities Report for the details including Directors' fixed and variable compensation.

[Annual Securities Report](#)

Composition of standard compensation for fiscal 2024



Note: The ratio of "Basic compensation: Performance-based bonus: Stock compensation (PSU + RSU)" is "1: 1: 1" for the President & CEO, and within the range of "1: (0.67 to 0.8): (0.67 to 0.8)" for the other Executive Officers. The ratio has been set so that the higher the position of the Executive Officer, the greater the ratio of variable compensation. The weight of short-term and medium- to long-term are considered to be the same, and the ratios of performance-based bonus and stock compensation have been equally set.

Stock Ownership Guidelines

Mitsubishi Electric believes it is important to ensure that our Executive Officers share the same value with our shareholders on a long-term and sustainable basis. To this end, the Company requires its Executive Officers to continuously hold its stock during their term of office, even after the target amount has been reached.

Malus and Clawback Provisions

According to "Malus and Clawback Provisions," in the event of any material misconduct or violation by an Executive Officer, or in the event of any material revision to the financial results of prior fiscal years, the Compensation Committee may, by resolution, demand that such Executive Officer forfeit their right to receive incentive compensation (malus) or return their paid compensation (clawback). The compensation that may be subject to those provisions is performance-based bonuses to be paid or already paid, points granted before the delivery of shares and shares before the lifting of transfer restrictions, and some or all of the shares already delivered.

Sustainability Initiatives Reflected in Compensation for Directors, Executive Officers, etc.

The promotion of sustainability initiatives is one of the compensation indicators for Executive Officers, and the achievement of performance indicators in non-financial areas such as sustainability and ESG-related areas is reflected in incentive compensation.

Internal Audit

An internal audit is intended to contribute to the sound management and strengthened management structure of Mitsubishi Electric and its associated companies 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, the 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.

Relationship with the Divisions in Charge of Internal Control

Mitsubishi Electric's Corporate Management Divisions and Corporate Staff Groups, such as the Corporate Strategic Planning Division, the Corporate Accounting Division, the Corporate Legal & Licensing 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 Area or Business Group has its own compliance department, which reliably spreads company-wide compliance policies and inspects the compliance status in each Business Area or Business Group.

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

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.

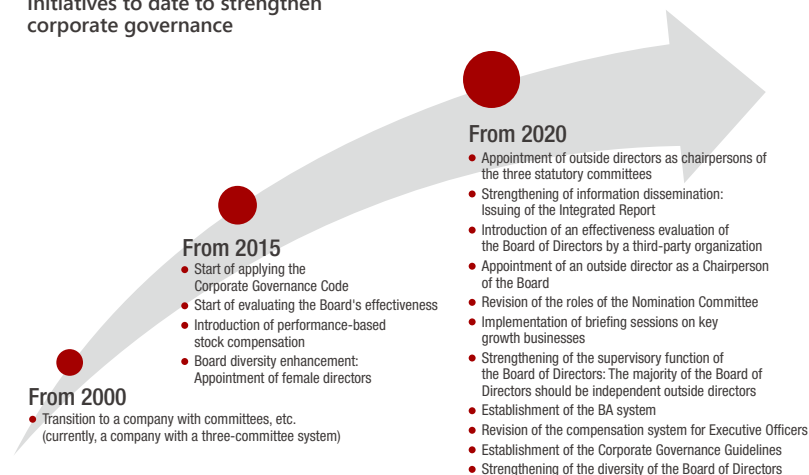
The Corporate Auditing Division also reports internal audit results to the Independent Auditors and continuously works with them, discussing the evaluation of the internal control related to financial review as needed.

Activities to Ensure the Effectiveness of Internal Audits

The Corporate Auditing Division prepares and sends an audit report to the head of the audited department after the internal audit is conducted, and instructs the head of the audited department to formulate improvement measures as necessary. In order to ensure the effectiveness of internal audits, the Corporate Auditing Division confirms the improvement measures developed by the audited department through the written responses submitted by the audited department, and conducts follow-up audits and evaluations to confirm the implementation progress as necessary.

In addition, the Corporate Auditing Division prepares a report summarizing the internal audit for the first and second half of the year as a regular report, and reports it, via the Executive Officers (Associates) in charge, to the Audit Committee, and the President & CEO twice a year.

Initiatives to date to strengthen corporate governance



Mitsubishi Electric Corporation Corporate Governance Guidelines

Mitsubishi Electric Corporation Initiatives to Comply with the Corporate Governance Code

Corporate Governance Report