

[Translation]

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## **Mitsubishi Electric Corporation**

### **Initiatives to Comply with the Corporate Governance Code**

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## General Provisions

### 1. Mitsubishi Electric Group's Basic Policies on Management

Mitsubishi Electric Group operates under the basic policies on management, which consists of “Purpose”, “Our Values”, “Commitment”, “Management Policy” and “Corporate Strategy”. Purpose, “We, the Mitsubishi Electric Group, will contribute to the realization of a vibrant and sustainable society through continuous technological innovation and ceaseless creativity,” represents the reason for our existence in society. The Group has also formulated “Our Values” and “Commitment” as a code of conduct for realizing our Purpose.

In accordance with the Purpose, the Group has set its management policy as follows: “In addition to realizing well-balanced corporate management from the three perspectives of growth, profitability/efficiency, and soundness, we will return to our fundamental principle of addressing social challenges through our businesses and position the realization of sustainability as the cornerstone of our management.”

To achieve this, through co-creation and by integrating knowledge within and outside the Group, we will transform into a “Circular Digital-Engineering” company that provides evolved, integrated solutions, thereby contributing to solving various social issues. From this approach, the Group will pursue a sustained enhancement of its corporate value and fulfill its responsibility to society, to our customers, shareholders and employees, and to all other stakeholders.

#### [Mitsubishi Electric Group's Basic Policies on Management]

Purpose	We, the Mitsubishi Electric Group, will contribute to the realization of a vibrant and sustainable society through continuous technological innovation and ceaseless creativity
Our Values	Trust, Quality, Technology, Ethics and Compliance, Humanity, Environment, and Society
Commitment	Changes for the Better “Changes for the Better” represents the Mitsubishi Electric Group's attitude to always strive to achieve something better, as we continue to change and grow. Each one of us shares a strong will and passion to continuously aim for change, reinforcing our commitment to creating an even better tomorrow.

Management Policy	In addition to realizing well-balanced corporate management from the three perspectives of growth, profitability/efficiency, and soundness, we will return to our fundamental principle of addressing social challenges through our businesses and position the realization of sustainability as the cornerstone of our management. From this approach, we will pursue a sustained enhancement of our corporate value and fulfill our responsibility to society, to our customers, shareholders and employees, and to all other stakeholders.
Corporate Strategy	Through co-creation and by integrating knowledge within and outside the Group, we will transform into a “Circular Digital-Engineering” company that provides evolved, integrated solutions, thereby contributing to solving various social issues.

## 2. Basic Views on Corporate Governance

To address sustainability at the management level and ensure long-term commitment, the Mitsubishi Electric Group has identified five areas as materiality (important challenges) to “Provide solutions to social challenges through our businesses” and to “Strengthen our business foundation to enable sustainable growth.” The Group is taking a “Trade-On (mutual benefits)” approach to realizing sustainability by implementing materiality initiatives to create business solutions for social challenges while securing its own business growth at the same time.

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.

### 3. Formulation of Corporate Governance Guidelines

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.

In regard to compliance with the Corporate Governance Code established by the Tokyo Stock Exchange (issued in June 2021), “Mitsubishi Electric Corporation Initiatives to Comply with the Corporate Governance Code” is disclosed based on the Corporate Governance Guidelines.

The Corporate Governance Report contains the Company’s corporate governance policies and information for the fiscal year, in accordance with the format prescribed by the Tokyo Stock Exchange.

Note: The principle numbers indicated at the end of sections in this document correspond to the Corporate Governance Code established by the Tokyo Stock Exchange (issued in June 2021).

## Chapter 1. Responsibilities of the Board of Directors, etc.

As a company with a three-committee system, Mitsubishi Electric will establish a structure where the Board of Directors is dedicated to supervising management. The Board will indicate the direction of the Company's management by making critical decisions that form the foundation of management, including setting basic policies on management (Purpose, Our Values, Commitment, Management Policy, and Corporate Strategy). In addition, the Board of Directors will set and discuss the "key agenda items" for the Mitsubishi Electric Group in order to promote the medium- to long-term and sustainable enhancement of our Group's corporate value. From July 2025 to June 2026, the key agenda items includes corporate medium- and long- term strategy, sustainability management, human resources strategy, digital strategy and information systems strategy, etc.

To ensure swift and decisive business execution, the Executive Officers in charge of execution are granted extensive decision-making authority, and a compensation system, etc., will be developed to provide incentives. The Board of Directors will appoint and dismiss Executive Officers and supervise compensation decisions to create an environment that supports appropriate risk-taking by Executive Officers.

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. Through this structure, the Mitsubishi Electric Group aims to enhance management transparency by supervising the Group's management and providing related advice from an independent and objective perspective. (General Principle 4 and Supplementary Principle 4.1.1)

### 1.1 Corporate Management Structure

Mitsubishi Electric has chosen to have a three-committee system in place. The Company segregates the 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. 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.

To promote the segregation of supervisory and executive functions, which is the characteristic of this system, the Company'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. (Principle 4.10)

## 1.2 Roles and Responsibilities of the Board of Directors

Mitsubishi Electric's Board of Directors will indicate the direction of the Company's management by making critical decisions that form the foundation of management, including setting basic policies on management (Purpose, Our Values, Commitment, Management Policy, and Corporate Strategy). In addition, the Board of Directors will set and discuss the "key agenda items" for the Mitsubishi Electric Group in order to promote the medium- to long-term and sustainable enhancement of our Group's corporate value. From July 2025 to June 2026, the key agenda items includes corporate medium- and long- term strategy, sustainability management, human resources strategy, digital strategy and information systems strategy, etc.

In formulating the basic management policy and corporate strategy, the Board of Directors will hold multiple meetings for discussions, taking full account of the opinions of the independent outside directors.

Based on the discussions and decisions made by the Board of Directors, the Executive Officers will formulate and implement specific management plans and make important business execution decisions with the authority delegated to them by the Board of Directors. Based on reports on the progress of the reforms, the Board of Directors will hold sufficient discussions to periodically monitor whether actions are being taken in line with the basic policy and corporate strategy. (Principle 4.1)

### (1) Medium-term Management Plan as Commitment

The Mitsubishi Electric Group recognizes that the achievement of its Medium-term Management Plan is one of our key commitments to shareholders. Based on this recognition, the Group will make its best efforts to achieve the plan's goal and conduct a review after the end of the planned period. When discussing business portfolio strategy or other matters, particularly those critical to the plan's foundation, the Group will fully respect the opinions of independent outside directors and incorporate them into the next plan's formulation of strategies.

In addition, the Group will provide shareholders and investors with information on the Medium-term Management Plan, such as the content, progress, results, and reflections, in a timely and appropriate manner through IR Day and other activities. (Supplementary Principle 4.1.2)

### (2) Basic Policy for Sustainability Initiatives

The Mitsubishi Electric Group has positioned the realization of sustainability at the cornerstone of our management based on the principle of "Provide solutions to social challenges through our businesses." To address sustainability at the management level and to promote it over the long term, we have identified five areas as materiality to "Provide solutions to social challenges through our businesses" and as part of our "Strengthen our business foundation to enable sustainable growth." The five materiality areas are: Realize a sustainable global environment; Realize a safe, secure, and comfortable society; Respect for all people; Strengthen corporate governance and compliance on a sustainable basis; and Create a sustainability-oriented corporate culture. In our initiatives for materiality, we promote continuous activities for improvement by implementing the PDCA cycle for mid- to long-term goals as well as for targets/Key Performance Indicators (KPIs).

The Board of Directors regards the statuses of sustainability initiatives as one of the "key agenda items" for the Mitsubishi Electric Group, and it holds full discussions from the perspective of risk management and profit-generating opportunities, receiving diverse opinions from independent outside directors, as well as supervising the status of initiatives by Executive Officers.

The policies and planning for the sustainability management are decided by the Sustainability Committee, which is appointed by Mitsubishi Electric's Executive Officers. The Committee is chaired by the Executive Officer (Associate) in charge of sustainability and composed of Chief Officers in charge of functional roles in the corporate division and Executive Officers from business groups, etc., and discusses the results of activities performed based on materiality, decisions on activity plans, and responses to law amendments, and promoting initiatives from a perspective that spans the entire Mitsubishi Electric Group. The outcomes on the discussions of the Sustainability Committee will also be reported at the Executive Officers' and the Board of Directors' Meetings. (Supplementary Principle 4.2.2)

### (3) Management Resource Allocation and Business Portfolio Strategy

Considering the medium to long-term corporate strategy as one of the "key agenda items", Mitsubishi Electric's Board of Directors will discuss the medium- to long-term strategy for the business portfolio and the allocation of management resources. In addition, the Board of Directors will endeavor to ensure effective supervision by receiving monthly reports from the executive functions on the progress of implementation of the management plan and holding discussions.

Similarly, the Board of Directors has positioned human resources strategy as another key agenda item and will discuss investments in human resources. The Board will supervise recruitment and development initiatives for individuals with diverse values and abilities, as well as intellectual property operations. (Supplementary Principle 4.2.2)

#### (4) Specialization of Supervisory Functions and Delegation of Authority to Make Decisions on Business Execution

Mitsubishi Electric's Board of Directors is dedicated to supervising management after stipulating specific topics as deliberation criteria for the Board of Directors. By delegating to the Executive Officers the authority to make all business execution decisions within the limits permitted by the Companies Act, it is possible to ensure swift and decisive decision-making and appropriate risk-taking in business execution.

The Board of Directors is chaired by an independent outside director, and a majority of the members are independent outside directors who provide advice and supervision to management from an independent and objective perspective. (Supplementary Principle 4.1.1) On that basis, the Board of Directors will deliberate on the management plans formulated by the Executive Officers and the status of their execution. Also, the Board of Directors aims to enhance management transparency through sufficient discussions of the key agenda items required for the medium- to long-term sustainable enhancement of the Mitsubishi Electric Group's corporate value.

In addition, to ensure that the opinions of the Board of Directors are communicated to the divisions in charge of business execution in a timely and appropriate manner, the main points of discussions of the Board of Directors are shared in Executive Officers' meetings.

Through these structural improvements, the Board of Directors strives to support swift and decisive decision-making and properly evaluate business execution. Through this, the Executive Officers are encouraged to engage in appropriate risk-taking in order to sustainably build corporate value over the medium- to long-term. (Principle 4.2)

#### (5) Development of Internal Control and Risk Management Systems

To establish an appropriate risk management system, the Board of Directors of Mitsubishi Electric will strive to maintain an appropriate internal control system, monitor internal controls through audits by internal auditors, and engage in thorough discussions on significant risks related to management supervision and execution.

At the Mitsubishi Electric Group, we incorporate risk management into our business operations, managing risks according to the size and characteristics of each business, to strengthen internal control systems with an emphasis on prevention. We manage and prioritize significant risks common to the entire Group according to their impact on the management of the Group.

We will not only address conventional risks such as large-scale disasters and social risks but also strategically explore and prepare for new risks in areas such as economic security, technological innovations including AI, and sustainability.

Each division and domestic and overseas associated company in the Group independently engages in risk management. In addition, each corporate division (division in charge of risk)



at Mitsubishi Electric Corporation supervises and assesses the Group's divisions and domestic and overseas associated companies in their respective specialized areas. The Chief Risk Management Officer (CRO) and the Corporate Legal & Risk Management Group supervise the entire Group. The Risk Management and Compliance Committee makes management decisions, and we establish cross-organizational and flexible team approaches where necessary. In this way, we have established a framework to enable more effective and strategic risk management. In particular, important matters related to management supervision and execution are deliberated upon and decided at the Board of Directors meetings and the Executive Officer meetings.

In the carbon-neutral business, the related Corporate Management Divisions and Business Groups will work together to pursue profitable opportunities by taking offensive risks while also appropriately managing defensive risks that could have negative impacts on the Group. After receiving a report on the status, the Board of Directors will have discussions and evaluations based on the opinions of the independent outside directors.

To prevent any potential conflict-of-interest transactions, the Directors are encouraged not to serve on the boards of different companies simultaneously. In addition, the Board of Directors requires that prior approval be obtained for any transactions with a potential conflict of interest. (Principle 4.3 and Supplementary Principle 4.3.4)

#### (6) Skills the Entire Board of Directors Should Possess

Mitsubishi Electric's 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.

The members of the Audit Committee are appointed for their relevant experience, skills, and financial, accounting, and legal expertise. The Nomination Committee has also appointed an individual who possesses expertise in finance and accounting, as well as an individual who has long been in charge of finance and accounting. (Principle 4.11)

#### <Views on the Board of Directors' Skills>

The Mitsubishi Electric Group will appropriately collaborate with all stakeholders, including society, customers, shareholders, and employees, and through co-creation and by integrating knowledge within and outside the Group, we will transform into a "Circular Digital-Engineering" company that provides evolved, integrated solutions, thereby contributing to solving various social issues and pursuing a sustained enhancement of our corporate value.

The Nomination Committee discusses the skills the Board of Directors should have to properly supervise the execution of corporate strategy. Mitsubishi Electric recognizes the

importance of ensuring the Board of Directors as a whole is competent in various areas of corporate management, corporate strategies and globalization, sustainability, finance and accounting, legal affairs, compliance and governance,, human resources and human resources development, engineering, DX and R&D, 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, in-depth knowledge of international affairs, with expertise in compliance and other internal controls, and as well as with extensive expertise in accounting and tax practices.

The specific skills held by individual Directors are matrixed and disclosed in the Notice of Convocation of the General Meeting of Shareholders, etc. The skill matrix explains the capabilities that the Board of Directors should have as a whole and currently possesses. The skill matrix of the current Board of Directors is provided in the attachment. (Supplementary Principle 4.11.1)

### 1.3 Appointment and Dismissal of the Directors and Executive Officers

The appointment and dismissal of the Directors are decided by the Nomination Committee, which is chaired and majority-owned by independent outside directors. As for the Executive Officers, the Board of Directors takes charge of such decisions, which are based on deliberation and consideration by the Nomination Committee. (Principle 3.1 (iv))

#### (1) Roles and Responsibilities of the Nomination Committee

As a company with a three-committee system, Mitsubishi Electric has set up the statutory Nomination Committee chaired by an independent outside director. Recognizing the importance of ensuring independence and objectivity, the majority of the Nomination Committee is composed of independent outside directors.

The Nomination Committee has authority over the decision on proposal regarding the appointment and dismissal of Directors to be submitted to the General Meeting of Shareholders 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 deliberates on matters relating to the nomination, giving due consideration to the diversity and skills perspective.

The members and attendance of the Nomination Committee and their activity results are disclosed in the Notice of Convocation of the General Meeting of Shareholders, the Corporate Governance Report, the Annual Securities Report, etc. (Supplementary Principle 4.10.1)

## (2) Policies for Appointing the Directors and Executive Officers

### (a) Policy

#### <Directors>

Each candidate for a Director position is comprehensively evaluated to determine whether they possess the character, acumen, and business and professional experience suited to supervise the Company's management. The candidates who are qualified for the position will be nominated.

To continuously improve the supervisory function to be performed by the Board of Directors, ultimately leading to an increase in corporate value, the various skills held by Directors are matrixed and disclosed in the Notice of Convocation of the General Meeting of Shareholders, etc. The skill matrix of the current Board of Directors is provided in the attachment.

#### <Executive Officers>

Each candidate for an Executive Officer position is comprehensively evaluated to determine whether they possess the character, acumen, and business and professional experience suited to execute management. The candidates who are qualified for the position will be appointed. (Principle 3.1 (iv) and Supplementary Principle 4.3.1)

### (b) Procedures

The candidates for the Board of Directors are nominated by the Nomination Committee, and those for the Executive Officers are nominated and appointed by the Board of Directors. To ensure sufficient independence and objectivity, the Company's Board of Directors and Nomination Committee will be chaired by independent outside directors, and the majority of their members will also be independent outside directors.

When dismissing the Directors and Executive Officers, the Nomination Committee and the Board of Directors will make decisions from a comprehensive perspective, respectively. (Principle 3.1 (iv))

## (3) Number of Concurrent Positions

Mitsubishi Electric's Nomination Committee comprehensively examines whether a Director candidate possesses the character, acumen, and business and professional experience suited to supervise the Company's management. The Committee also scrutinizes whether the candidate holds a reasonable number of concurrent positions and whether it is feasible for them to devote enough time and effort to the Company's business operations.

The attendance of each Board of Directors and Audit Committee member, as well as significant

concurrent positions of Directors and Executive Officers, are disclosed in the Notice of Convocation of the General Meeting of Shareholders, etc. (Supplementary Principle 4.11.2)

#### (4) Performance Evaluation of the Executive Officers

In evaluating the performance of Executive Officers, Mitsubishi Electric uses its evaluation standards, which are based on the corporate performance evaluation and the business execution status of individual Executive Officers. Based on the results of these evaluations, the Company comprehensively examines whether individual Executive Officers possess the character, acumen, and business and professional experience suited to execute management and reflects these results in human resource decisions. (Principle 4.3)

Specific performance evaluation criteria include corporate performance (consolidated net sales and consolidated operating profit margin), which are also indicators of performance-based bonus, and the business execution status of individual Executive Officers (e.g., priority measures in the Medium-term Management Plan, ESG issues, and the performance of Business Groups under an Executive Officer's responsibility). (Supplementary Principle 4.3.1)

#### (5) Appointment and Dismissal of the President & CEO

Mitsubishi Electric's Nomination Committee deliberates on matters related to the personnel requirements for the President & CEO. The Committee evaluates proposals made by the President & CEO and then provides its opinions to the Board of Directors. In addition, the Nomination Committee has authority over the decision on the proposal regarding the appointment and dismissal of the President & CEO as well as the submission of the proposal to the Board of Directors, as described in its established role and authority.

As the leader of all Executive Officers, the personnel requirements for the President & CEO as defined by the Company include the abilities and skills to develop a vision, strategy, and business concept, transform the organization, communicate effectively, and make decisions. To ensure that the successor to the President & CEO meets these requirements, the Nomination Committee will monitor the pooling and assessment of candidates and oversee the training and development plan. (Supplementary Principle 4.3.2)

The term of office of the President & CEO of the Company is one year. Each time an election for the President & CEO is held, the Nomination Committee evaluates the appropriateness of the reappointment and recommends the candidate for the next year to the Board of Directors. Besides the personnel requirements for the President & CEO, the Nomination Committee evaluates other criteria, including corporate performance (e.g., consolidated net sales and consolidated operating profit margin) and the business execution status (e.g., priority measures in the Medium-term Management Plan, and ESG issues). If the Committee determines that the President & CEO is inappropriate or unqualified, a proposal for dismissal

will be submitted to the Board of Directors. (Supplementary Principle 4.3.3)

#### (6) Succession Planning for the President & CEO

Mitsubishi Electric's Nomination Committee deliberates on the content and operational status of succession planning (the appointment and training of candidates) for the President & CEO. The Committee evaluates proposals made by the President & CEO and then provides its opinions to the Board of Directors.

Specifically, the succession plan mandates the completion of a managerial training program through its human resources development system prior to appointment as an Executive Officer. Furthermore, personnel will be rotated within the group to develop individuals who can effectively fill the required role of the President & CEO.

The Nomination Committee and the Board of Directors fully deliberate on such matters to supervise the planned development of potential successors. (Supplementary Principle 4.1.3 and Supplementary Principle 4.3.2)

### 1.4 Compensation Decisions for the Directors and Executive Officers

Compensation for the Directors and Executive Officers will be paid in accordance with their respective policies regarding decisions on executive compensation. The Directors receive only basic compensation, while the Executive Officers receive additional performance-based bonus and stock compensation as incentives on top of their basic compensation.

The policies regarding decisions on executive compensation are determined by the Compensation Committee, which is chaired by an outside director, with the majority of the members being outside directors. The Committee also determines the details of compensation for individual Directors and Executive Officers, performance evaluations related to the incentive compensation of Executive Officers, and the individual compensation of Executive Officers. (Principle 3.1 (iii) and Principle 4.2)

#### (1) Roles and Responsibilities of the Compensation Committee

As a company with a three-committee system, Mitsubishi Electric has set up the statutory Compensation Committee chaired by an independent outside director. Recognizing the importance of ensuring independence and objectivity, the majority of the Compensation Committee is composed of independent outside directors.

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, performance evaluations related to the incentive compensation of Executive Officers, and the individual compensation of Executive Officers. Under this authority and role, the Compensation Committee deliberates on matters relating to the compensation, giving due consideration to the diversity and skills perspective. In fiscal

2023 (year ending March 31, 2023), the compensation system for Executive Officers has been reviewed, and discussions will be held on how to ensure that the system is fully operational. The members and attendance of the Compensation Committee and their activity results are disclosed in the Notice of Convocation of the General Meeting of Shareholders, the Corporate Governance Report, the Annual Securities Report, etc. (Supplementary Principle 4.10.1)

## (2) Policy for Determining Compensation for Directors and Executive Officers, etc.

### (a) Policy

As a company with a three-committee system, the Company segregates the supervisory function and the execution function of management. The supervisory function of management is assigned to the Directors and the Board of Directors and the execution function of management is assigned to the Executive Officers. The compensation scheme for the Directors and the compensation scheme for the Executive Officers is set differently, corresponding to the contents and responsibilities of each duty and position. The compensation is determined by the Compensation Committee based on the following basic policies:

#### <Directors>

- 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.

#### <Executive Officers>

- The compensation scheme should observe the Purpose of the Mitsubishi Electric Group, and be fully accountable to all stakeholders.
- The compensation should be the amount necessary to secure talent to fulfill responsibilities of the Company's Directors.
- The compensation should function as an incentive for sustained performance growth and the improvement of corporate value.
- The compensation should reflect a fair and impartial evaluation of the achievements and contributions toward their respective roles and responsibilities.

In accordance with the above policies, the Directors receive only basic compensation (fixed compensation), and the Executive Officers receive variable compensation (performance-based bonus, PSU, and RSU) in addition to basic compensation (fixed compensation).

\*PSU stands for Performance Share Unit

\*RSU stands for Restricted Stock Unit

Incentive compensation for the Executive Officers is subject to the provisions relating to malus (forfeiture) and clawback (return). (Principle 3.1 (iii) and Supplementary Principle 4.2.1)

The details of compensation, etc., for the Directors and Executive Officers are disclosed in the Notice of Convocation of the General Meeting of Shareholders, the Corporate Governance Report, the Annual Securities Report, etc.

(b) Procedures

The policies for determining compensation for Directors, Executive Officers, etc. are determined by the Compensation Committee, which is chaired by an independent outside director, with the majority of the members being outside directors. The Committee also determines the details of compensation for individual Directors and Executive Officers, performance evaluations related to the incentive compensation of Executive Officers, and the individual compensation of Executive Officers. The details of activities of the Compensation Committee are reported to the Board of Directors each time an activity is performed. (Principle 3.1 (iii))

(3) Measures to Enhance the Effectiveness of Compensation Decisions

In the deliberation and determination of the policy for determining executive compensation, etc., the Mitsubishi Electric's Compensation Committee gathers information and receives advice from compensation consultants from an external professional organization with abundant global experience and knowledge, from the standpoint of ensuring independence of its judgment and enhancing the effectiveness of the roles and authority of the Compensation Committee. The Compensation Committee conducts deliberation and determination based on such information as well as due consideration of the environment and general trends surrounding the compensation for management.

The Company will introduce "Malus and Clawback Provisions" so that, 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. (Principle 3.1 (iii) and Principle 4.2)

1.5 Audit and Supervision of Business Execution

Mitsubishi Electric's Audit Committee recognizes that it has a fiduciary duty to shareholders, which include contributing to sustainable growth and enhancing corporate value. In light of this recognition, the Committee will not limit itself to conducting defensive audits, such as operational and accounting audits, but rather investigate any potential management issues and risks from the perspectives of legality, appropriateness, and efficiency.

To ensure sufficient independence and objectivity, the Audit Committee will be chaired by independent outside directors, and the majority of their members will also be independent outside directors. (Principle 4.4)

#### (1) Roles and Responsibilities of the Audit Committee

As a company with a three-committee system, Mitsubishi Electric has set up the statutory Audit Committee chaired by an independent outside director. The full-time internal audit committee members also assist the Audit Committee in collecting information.

The Audit Committee members recognize that they owe fiduciary duties to shareholders, which include contributing to sustainable growth and enhancing corporate value. Considering this recognition, the Committee will, with the assistance of the full-time internal audit committee members, monitor each measure by sharing information with the divisions responsible for execution. This will help investigate any potential management issues and risks from the perspectives of legality, appropriateness, and efficiency. 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 Executive Officers' meetings 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.

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 the internal audits and the outside accounting auditors for external audits.

The members and attendance of each Committee and their activity results are disclosed in the Notice of Convocation of the General Meeting of Shareholders, the Corporate Governance Report, the Annual Securities Report, etc. (Principle 4.4 and Supplementary Principle 4.4.1)

#### (2) Qualifications Required for Audit Committee Members

The Nomination Committee appoints the members of the Audit Committee based on their relevant experience, skills, and financial, accounting, and legal expertise. The Nomination Committee has also appointed an individual who possesses expertise in finance and accounting as well as an individual who has long been in charge of finance and accounting within the Company. (Principle 4.11)

#### (3) Measures to Enhance the Effectiveness of Audit

To ensure sufficient independence and objectivity, the Audit Committee will be chaired by independent outside directors, and the majority of their members will also be independent



outside directors. The full-time internal audit committee members also assist the Audit Committee in collecting information.

The members of the Audit Committee attend important meetings, such as Executive Officers' meetings and Risk Management Compliance Committee, hold meetings with senior management as appropriate, while promoting cooperation among the Audit Committee members and the collection of necessary information to properly understand the management policy and the progress of business execution in each division and base. When conducting such investigations, the Audit Committee will properly cooperate with the internal auditors and the outside accounting auditors for external audits. (Principle 4.4 and Supplementary Principle 4.4.1)

#### 1.6 Fiduciary Duty of the Directors

Mitsubishi Electric's Directors and Executive Officers recognize their fiduciary duty as individuals responsible for the sustained enhancement of corporate value.

Top management, mainly the CEO and CFO, will engage in dialogue with shareholders and investors and share opinions and other information obtained through such dialogue with the Board of Directors and Executive Officers to ensure that they are appropriately reflected in management. The Executive Officers will perform their duties appropriately in accordance with the corporate strategy and strive to achieve management targets. By appropriately supervising these activities from an independent and objective standpoint, the Board of Directors will appropriately fulfill its accountability to stakeholders and aim to sustainably improve corporate value. (Principle 4.5)

#### 1.7 Separation of Supervision and Execution

As a company with a three-committee system, the Board of Directors, which is dedicated to supervising management, is chaired by an independent outside director, and the majority of the members are also independent outside directors.

In addition, non-executive internal directors are appointed to ensure the effectiveness of the Board of Directors' supervisory function. This is because it is critical for the Board of Directors to appropriately cooperate with the Executive Officers and accurately understand the Company's business situation in order to fulfill its supervisory function. (Principle 4.6)

##### (1) Roles and Responsibilities of Independent Outside Directors

Mitsubishi Electric's independent outside directors deliberate on the Mitsubishi Electric Group's management policy, the key agenda items, and other matters and provide objective advice based on their respective professional perspectives. In giving such advice, the independent outside directors recognize the importance of appropriately reflecting the intentions of all stakeholders, including society, customers, shareholders, and employees.

As a company with a three-committee system, Mitsubishi Electric has set up the Nomination Committee, Compensation Committee, and Audit Committee. Each of these committees is chaired by an independent outside director, and the majority of the members are independent outside directors. The independent outside directors, who are committee members, deliberate and make decisions from an objective standpoint regarding the appointment and dismissal of Directors, the CEO succession plan, executive compensation policies, and individual compensation details, while also appropriately supervising management.

For transactions involving conflicts of interest between the Company and its officers, the Board of Directors, chaired by an independent outside director and consisting of a majority of independent outside directors, will discuss them to ensure appropriate supervision of such transactions. (Principle 4.7)

## (2) Effective Use of Independent Outside Directors

The Mitsubishi Electric Group engages in the development, manufacture, sale, etc. of products in three Business Areas, including Infrastructure, Industry and Mobility, and Life, as well as in the Digital Innovation Group and the Semiconductor & Device Group. These businesses are globally expanded in Japan, North America, Europe, Asia, and other regions.

Due to this broad range of business fields and regions of operation, the Group recognizes the importance of maintaining the flexibility of its operations and promoting management transparency, as well as strengthening the management supervisory functions of the Board of Directors, in order to transform into a “Circular Digital- Engineering” company that provides evolved, integrated solutions through co-creation and by integrating knowledge within and outside the Group.

Under this recognition, the Company will ensure sufficient independence and objectivity of the Board of Directors as a company with a three-committee system by appointing an independent outside director as chairperson and consisting of the majority of independent outside directors. (Principle 4.8)

## (3) Meetings Consisting Solely of Independent Outside Directors

The outside directors’ meeting consisting solely of independent outside directors of Mitsubishi Electric will be regularly held to exchange opinions.

In addition to discussing information that contributes to supervision received from the executive functions, the independent outside directors hold meetings to exchange information with third-party committees, employees, and other related parties.

Using the sufficient information gained from these initiatives, the independent outside directors will strive to be able to supervise the Board of Directors. (Supplementary Principle 4.8.1)

## (4) Lead Independent Outside Director in Charge of Cooperation

At present, Mitsubishi Electric does not have a lead independent outside director, but the

chairpersons of both the Board of Directors and the three statutory committees are independent outside directors. This will allow independent outside directors to lead discussions at the Board of Directors and the three statutory committees and establish a system that ensures sufficient communication and coordination with the executive officers.

On the executive side, each of the Board of Directors, the Nomination Committee, and the Compensation Committee has an Executive Officer responsible for communicating and coordinating with the independent outside directors. In the Audit Committee, a full-time internal audit committee member will assume this role to ensure proper communication and coordination with the independent outside directors. (Supplementary Principle 4.8.2)

#### (5) Selection Criteria for Independent Outside Directors

Mitsubishi Electric specifies the independence standards for outside directors (Attachment: Mitsubishi Electric's Independency Guideline for Outside Directors), and these standards are disclosed in the Notice of Convocation of the General Meeting of Shareholders, the Corporate Governance Report, the Annual Securities Report, etc.

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 the 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 independency 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. (Principle 4.9)

### 1.8 Evaluation of the Effectiveness of the Entire Board of Directors

Mitsubishi Electric's Board of Directors will regularly have a third party evaluate the effectiveness of the Board and discuss the issues identified and initiatives to improve them. This is done in order to continue the evaluation of the effectiveness of the Board's composition and operations and to pursue sustainable improvements in the monitoring board functions. A summary of the evaluation results is disclosed in the Corporate Governance Report. (Supplementary Principle 4.11.3)

### 1.9 Active Board Deliberations

By distributing meeting materials in advance and creating a system for information provision,

Mitsubishi Electric will endeavor to ensure that independent outside directors, who are the majority of the Board of Directors, fully understand the management and agendas of the Mitsubishi Electric Group and actively express their opinions to facilitate active discussions and exchanges of opinions as a whole.

The chairperson of the Board of Directors strives to exercise appropriate leadership to ensure that the views of each director, including independent outside directors, are fully shared at Board meetings.

In order to foster a climate where free and open discussions take place, the Company set up a regular venue for independent outside directors to freely exchange opinions. (Principle 4.12)

#### (1) Distribution of Materials for the Board of Directors

In principle, materials for the Board of Directors are distributed three days in advance, whereas materials related to “key agenda items” are distributed five days in advance. For questions asked in advance, their details and answers will be shared with the Directors other than the one who asked the question. (Supplementary Principle 4.12.1 (i))

#### (2) Provision of Information Other than Materials for the Board of Directors

In addition to the materials for the Board of Directors, information required for the supervision of management will be provided. This information includes minutes of the Executive Officers’ meetings and reports, such as quick reports of material facts. (Supplementary Principle 4.12.1 (ii))

#### (3) Annual Schedule and Agenda Items

The schedule of Board of Directors’ meetings for the following fiscal year and anticipated agenda items will be reported and communicated at the meeting held in the end of the previous fiscal year. (Supplementary Principle 4.12.1 (iii))

#### (4) Number of Agenda Items and Frequency of Meetings

Based on the results of previous evaluations of the effectiveness of the Board of Directors, the number of agenda items and the frequency of the Board of Directors’ meetings will be reviewed as appropriate from the perspective of active deliberations. (Supplementary Principle 4.12.1 (iv))

#### (5) Time for Deliberation

To ensure that each agenda item is fully discussed, the time for deliberation of each item will be estimated in advance. The time will be extended if required. (Supplementary Principle 4.12.1 (v))

### 1.10 Information Gathering by the Directors

Mitsubishi Electric will establish bureaus for the Board of Directors and the three statutory committees. Each bureau is responsible for communication and coordination among the Directors, including independent outside directors, and Executive Officers. In addition, its organizational structure will be continually reinforced, given the significance of each bureau's duties.

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. (Principle 4.13)

#### (1) How to Collect Information

The Directors, including independent outside directors, will request that the bureaus and related departments provide the information required for supervising management, if any. Specifically, the Directors will ask questions on the Board's agenda, confirm facts, and request information from time to time, 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.

A reporting system for the members of the Audit Committee will also be developed so that they can obtain appropriate information. A system will be established to allow remote status checks to continue even when on-site inspections are difficult due to natural disasters or the spread of infectious diseases. When necessary, the members of the Audit Committee exercise their investigation authority and perform their required roles in accordance with laws and regulations. (Supplementary Principle 4.13.1)

#### (2) Support Structure for Information Gathering

In Mitsubishi Electric, any expenses incurred by the Audit Committee members in performing their duties will be borne by the Company. Under this provision, the members of the Audit Committee will carry out their duties with the advice of outside experts, such as lawyers, accountants, and outside consultants other than the Company's attorney, as necessary.

The Company also employs outside consultants and other specialists at its expense to receive advice on the effectiveness evaluation of the Board of Directors and the management of the

Nomination and Compensation Committees. (Supplementary Principle 4.13.2)

The Company establishes the following organizations responsible for communication and coordination with the Directors including independent outside directors and Executive Officers (management): the Board of Directors Secretariat (Human Resources and General Affairs Div.), the Nomination Committee and Compensation Committee Secretariat (Global Human Resources Div.), and the Audit Committee Secretariat (Audit Committee Office).

The Board of Directors Secretariat and the Nomination Committee and Compensation Committee Secretariat are each assigned an Executive Officer, who is responsible for communication and coordination among the Directors, including independent outside directors, Executive Officers (management), and other internal parties.

Along with the full-time Audit Committee members, the Audit Committee Office supports communication and coordination among the Directors, including independent outside directors, Executive Officers (management), and other internal parties. (Supplementary Principle 4.13.3)

### (3) Coordination with Internal Auditors

Mitsubishi Electric has established a system for the Audit Committee to further enhance internal audits by exchanging opinions with the internal auditors on audit plans, receiving regular reports from the internal auditors on the status and results of audits, and asking questions and expressing opinions, as necessary.

The Audit Committee and the internal auditors regularly or from time to time share information that they believe is necessary to establish an appropriate internal audit system, in addition to specific audit plans and the status and results of implementation. The Audit Committee will share the information collected from the internal auditors with the Board of Directors through activity reports, etc., establishing a system to ensure coordination between the internal auditors, the Audit Committee, and the Board of Directors. (Supplementary Principle 4.13.3)

### 1.11 Director Training

Mitsubishi Electric recognizes the importance of continually improving the supervisory function of the Board of Directors for sustainable growth and increase medium- to long-term corporate value.

To achieve this, the Company will provide training and other programs for those who are to be appointed as Directors, as well as support the improvement of the supervisory function of individual Directors by providing them with various training programs and materials after they assume office. The Company will examine the support system of the Board of Directors and the contributions of the Directors as part of an annual evaluation of the effectiveness of the Board of Directors and verify whether such training is appropriately provided to the Directors. (Principle 4.14)

### (1) Training Policy

The Mitsubishi Electric Group engages in the development, manufacture, sale, etc. of products in three Business Areas, including Infrastructure, Industry and Mobility and Life, as well as in the Digital Innovation Group and the Semiconductor & Device Group.

The Group, which is composed of such a diverse range of businesses, uses a three-committee system to segregate between the supervisory and executive functions in order to maintain the flexibility of its operations and promote management transparency. By doing so, the Company aims to promote sustained growth in corporate value. Therefore, it is critical for the Directors and Executive Officers to have a thorough understanding of the business characteristics, finances, and organizational structure of each of our businesses, as well as the general roles and responsibilities expected of corporate officers, and to be able to supervise, advise, and make business decisions from a company-wide perspective. The Company has a policy of providing directors with training to develop these skills. (Supplementary Principle 4.14.2)

### (2) Training Methods

Mitsubishi Electric believes that it is important for the Directors to fully understand the business characteristics, finances, and organizational structure of each Business Area and Business Group, as they are responsible for overseeing the management of the entire Group. Therefore, the Company provides all newly appointed Directors, including independent outside directors, with training on the new roles, responsibilities, actions, etc., expected of the Company's officers, as well as with opportunities to communicate with the heads of each Business Area and Business Group to receive a direct explanation of the business overview. After assuming office, various opportunities will be provided to the Directors, such as visits to Works and R&D centers, etc., compliance training, and the latest training materials for officers. During the Board of Directors' meetings, the Directors can obtain the latest information on the Company's business, finances, and organizational structure in various ways, including reports on the progress of the Executive Officers' execution of duties and the minutes of the Executive Officers' meetings. (Supplementary Principle 4.14.1 and Supplementary Principle 4.14.2)

## Chapter 2. Securing the Rights and Equal Treatment of Shareholders

The Mitsubishi Electric Group recognizes that shareholders are important stakeholders for the Group and that building long-term relationships of trust with them is one of the key management issues. To this end, the Group will endeavor to establish a framework that ensures substantial equality among all shareholders as well as foster an environment that enables them to exercise their rights properly.

Moreover, the Group takes a proactive approach to disclosing information, particularly corporate information that may have a significant impact on investors' decisions, in a timely and appropriate manner while adhering to the Fair Disclosure Rules. This includes not only positive but also negative information. (General Principle 1)

### 2.1 Securing the Rights of Shareholders

Mitsubishi Electric recognizes that general shareholder meetings are the highest decision-making body in the Company and an opportunity for making critical decisions and having constructive dialogue with shareholders. The Company strives to ensure that all shareholder rights are substantially secured and to proactively disclose information that enables them to exercise their voting rights and engage in dialogue. (Principle 1.1)

#### (1) Responses to Voting Results

Mitsubishi Electric will take the voting results at the general shareholders meeting seriously, report the results at the Board of Directors' and Executive Officers' meetings, and reflect the discussed matters in the dialogue with shareholders.

The Company will also refer to the outside experts' analysis of the approval and disapproval of the exercise results, as well as strive to understand the specific decisions made by shareholders.

In addition, not only the exercise results but also the results of dialogue with shareholders will be reported and discussed at the Board of Directors' and Executive Officers' meetings to reflect the views of shareholders in management. (Supplementary Principle 1.1.1)

#### (2) Delegation of Powers of the General Shareholder Meeting

As a company with a three-committee system, the 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. In addition, recognizing the importance of the Board of Directors fulfilling its role and responsibilities in corporate governance as a supervisory function, the Company will establish a monitoring board by creating a structure in which independent outside directors hold the majority of the Board of Directors and three statutory committees, as well as the chair of the



Board of Directors and the chair of the three statutory committees.

The Company has established a provision in its Articles of Incorporation that exempts the Directors and Executive Officers from liability to the extent permitted by laws and regulations and by a resolution of the Board of Directors, even if they have caused damage to the Company, on the condition that they have acted in good faith and without gross negligence. This is done in order to create an environment in which the Executive Officers can make swift and decisive management decisions without hesitation and fulfill their expected roles. (Supplementary Principle 1.1.2)

### (3) Considerations for Minority Shareholders

Mitsubishi Electric strives to ensure equal rights for all shareholders, including minority and foreign shareholders, and to provide due consideration for the exercise of their rights.

Specifically, the Company will comply with related laws and regulations, such as the Companies Act, and establish the Share Handling Regulations, which are disclosed on the Company's website. The procedures for exercising minority shareholders' rights will be announced on the Company's website or through other means. In addition, the Company will establish internal rules regarding viewing and coping documents and processing unpaid dividends in an effort to ensure the rights of shareholders in an appropriate manner. (General Principle 1, Principle 1.1, and Supplementary Principle 1.1.3)

## 2.2 Exercise of Shareholding Rights at General Shareholder Meeting

Mitsubishi Electric recognizes that general shareholder meetings are the highest decision-making body in the Company and an opportunity for making critical decisions and having constructive dialogue with shareholders.

Based on this recognition, the Company strives to further promote constructive dialogue with shareholders by reporting and discussing the results of the exercise of voting rights at the Board of Directors' and the Executive Officers' meetings and by having top management, mainly the CEO and CFO, take the lead in responding to the dialogue with investors at the general shareholder meetings. (Principle 1.2)

### (1) Accurate Information Provision

To help shareholders better understand the objectives of the general shareholder meeting, including agenda items, Mitsubishi Electric will promote enriching, visualizing, and translating information into English, such as the Notice of Convocation of the General Meeting of Shareholders, and making it available on the Company's website.

The Company will also strive to accurately disclose information that is not required to be disclosed by law but that we believe will contribute to shareholders' judgment, such as research and development, trends in major products, and ESG issues. (Supplementary Principle 1.2.1)

(2) Sending and Disclosing the Notice of Convocation of the General Meeting of Shareholders, etc.

Mitsubishi Electric will strive to send the Notice of Convocation of the General Meeting of Shareholders as soon as possible, in principle, in early June, to ensure sufficient time for shareholders to examine the agenda items and for an appropriate audit by outside accounting auditors. In addition, this Notice of Convocation will be disclosed in both Japanese and English on the electronic voting platform called TDNet (Timely Disclosure Network) before it is sent in principle, as well as on the Company's website. (Supplementary Principle 1.2.2)

(3) Determination of the Date of the General Shareholder Meeting and any Associated Dates

Recognizing that general shareholder meetings are an opportunity for constructive dialogue with shareholders, Mitsubishi Electric will set the date of the general shareholder meeting as deemed appropriate to allow as many shareholders as possible to attend the meeting, taking into consideration the time required by law to process the financial statements and the accounting audit. In addition, through the use of live streaming (virtual shareholder meetings where shareholders can participate online) and advance inquiries, the Company ensures that shareholders who are unable to attend the meeting can have sufficient dialogue with the Company. (Principle 1.2 and Supplementary Principle 1.2.3)

(4) Exercise of Electronic Voting

Mitsubishi Electric strives to create an environment that facilitates the exercise of voting rights by institutional and foreign investors. To this end, the Company enables the electronic exercise of voting rights via the Internet and uses an electronic voting platform. (Supplementary Principle 1.2.4)

(5) Provision of English Translations of the Notice of Convocation of the General Meeting of Shareholders, etc.

Mitsubishi Electric will translate the Notice of Convocation of the General Meeting of Shareholders, including the Business Report, into English and disclose it on TDnet, the Electronic Voting Platform, and the Company's website prior to the date of sending. In addition, the Company will strive to ensure that there is no information gap between Japanese and English, for example, by enriching and visualizing the disclosed information. (Supplementary Principle 1.2.4)

(6) Attendance of Institutional Shareholders at General Shareholder Meetings

If institutional investors who hold shares in street name express an interest in attending the general shareholder meeting and exercising voting rights, Mitsubishi Electric will work with the trust bank and/or custodial institutions to consider such a possibility. Institutional shareholders who have followed the prescribed procedures will be allowed to attend the

meeting as observers, who are not allowed to speak or exercise their voting rights if they attend the meeting on the day. (Supplementary Principle 1.2.5)

### 2.3 Basic Strategy for Capital Policy

The Mitsubishi Electric Group's management policy is, "In addition to realizing well-balanced corporate management from the three perspectives of growth, profitability/efficiency, and soundness, we will return to our fundamental principle of addressing social challenges through our businesses and position the realization of sustainability as the cornerstone of our management." Mitsubishi Electric's basic strategy for capital policy is to improve capital efficiency by executing capital measures such as focusing investments on the growth from integration of digital technologies and components, improving profitability and capital optimization, with the aim of achieving a return on equity (ROE) of 10% at an early stage. The policy on shareholder returns is to increase shareholder returns comprehensively with a view to appropriate profit returns according to shareholder equity levels and maintaining financial soundness for continuous growth investments. Specifically, we aim to achieve a total payout ratio of 50% or higher on an ongoing basis through stable dividends with an adjusted DOE target of around 3% and appropriate share buybacks. (Principle 1.3)

### 2.4 Policy on Cross-Shareholdings

Mitsubishi Electric has a basic policy of not holding cross-shareholdings in principle. However, the Company may hold shares that are deemed necessary for business operations. The Company will periodically check the significance of shareholdings and reduce the number of shares by selling any shares that are deemed to be of little significance for holding are reduced by selling them or other means, taking into account the circumstances of the company in question. (Principle 1.4)

#### (1) Examination of Appropriateness of Shareholdings

Mitsubishi Electric determines the significance of shareholdings holistically based on factors such as profitability, business viability, and holdings risk. Every year, such shareholdings are examined and verified in the Executive Officers' and the Board of Directors' Meetings. Profitability is evaluated based on whether the total income and dividends received from related businesses are sufficient to cover capital costs. Business viability is assessed based on whether there have been any significant changes in business relationships, transaction amounts, or other relevant factors. Holdings risk is assessed based on whether there has been a decline in the investee's corporate value. (Principle 1.4)

#### (2) Exercise of Voting Rights Related to Cross-Shareholdings

Mitsubishi Electric reviews the exercise of voting rights related to cross-shareholdings based

on the separately provided guidelines for voting rights. Our decision to exercise or not exercise these voting rights is based on whether it will benefit not only the investee's corporate value but also contribute to the enhancement of the Company's corporate value. The Company will counter-exercise a proposal if it raises concerns that our corporate values may be negatively impacted. (Principle 1.4)

### (3) Relationships with Cross-Shareholders

If cross-shareholders of the Mitsubishi Electric's shares indicate their intentions to sell their shares, the Company will hold a dialogue in accordance with our policy, assuming that the sales are acceptable in principle. The Company will not take any measures to prevent the sale, such as suggesting a reduction in transactions. (Supplementary Principle 1.4.1)

In addition, as per our policy, Mitsubishi Electric will conduct a thorough assessment of the economic rationale of all transactions, whether they involve cross-shareholdings or not. The Company will not engage in any transaction that would harm our own interests or the common interests of our shareholders. (Supplementary Principle 1.4.2)

## 2.5 Takeover Defense Measures

At present, Mitsubishi Electric has not established any takeover defense measures. The Company aims to further enhance corporate value by improving business performance. In addition, the Company will make a concerted effort to proactively disseminate information and implement IR activities in order to communicate our management policy, strategy, financial results, and other pertinent information to the market in a timely manner.

However, the Company believes that appropriate actions should be taken against large-scale share acquisitions that do not contribute to our corporate value and the common interests of our shareholders. The Company will carefully consider such actions, while also keeping an eye on future social trends. (Principle 1.5)

## 2.6 Response to Public Tender Offers

If there is a public tender offer for the Mitsubishi Electric's shares, the Company will request the offeror provide an explanation of measures to increase the corporate value and will carefully consider the impact of such measures on both the corporate value and the common interests of our shareholders. The Company will then fully explain our management policies, strategies, financial results, etc. to our shareholders. In the event that the tender offeror's proposal is deemed not to contribute to our corporate value and the common interests of our shareholders, the Company will formulate a counteroffer and explain its contents.

The Board of Directors will thoroughly deliberate based on the opinions of independent outside directors and make decisions that prioritize shareholder value without any self-protection for management. (Supplementary Principle 1.5.1)

## 2.7 Capital Policy That May Harm Shareholder Interests

If Mitsubishi Electric's capital policy results in a change of control or significant dilution, the Board of Directors will carefully examine its appropriateness and rationale based on the opinions of independent outside directors. The examination results will be disclosed on the Company's website as necessary and will be explained in a timely and appropriate manner at the general shareholder meetings, financial results briefings, and other events. (Principle 1.6)

## 2.8 Related Party Transactions

The Mitsubishi Electric's Rules for the Board of Directors specify that any competitive or conflict-of-interest transactions involving Directors and Executive Officers will be addressed by the Board of Directors. The Board of Directors will fully deliberate on such matters based on the opinions of independent outside directors.

The Company also periodically conducts annual surveys to determine whether there are any related party transactions between the Company and its Directors, Executive Officers, Executive Officers (Associates), and their relatives. (Principle 1.7)

### Chapter 3. Appropriate Cooperation with Stakeholders Other than Shareholders

The Mitsubishi Electric Group's management policy is, "In addition to realizing well-balanced corporate management from the three perspectives of growth, profitability/efficiency, and soundness, we will return to our fundamental principle of addressing social challenges through our businesses and position the realization of sustainability as the cornerstone of our management." To achieve this, through co-creation and by integrating knowledge within and outside the Group, we will transform into a "Circular Digital-Engineering" company that provides evolved, integrated solutions, thereby contributing to solving various social issues. From this approach, the Group will pursue a sustained enhancement of our corporate value and fulfill our responsibility to society, to our customers, shareholders and employees, and to all other stakeholders.

The Board of Directors will thoroughly discuss the targets for action and ideas necessary for the Group to develop its business, determine them as management policies, and provide instructions and permeate them for implementation. (General Principle 2)

#### 3.1 Corporate Value Creation

Mitsubishi Electric Group has declared its Purpose: "We, the Mitsubishi Electric Group, will contribute to the realization of a vibrant and sustainable society through continuous technological innovation and ceaseless creativity." In accordance with the Purpose, the Group will return to our fundamental principle of addressing social challenges through our businesses and position the realization of sustainability as the cornerstone of our management, in addition to realizing well-balanced corporate management from the three perspectives of growth, profitability/efficiency, and soundness. To promote solutions to social challenges through our business, the Group has clarified five challenge areas to focus on, Carbon neutrality, Circular economy, Safety/Security, Inclusion, and Well-being. To achieve this, the Group will aim to transform into a "Circular Digital-Engineering" company to contribute to solving various social issues and pursue a sustained enhancement of our corporate value.

The details are disclosed on the Company's website. (Principle 2.1 and Principle 3.1 (i))

"Purpose" <https://www.MitsubishiElectric.com/en/about/purpose>

"Management policy/Corporate strategy"

<https://www.MitsubishiElectric.com/en/about/management-policy/>

"IR Day" <https://www.MitsubishiElectric.com/investors/library/presentations/>

#### 3.2 Formulation and Implementation of the Code of Conduct

The Mitsubishi Electric Group has formulated our "Purpose," "Our Values," and "Commitment" with regard to appropriate collaboration with stakeholders, respect for their interests, and sound business ethics. These have been formally adopted by the Board of Directors as our basic policies on management. In response to the code of conduct, "Our Values" and "Commitment," the Risk

Management Compliance Committee, appointed by the Executive Officers' meeting, will develop the "Code of Conduct." (Principle 2.2)

#### (1) Thorough Awareness and Compliance

Mitsubishi Electric will ensure that all officers and employees of the Mitsubishi Electric Group are fully aware of the "Purpose," "Our Values," "Commitment," and "Code of Conduct" and ensure their compliance throughout the Group, by distributing and posting posters at each base, posting on the Company's intranet for employees, and conducting training programs, including e-learning. (Principle 2.2)

#### (2) Review of Implementation

Mitsubishi Electric has established a system in which the executive side reports annually to the Audit Committee on the status of reviews and the monitoring results of internal audits in order to verify whether the code of conduct including the "Code of Conduct" are widely practiced. Based on the report, the Audit Committee holds discussions and reports it to the Board of Directors on a regular basis.

In addition, an annual employee awareness survey is conducted to examine compliance with the "Purpose" and other basic policies. After receiving a report on the status, the Board of Directors will have discussions and evaluations based on the opinions of the independent outside directors. (Supplementary Principle 2.2.1)

### 3.3 Sustainability Issues

The Mitsubishi Electric Group's management policy has been established by the Board of Directors, which is, "In addition to realizing well-balanced corporate management from the three perspectives of growth, profitability/efficiency, and soundness, we will return to our fundamental principle of addressing social challenges through our businesses and realize sustainability through all activities." (Principle 2.3 and Supplementary Principle 2.3.1)

#### (1) Materiality

The Mitsubishi Electric Group has positioned the realization of sustainability at the cornerstone of our management based on the principle of "Provide solutions to social challenges through our businesses." To address sustainability at the management level and to promote it over the long term, we have identified five areas as materiality to "Provide solutions to social challenges through our businesses" and as part of our "Strengthen our business foundation to enable sustainable growth." The five materiality areas are: Realize a sustainable global environment; Realize a safe, secure, and comfortable society; Respect for all people; Strengthen corporate governance and compliance on a sustainable basis; and Create a sustainability-oriented corporate culture. The Group pursue sustainability by "trade

on” approach to create business solutions for social challenges while securing its own business growth at the same time through materiality initiatives. (Supplementary Principle 2.3.1 and Supplementary Principle 3.1.3)

## (2) Formulation of Policies and Planning for Initiatives

The policies and planning for the materiality initiatives are decided by the Sustainability Committee, which is appointed by the Executive Officers’ meeting. The Board of Directors regards the statuses of sustainability management as one of the "key agenda items" for the Mitsubishi Electric Group, and it holds full discussions from the perspective of risk management and profit-generating opportunities, receiving diverse opinions from independent outside directors, as well as supervising the status of initiatives by Executive Officers.

In our materiality-related initiatives, we promote continuous activities for improvement by implementing the PDCA cycle for mid- to long-term goals as well as for targets/Key Performance Indicators (KPIs). Targets and performance figures will be available on the Company’s website, in the Integrated Report, etc. (Supplementary Principle 2.3.1 and Supplementary Principle 3.1.3)

## 3.4 Activities of various human resources

In the Mitsubishi Electric Group Medium-term Management Plan towards fiscal 2026, the Group states that it will contribute to realizing a vibrant and sustainable society, including response to decarbonization, by increasing the provision of integrated solutions through the strengthening of the business management foundation, promoting digital transformation, and other activities. To achieve this objective, we believe it is essential to create an environment where employees with a range of professional backgrounds and experiences can contribute fully, and we will promote a variety of initiatives to promote broad-based engagement and participation.

Matters related to workforce development, talent strategy, and workplace dynamics are actively discussed at the Board of Directors, a majority of whose members are independent outside directors, after receiving reports from the Executive Officers as appropriate.(Principle 2.4 and Supplementary Principle 2.4.1)

### (1) Ensuring Diversity in the Promotion of Core Human Resources

[Female]

Our company has formulated an action plan based on the Law for the Advancement of Women <sup>\*1</sup> and has set a target of raising the ratio of women in managerial positions in Japan to approximately 12% by the end of fiscal 2030 (reference: approximately 4.0% as of March 2025). In the current Action Plan, we are implementing various measures to achieve these goals from three perspectives: recruitment, training and promotion, and retention.

<sup>\*1</sup> Act on the Promotion of Women's Participation and Advancement in the Workplace



(Act No. 64 of 2015)

[Non-Japanese employees]

Since the introduction of the October entry system in fiscal 2012, Mitsubishi Electric has continuously worked to hire non-Japanese employees in Japan. Today, local staff members account for more than 40% of all top management at overseas work sites. The Company will continue its efforts to assign excellent human resources to managerial positions in Japan and local employees to executive positions at our overseas sites, with emphasis on capabilities and fairness.

[Mid-careers]

Mitsubishi Electric has continued to actively recruit mid-career hires. Employees are assigned to management positions based on their qualifications and skills, regardless of their hiring categories. In the future, more specialized technical and business areas will require human resources with a range of professional backgrounds, experiences, and skills. The Company will hire such human resources and actively promote recruitment activities from management to staff. (Supplementary Principle 2.4.1)

## (2) Human Resources Development and Internal Environment Development for Respecting variety

As the business environment around the Mitsubishi Electric Group is rapidly changing, the Group recognizes that providing a workplace where employees can work to their full potential is essential to business development. Based on this recognition, the Group will promote a sense of unity and cooperation as an organization by respecting variety, improving engagement, and improving the environment in order to realize a work environment in which everyone can work with peace of mind and vividness.

Matters related to workforce development, talent strategy, and workplace dynamics are actively discussed at the Board of Directors, the majority of whom are independent outside directors, after receiving reports from the executive side as appropriate.

Specific measures include distribution of the "Handbook on Support for Balancing Work and Childcare between Supervisors and Subordinates" to enable employees taking childcare leave to return to work smoothly and to maximize their abilities while raising children, and the formulation of an action plan for general employers based on the Law for Measures to Support the Development of the Next Generation, with the goal of strengthening the dissemination of information on balancing work and childcare. In addition, seminars are held to provide basic knowledge on nursing care as support for balancing work and nursing care. We have also established an external consultation service to improve the working environment for employees.

Information on human resources development and internal environment development and the progress made are disclosed on the Company's website, in the Integrated Report, etc.

(Supplementary Principle 2.4.1)

“Sustainability (Social)” <https://www.MitsubishiElectric.com/en/sustainability/social/>

### 3.5 Whistle-Blowing System

Based on the Whistleblower Protection Act, Mitsubishi Electric has established internal and external ethics and legal compliance hotlines. Each report or consultation received via the hotlines will be investigated for fact-finding. If any improper conduct is confirmed, immediate corrective action will be taken while ensuring that the whistle-blowers are protected and do not suffer any disadvantages. (Principle 2.5)

#### (1) Supervision by the Audit Committee

The Audit Committee receives reports from the Corporate Legal & Risk Management Group on the status of its operations on a regular basis (April and October) as well as when deemed important, for exchanging opinions and supervision. (Principle 2.5)

#### (2) A Point of Contact that Is Independent of the Management

Mitsubishi Electric has established an external point of contact for whistleblowing at an outside legal firm in addition to the internal contact point. (Supplementary Principle 2.5.1)

#### (3) Securing Confidentiality of the Information Provider and Prohibition of Disadvantageous Treatment

In operating these contact points, Mitsubishi Electric will ensure that the whistle-blowers are protected and do not suffer any disadvantages. (Supplementary Principle 2.5.1)

### 3.6 Roles of Corporate Pension Funds as Asset Owners

Mitsubishi Electric manages its corporate pension funds through the Mitsubishi Electric Pension Fund. In April 2021, the Fund announced the adoption of Japan’s Stewardship Code and has requested that entrusted asset management firms engage in stewardship activities. (Principle 2.6)

“Adoption of Japan’s Stewardship Code” (In Japanese text)

<https://melco-kikin.or.jp/stewardship/>

#### (1) Structure

The Mitsubishi Electric Pension Fund is managed by the Board of Representatives in accordance with the fundamental management policies decided by the Council, which consists of representatives of the Company and employees.

The Council, Board, Committee, and other relevant groups are all made up of both representatives of employees and personnel who have knowledge of HR, accounting, finance,

and other relevant functions. This structure is intended to ensure sound management of pension assets from the perspective of professional expertise and beneficiary protection. (Principle 2.6)

## (2) Human Resource Initiatives

The Board of Representatives is elected from among the Council members. Among them, a person with knowledge and experience in finance and accounting is appointed as the Investment Executive Director, who is responsible for the execution of asset management.

After starting the management of pension assets, the Company strives to ensure stable management of the fund by monitoring investment status, confirming consistency with the investment guidelines, and interviewing fund managers on a regular basis. (Principle 2.6)

## (3) Operational Initiatives

The investment management of pension assets is discussed and advised by the Asset Management Committee. The important decisions are made and implemented by the Board of Representatives and Council after careful deliberations. (Principle 2.6)

## Chapter 4. Ensuring Appropriate Information Disclosure and Transparency

The Mitsubishi Electric Group recognizes the importance of disclosing corporate information to investors in a timely and appropriate manner, as such information could significantly impact their investment decisions. This is crucial in gaining the understanding and trust of stakeholders, as well as protecting investors and ensuring the credibility of the capital markets. Therefore, the Group discloses legally required Business Reports and Annual Securities Reports in a lawful and appropriate manner. The corporate strategy, management issues, and sustainability initiatives, as well as other financial and non-financial information that is highly useful to shareholders and investors and contributes to dialogue, will also be proactively provided through disclosure media such as the Company's website, the Integrated Report, etc.

The Board of Directors will be actively involved in ensuring appropriate information disclosure, such as by discussing how to make the information disclosed as informative as possible for users. (General Principle 3)

### 4.1 Full Disclosure

The Mitsubishi Electric Group endeavors to communicate its Purpose, Corporate Strategy, and Management Plan in a timely and appropriate manner by promoting proactive information dissemination and investor relations activities.

With regard to corporate governance, the Group has established "Corporate Governance Guidelines" based on the basic views of building and improving a corporate governance structure that is more able to meet the expectations of society, customers, shareholders, employees, and all of its stakeholders while endeavoring to further improve corporate value. The Guidelines have been developed and will be revised by the Board of Directors in accordance with all principles of the Corporate Governance Code set forth by the Tokyo Stock Exchange and are disclosed on the Company's website.

The reasons for the nomination of candidate Directors and the brief biographical outlines, positions, and responsibilities of Directors and Executive Officers are disclosed in the Notice of Convocation of the General Meeting of Shareholders, the Annual Securities Report, and other reports. In the Notice of Convocation of the General Meeting of Shareholders, in particular, the Company strives to provide appropriate information so that shareholders have a better understanding of candidates' qualifications and performances, which serves as useful information for making decisions regarding their election.

The details are disclosed on the Company's website. (Principle 3.1 and Principle 3.1 (v))

"Corporate Governance"

[https://www.MitsubishiElectric.com/investors/management/corp\\_governance/](https://www.MitsubishiElectric.com/investors/management/corp_governance/)

"Shareholders' Meeting"

<https://www.MitsubishiElectric.com/investors/stock/meeting/index.html>

"Annual Securities Report"

[https://www.MitsubishiElectric.com/investors/library/securities\\_report/](https://www.MitsubishiElectric.com/investors/library/securities_report/)

#### (1) Our Stance on Information Disclosure

The Mitsubishi Electric Group will disclose legally required Business Reports and Annual Securities Reports in a lawful and appropriate manner. The corporate strategy, management issues, and sustainability initiatives, as well as other information that is highly useful to shareholders and investors and contributes to dialogue, will also be provided through disclosure media such as the Company's website and the Integrated Report, with the aim of enriching and visualizing the information provided.

The Board of Directors is actively involved in ensuring appropriate information disclosure, such as by discussing how to make the information disclosed as informative as possible for users, including non-financial information such as sustainability.

Mitsubishi Electric's basic stance and internal system on information disclosure are set forth in the Information Disclosure Policy, which is disclosed on the Company's website. (Supplementary Principle 3.1.1)

“Information Disclosure Policy” (In Japanese text)

<https://www.MitsubishiElectric.co.jp/ir/management/policy/>

#### (2) Disclosure in English

Considering the composition of its shareholders in Mitsubishi Electric, the Company prepares English versions of documents such as the Notice of Convocation of the General Meeting of Shareholders (including reference documents and Business Reports), Financial Results, Annual Securities Report (entire document), Corporate Strategy briefing materials, Integrated Report, and also provides information for overseas investors, etc., by enhancing its global website.

In preparing the English version, the Company strives to provide overseas investors with early and accurate information, adhering to a basic policy of disclosure that ensures no discrepancy between the Japanese original and the English version. (Supplementary Principle 3.1.2)

“Global Website” <https://www.MitsubishiElectric.com/en/>

### 4.2 Sustainability Initiatives

To address sustainability at the management level and to promote it over the long term, the Mitsubishi Electric Group has identified five areas as materiality to "Provide solutions to social challenges through our businesses" and as part of our "Strengthen our business foundation to enable sustainable growth." The five materiality areas are: Realize a sustainable global environment; Realize a safe, secure, and comfortable society; Respect for all people; Strengthen corporate governance and compliance on a sustainable basis; and Create a sustainability-oriented corporate culture. The Group pursue sustainability by “trade on” approach to create business solutions for social challenges while securing its own business growth at the same time through

materiality initiatives. In our materiality initiatives, we promote continuous activities for improvement by implementing the PDCA cycle for targets/Key Performance Indicators (KPIs). (Supplementary Principle 3.1.3)

#### (1) Disclosure of the Progress of Initiatives

In order to communicate with our stakeholders, the Company discloses the views, policies and initiatives on sustainability on the Company's website, in the Integrated Report, etc.

The Board of Directors regards the statuses of sustainability management as one of the "key agenda items" for the Mitsubishi Electric Group, and it holds full discussions from the perspective of risk management and profit-generating opportunities, receiving diverse opinions from independent outside directors, as well as supervising the status of sustainability initiatives by Executive Officers. (Supplementary Principle 3.1.3)

"Sustainability" <https://www.MitsubishiElectric.com/en/sustainability/>

"Integrated Report / Annual Report"

[https://www.MitsubishiElectric.com/investors/library/integrated\\_report/](https://www.MitsubishiElectric.com/investors/library/integrated_report/)

#### (2) Investment in Human Resources

In the Mitsubishi Electric Group Medium-term Management Plan Towards FY2026, the Mitsubishi Electric Group states it will contribute to realizing a vibrant and sustainable society, including response to decarbonization, by increasing the provision of integrated solutions through the strengthening of the business management foundation, promoting digital transformation, and other activities. People are the driving force behind this sustainable growth, and we will continue to promote "human capital management", which views "people as the capital that creates future value." To gain the trust of society and to develop as a "Circular Digital-Engineering Company" amid increasingly intense global competition, the Group places extreme importance on the hiring and development of human resources with diverse values and abilities. Thus, the human resources strategy is selected as one of the "key agenda items" by the Board of Directors and discussed based on the opinions of independent outside directors.

From this perspective, the Group has been planning to recruit more than 3,000 new graduates and mid-career employees every year in Japan. The Group has also reinforced human resources overseas in an attempt to strengthen our business and technology development capabilities. In addition, the Group has been promoting measures to prevent long working hours by improving work efficiency.

With the understanding that there is no business development or social contribution without the growth of employees, the Group has invested about three to five billion yen annually in training and education every year, and our affiliates have also aggressively invested in education. The

Group has also systematically invested the required funds, such as in improving employee engagement and the workplace environment, as well as respecting variety.

Specific initiatives are disclosed on the Company's website, in the Integrated Report, etc. (Supplementary Principle 3.1.3)

“Sustainability (Social)” <https://www.MitsubishiElectric.com/en/sustainability/social/>

### (3) Investment in Intellectual Property

The proper protection and utilization 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 IP rights represent a vital management resource essential to its future and must be protected.

In particular, the Group has set technological areas that lead to business model transformation and strengthening the digital platform as company-wide themes and are strategically investing in intellectual property activities. Further, in addition to intellectual properties relating to components and systems, which are our main strengths, the Group is working to strengthen our AI- and solution-related intellectual properties globally, which are digital technologies that enhance the value of them.

Moreover, the Group will link its intellectual property activities and standardization activities and apply them to front loading activities in its businesses. Together with this, the Group work to form rules to advance its business in an advantageous manner. With regard to the utilization of intellectual property, the Group is engaging in Open Technology Bank activities leveraging its intellectual properties to promote internal and external collaborations and realize a sustainable future. By combining the Group's wide-ranging technological assets with the technologies, knowledge, and ideas of partner companies, the Group will co-create new value and businesses to help solve increasingly diverse social issues.

These efforts will support the business, marketing, sales, and R & D activities of the Group and promote business competitiveness and new business creation.

Specific initiatives for R&D, IP activities, and standardization activities are available on the Company's website, in the Integrated Report, etc. (Supplementary Principle 3.1.3)

“Protection of Intellectual Property Rights”

<https://www.MitsubishiElectric.com/intellectual-property/rights/>

“Open Technology Bank” (In Japanese text)

<https://www.MitsubishiElectric.co.jp/corporate/chiteki/otb/>

### (4) Disclosure of Risks and Opportunities Related to Climate Change

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

within the framework of "Governance", "Strategy", "Risk Management", and "Indicators and Targets".

The Group views the transition to a decarbonized society as an opportunity common to all its businesses. The Group is working to achieve carbon neutrality with the aims of “net zero greenhouse gas emissions in the entire value chain by fiscal 2051” and “net zero greenhouse gas emissions from factories and offices by fiscal 2031.”

These specific measures are disclosed on the Company’s website, in the Integrated Report, etc.(Supplementary Principle 3.1.3)

#### 4.3 Outside Accounting Auditor

Mitsubishi Electric recognizes that outside accounting auditors assume a responsibility to ensure the reliability of financial reports disclosed by listed companies through audits, etc., for the benefit of shareholders and investors, who are information users.

Based on this recognition, the Company is committed to collaborating with the auditors to ensure that proper auditing practices are followed. For instance, the Audit Committee receives reports from the accounting auditors on a regular basis to discuss audit policies, methods, implementation status, results, etc. (Principle 3.2)

##### (1) Criteria for Selection and Evaluation

The Audit Committee establishes criteria for selecting and evaluating candidates for outside accounting auditors. In accordance with these criteria and based on the results of regular interviews with outside accounting auditors, the Audit Committee evaluates the independence and performance of duties, the status of accounting audits, and quality control.

When making a resolution to appoint outside accounting auditors, the Committee will verify the appropriateness of the amount of compensation by comparing it with other companies and other methods, in addition to the above evaluation. (Supplementary Principle 3.2.1 (i))

##### (2) Verification and Evaluation of Independence and Expertise

The Audit Committee verifies and evaluates the independence and expertise of outside accounting auditors in accordance with the criteria for selecting and evaluating candidates for outside accounting auditors and based on the results of regular interviews with outside accounting auditors. Specifically, the Committee comprehensively checks whether the Mitsubishi Electric Group has the independence stipulated by Regulation on Corporate Accounting, as well as whether the Group has the networks, personnel, and systems in place both in Japan and overseas to centrally audit the Group's global business activities. (Supplementary Principle 3.2.1 (ii))

##### (3) Ensuring Audit Time

Recognizing that high-quality audits require sufficient audit time, the Audit Committee works



to ensure that sufficient audit time is secured with sufficient discussions with outside accounting auditors. (Supplementary Principle 3.2.2 (i))

(4) Access to Senior Management

The Audit Committee ensures that regular meetings are held between an outside accounting auditor and the CEO, CFO, and BAO/General Managers of the Business Groups. In addition, the system is established to ensure that, whenever requested by outside accounting auditors, the outside accounting auditors have direct access, such as through interviews with the President & CEO, to the senior management. (Supplementary Principle 3.2.2 (ii))

(5) Cooperation with Other Organizations

In Mitsubishi Electric, outside accounting auditors attend and explain to the Audit Committee in person when preparing quarterly financial results and audit plans, and they exchange opinions as needed. The Audit Committee holds regular meetings in addition to three-party audit meetings with outside accounting auditors, the Audit Committee members (including independent outside directors), and the Corporate Auditing Div. and strives to ensure adequate cooperation between the internal audit departments, the Board of Directors, and the outside accounting auditors. (Supplementary Principle 3.2.2 (iii))

(6) Response to Identified Misconduct

Mitsubishi Electric reports to the CFO and of the members of the Audit Committee in the event that outside accounting auditors identify any misconduct, inadequacies, or concerns. In such a case, the members of the Audit Committee instruct the Corporate Auditing Div. or other internal control departments to conduct an investigation, confirm the facts, and report to the Audit Committee (or the Board of Directors, depending on the circumstances). (Supplementary Principle 3.2.2 (iv))

## Chapter 5. Dialogue with Shareholders

The Mitsubishi Electric Group recognizes that its basic approach to dialogue is “In order to achieve sustainable growth and increase medium- to long-term corporate value, it is crucial to give due consideration to the opinions of shareholders, who are important stakeholders, and actively engage in dialogue to reflect their perspectives into management decisions.”

Through presentations concerning IR Day, financial results, as well as through individual meetings, the Company will strive to communicate its management policy, strategy, initiatives, financial results, etc., in a timely manner and to foster constructive dialogue. (General Principle 5)

### 5.1 Views on Dialogue with Shareholders

The Mitsubishi Electric Group’s basic view on constructive dialogue with shareholders is that, “in order to promote initiatives to achieve sustainable growth and increase medium- to long-term corporate value, it is crucial to acknowledge the significance of engaging in dialogue with stakeholders, including shareholders. The Group believes that it is important to actively engage in dialogue, give due consideration to their opinions, and reflect their perspectives into management decisions.” (Principle 5.1)

#### (1) Structure for Constructive Dialogue

Mitsubishi Electric has designated the CFO as a Director/Executive Officer to oversee all dialogue with shareholders, with the CEO assuming overall responsibility. (Supplementary Principle 5.1.2 (i))

Mitsubishi Electric has established the Corporate IR and SR Div. as a division in charge of IR. The Corporate IR and SR Div. hold meetings with relevant departments, such as corporate strategic planning, sustainability strategy, corporate human resources, public relations, etc. as necessary, in order to promote organic cooperation. (Supplementary Principle 5.1.2 (ii))

#### (2) Participants in Dialogues

In Mitsubishi Electric, top management, mainly the CEO and CFO, will take the lead, and the Corporate IR and SR Div. under their control will engage in dialogue with shareholders and investors. This will ensure that the opinions of shareholders are properly reflected in management. The Company also strives to create an opportunity for constructive dialogue between independent outside directors and investors, as necessary. (Supplementary Principle 5.1.1)

#### (3) Enhancement of Dialogue and Communication

Mitsubishi Electric strives to enhance its means of dialogue through activities such as individual IR meetings held by the top management, mainly the CEO and CFO, for domestic

and overseas shareholders and investors, IR Day (CEO and Business Area Owner, etc.: 1 time/year), and quarterly financial results briefings (CEO and CFO: 1 time/year, CFO: 3 times/year). (Supplementary Principle 5.1.2 (iii))

#### (4) Feedback

Market reactions and opinions, investor trends, and the results of individual interviews obtained during the dialogue are reported at the Board of Directors' and Executive Officers' meetings. After receiving such reports, sufficient discussions are held based on the opinions of the independent outside directors, and feedback is provided to related divisions.

The Board of Directors will be informed of corrective actions taken in response to such opinions. (Supplementary Principle 5.1.2 (iv))

#### (5) Information Management

Mitsubishi Electric has developed its Insider Information Management Rules to ensure that all dialogues are carried out in compliance with the Fair Disclosure Rules and appropriate information management practices. Based on the rules, the Company strives to promote dialogue through timely, appropriate, and proactive disclosure of corporate information that has a significant impact on the investment decisions of shareholders and investors.

The Company's information disclosure policy is available on the following website. (Supplementary Principle 5.1.2 (v))

“Information Disclosure Policy” (In Japanese text)

<https://www.MitsubishiElectric.co.jp/ir/management/policy/>

#### (6) Identification of Shareholder Ownership Structure

Mitsubishi Electric uses the shareholder registry and share distribution table as of the end of March and the end of September every year to determine the composition of nominal shareholders. In addition, the Company also hires an outside specialist to investigate beneficial shareholders who cannot be identified through the shareholder registry.

Utilizing the results of the investigation, the Company will work to select and interview beneficial shareholders with whom to engage in dialogue. (Supplementary Principle 5.1.3)

### 5.2 Formulation and Publication of Corporate Strategy and Management Plan

Mitsubishi Electric's Directors and Executive Officers set specific medium-term management targets under the Mitsubishi Electric Group's Basic Policies on Management, taking into account the relationship between calculated and identified capital costs. The financial targets for fiscal 2026 are set at consolidated net sales of 5 trillion yen or more, an operating profit margin of 8% or more, a return on equity (ROE) of 9%, and cash generation of 3.3 trillion yen in five years. The Company aims to strengthen our business portfolio and achieve our management targets by

classifying businesses according to their characteristics in terms of profitability & asset efficiency and growth, and allocating investment appropriately to areas such as capital investment, research and development, human resources, and intellectual property.

The Company strives to gain the understanding of shareholders and investors by disclosing and explaining information, such as our Purpose, Corporate Strategy, Management Plan, and specific management targets, in the Integrated Report, through various presentations including IR Day, and on the Company's website. (Principle 5.2)

#### (1) Medium-Term Management Plan

In the Medium-term Management Plan, the Mitsubishi Electric Group has made efforts to further improve corporate value, with financial targets for fiscal 2026 including consolidated net sales of 5 trillion yen or more, an operating profit margin of 8% or more, a return on equity (ROE) of 9%, and cash generation of 3.3 trillion yen in five years. In terms of the Group's policy on generated cash, 2.8 trillion yen out of the 3.3 trillion yen generated over five years will be allocated to Key Growth Businesses with the highest priority on investment for growth. The 0.6 trillion yen is intended to further strengthen shareholder returns through profit growth. Against these targets, in fiscal 2026, we expect to achieve consolidated revenue of 5.4 trillion yen, an operating profit margin of 8.0%, ROE of 8.6%, and cash generation of 3.1 trillion yen over a five-year period. We expect to fall short of our targets for ROE and cash generation, but we have further enhanced shareholder returns, and we expect to achieve our target capital allocation of 3.4 trillion yen over a five-year period.

The details are available on the following websites. (Principle 3.1 (i))

“Purpose” <https://www.MitsubishiElectric.com/en/about/purpose>

“Management policy/Corporate strategy”

<https://www.MitsubishiElectric.com/en/about/management-policy/>

“IR Day” <https://www.MitsubishiElectric.com/investors/library/presentations/>

#### (2) Business Portfolio Strategy

In the Medium-term Management Plan towards fiscal 2026, the Mitsubishi Electric Group has listed strengthening its business portfolio strategy as one of the primary focuses.

Specifically, the Company classified its businesses according to their characteristics into Key Growth Businesses (high profitability & asset efficiency and high growth), Resilient Businesses (high profitability & asset efficiency but low growth), Potential Businesses/New Businesses (low profitability & asset efficiency but high growth), and Value Recapturing Businesses (low profitability & asset efficiency and low growth). If any Value Recapturing Businesses can add new values, the Company will aim to convert them into the Resilient Businesses. As for businesses that are deemed to have issues and whose profitability and other factors fall below a certain level, the Company will consider withdrawing from or selling

those and shifting resources to the Key Growth Businesses. The Company has also strategically allocated resources to the Potential Businesses/New Businesses in order to transform them into the next Key Growth Business.

To gain the understanding of shareholders about the progress of such corporate strategy and business portfolio strategy, the Company strives to disclose information and provide an explanation through various presentations including IR Day, and on the Company's website. (Supplementary Principle 5.2.1)

### **Supplementary Provisions**

1. These Corporate Governance Guidelines will be established on April 27, 2023.
2. The Japanese version of the Guidelines will be regarded as the original. Both the Japanese and English versions will be posted on the Company's website for external publication.

(Revision History)

Established on April 27, 2023

Revised June 29, 2023

Revised April 25, 2024

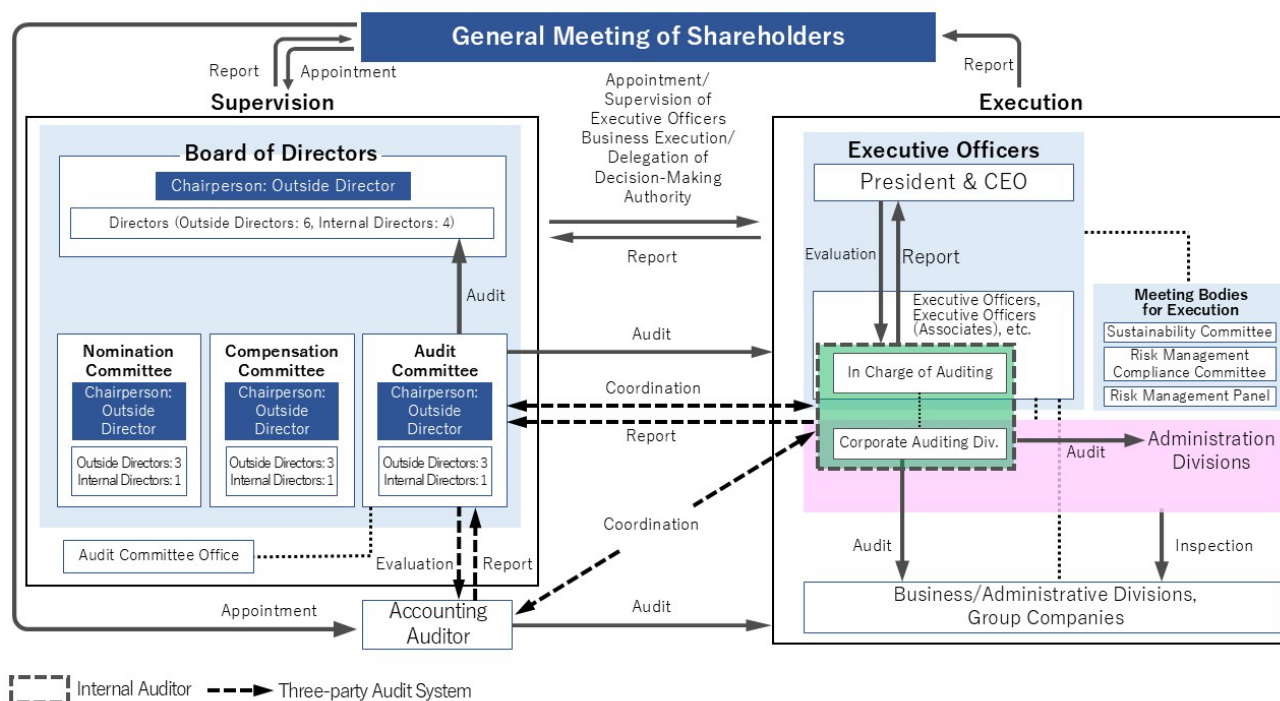
Revised June 25, 2024

Revised April 25, 2025

Revised June 24, 2025

## Attachment

[Corporate Governance Framework]



[Mitsubishi Electric's 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 accounting 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

[Skill Matrix of Directors]

For the purpose of continuously improving the supervisory function to be performed by the Board of Directors of Mitsubishi Electric, the skills held by each Director are matrixed and disclosed as below. (The data in the table below is as of 25 June, 2024.)

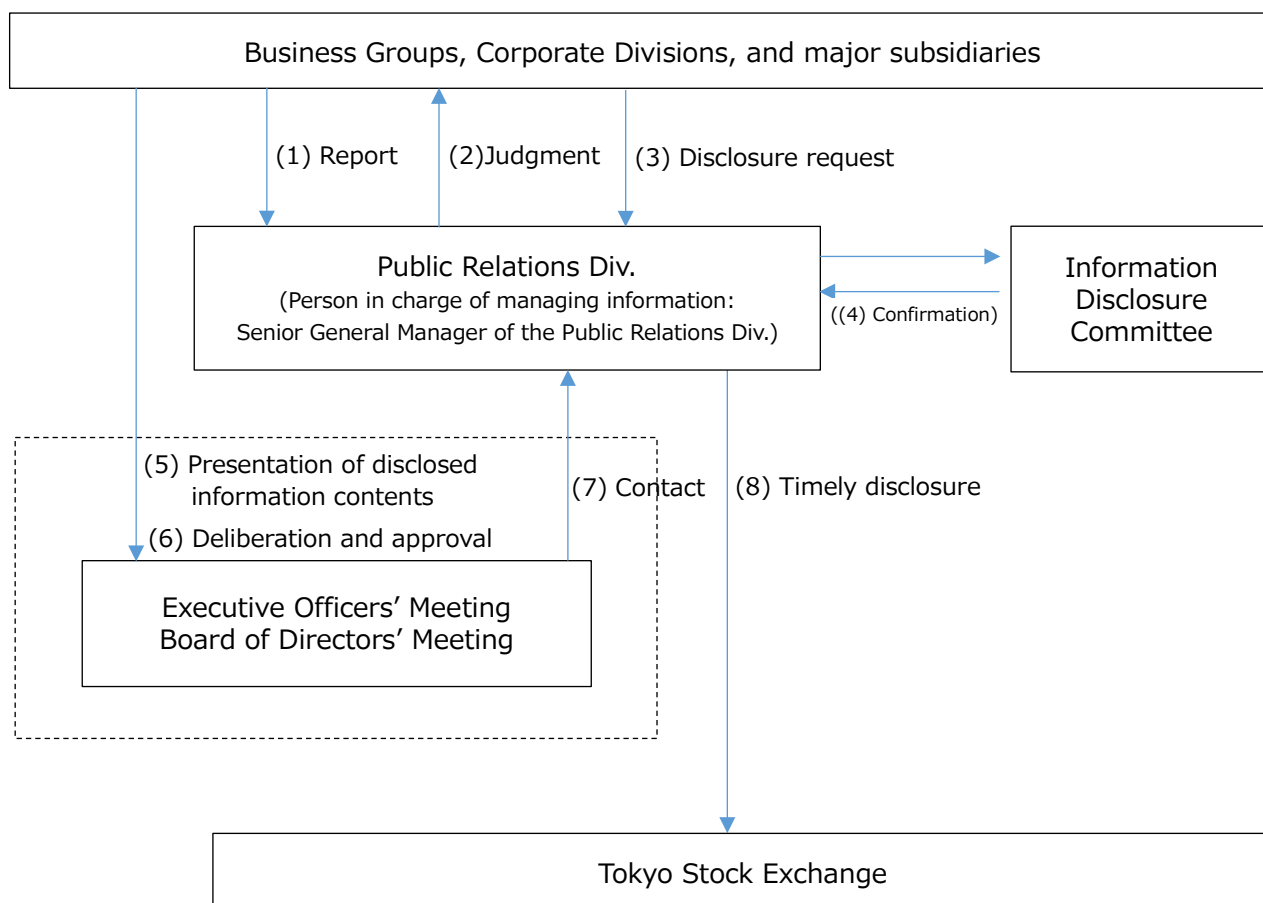
Name	Position	Corporate management, corporate strategies and globalization	Sustainability	Finance and accounting	Legal affairs, compliance and governance	Human resources and human resources development	Engineering, DX and R&D	Business development and investment
Tatsuro Kosaka	Director Chairperson of the Nomination Committee Chairperson of the Compensation Committee	○	○			○	○	○
Hiroyuki Yanagi	Chairperson of the Board Member of the Nomination Committee Member of the Compensation Committee	○	○			○	○	○
Masako Egawa	Director Member of the Nomination Committee Member of the Compensation Committee	○	○	○	○			○
Haruka Matsuyama	Director Chairperson of the Audit Committee		○		○			
Kunihito Minakawa	Director Member of the Audit Committee	○		○				
Peter D. Pedersen	Director Member of the Audit Committee	○	○			○		○
Kei Uruma	Director Member of the Nomination Committee Representative Executive Officer, President & CEO	○	○			○	○	○
Atsuhiko Yabu	Director Member of the Audit Committee	○	○				○	○
Noriyuki Takazawa	Director Representative Executive Officer, Senior Vice President, CSO (In charge of Corporate Strategic Planning and Operations of Associated Companies)	○					○	○
Kenichiro Fujimoto	Director Member of the Compensation Committee Executive Officer, CFO (In charge of Financial Strategy, Accounting and Finance), In charge of IR and SR	○		○				○

\*Of the ten (10) directors, six (6) are independent outside directors and two (2) are female directors.

Skill item	Reason for selection of the skill item
<b>Corporate management, corporate strategies and globalization</b>	The Group needs Directors with abundant management experience and achievements in corporate management at globally operating companies as well as experience, knowledge and skills for formulating a sustainable growth strategy, in order to sustainably increase corporate value amid a drastic change in the business environment surrounding the Group.
<b>Sustainability</b>	The Group needs Directors with experience, knowledge, and skills concerning sustainability in order to promote “addressing social challenges through our businesses,” since we have positioned the realization of sustainability as the core of management.
<b>Finance and accounting</b>	The Group needs Directors with experience, knowledge, and skills concerning finance and accounting for building a strong financial base and realizing appropriate returns to shareholders as well as maintaining the discipline and governance of finance and accounting.
<b>Legal affairs, compliance and governance</b>	The Group needs Directors with experience, knowledge, and skills concerning these items in order to globally develop the business, while thoroughly ensuring the legal and ethical compliance and enhancing corporate governance that forms the fundamentals of corporate activities.
<b>Human resources and human resources development</b>	The Group needs Directors with experience, knowledge, and skills concerning these items in order to promote human capital management, positioning human resource strategies as one of the important policies of business strategies.
<b>Engineering, DX and R&amp;D</b>	The Group needs Directors with specialized knowledge and experience concerning engineering, DX and R&D in order to advance its “integrated solutions,” strengthening core components, field knowledge, and advanced digital technologies that are the Group’s advantages, as well as to promote open innovation and R&D strategies toward future growth.
<b>Business development and investment</b>	The Group needs Directors with experience, knowledge, and skills concerning these items as the implementation of growth strategies including promotion of business portfolio strategies, development of new businesses, and M&As is necessary for transforming itself into a “Circular Digital-Engineering” company and increasing corporate value in a sustainable way.



[Internal Timely Disclosure System Overview]



[Table of Corresponding Corporate Governance Codes]

Corporate Governance Code	Corporate Governance Guidelines
General Principle 1	Chapter 2. Introduction, 2.1 (3)
Principle 1.1	2.1
Supplementary Principle 1.1.1	2.1 (1)
Supplementary Principle 1.1.2	2.1 (2)
Supplementary Principle 1.1.3	2.1 (3)
Principle 1.2	2.2, 2.2 (3)
Supplementary Principle 1.2.1	2.2 (1)
Supplementary Principle 1.2.2	2.2 (2)
Supplementary Principle 1.2.3	2.2 (3)
Supplementary Principle 1.2.4	2.2 (4), 2.2 (5)
Supplementary Principle 1.2.5	2.2 (6)
Principle 1.3	2.3
Principle 1.4	2.4 (1), 2.4 (2), 2.4 (3)
Supplementary Principle 1.4.1	2.4 (4)
Supplementary Principle 1.4.2	2.4
Principle 1.5	2.5
Supplementary Principle 1.5.1	2.6
Principle 1.6	2.7
Principle 1.7	2.8
General Principle 2	Chapter 3. Introduction
Principle 2.1	3.1
Principle 2.2	3.2, 3.2 (1),
Supplementary Principle 2.2.1	3.2 (2)
Principle 2.3	3.3
Supplementary Principle 2.3.1	3.3, 3.3 (1), 3.3 (2)
Principle 2.4	3.4
Supplementary Principle 2.4.1	3.4, 3.4 (1), 3.4 (2)
Principle 2.5	3.5, 3.5 (1)
Supplementary Principle 2.5.1	3.5 (2), 3.5 (3)
Principle 2.6	3.6, 3.6 (1), 3.6 (2), 3.6 (3)
General Principle 3	Chapter 4. Introduction, 4.1
Principle 3.1	4.1
Principle 3.1 (i)	3.1、 5.2
Principle 3.1 (ii)	General Provisions
Principle 3.1 (iii)	1.4, 1.4 (2), 1.4 (3)

<b>Corporate Governance Code</b>	<b>Corporate Governance Guidelines</b>
Principle 3.1 (iv)	1.3, 1.3 (2)
Principle 3.1 (v)	4.1
Supplementary Principle 3.1.1	4.1 (1)
Supplementary Principle 3.1.2	4.1 (2)
Supplementary Principle 3.1.3	4.2, 4.2 (1), 4.2 (2), 4.2 (3), 4.2 (4)
Principle 3.2	4.3
Supplementary Principle 3.2.1 (i)	4.3 (1)
Supplementary Principle 3.2.1 (ii)	4.3 (2)
Supplementary Principle 3.2.2 (i)	4.3 (3)
Supplementary Principle 3.2.2 (ii)	4.3 (4)
Supplementary Principle 3.2.2 (iii)	4.3 (5)
Supplementary Principle 3.2.2 (iv)	4.3 (6)
General Principle 4	Chapter 1. Introduction
Principle 4.1	1.2
Supplementary Principle 4.1.1	Chapter 1. Introduction, 1.1 (4)
Supplementary Principle 4.1.2	1.1 (1), 1.1 (2), 1.1 (3)
Supplementary Principle 4.1.3	1.3 (6)
Principle 4.2	1.1 (4), 1.4 (3)
Supplementary Principle 4.2.1	1.4 (2)
Supplementary Principle 4.2.2	1.2 (2), 1.2 (3)
Principle 4.3	1.2 (5), 1.3 (4)
Supplementary Principle 4.3.1	1.3 (2), 1.3 (4)
Supplementary Principle 4.3.2	1.3 (5), 1.3 (6)
Supplementary Principle 4.3.3	1.3 (5)
Supplementary Principle 4.3.4	1.2 (5)
Principle 4.4	1.5, 1.5 (1), 1.5 (3)
Supplementary Principle 4.4.1	1.5 (1), 1.5 (3)
Principle 4.5	1.6
Principle 4.6	1.7
Principle 4.7	1.7 (1)
Principle 4.8	1.7 (2)
Supplementary Principle 4.8.1	1.7 (3)
Supplementary Principle 4.8.2	1.7 (4)
Supplementary Principle 4.8.3	-
Principle 4.9	1.7 (5)
Principle 4.10	1.1

<b>Corporate Governance Code</b>	<b>Corporate Governance Guidelines</b>
Supplementary Principle 4.10.1	1.3 (1), 1.4 (1)
Principle 4.11	1.2 (6), 1.5 (2)
Supplementary Principle 4.11.1	1.2 (6)
Supplementary Principle 4.11.2	1.3 (3)
Supplementary Principle 4.11.3	1.8
Principle 4.12	1.9
Supplementary Principle 4.12.1 (i)	1.9 (1)
Supplementary Principle 4.12.1 (ii)	1.9 (2)
Supplementary Principle 4.12.1 (iii)	1.9 (3)
Supplementary Principle 4.12.1 (iv)	1.9 (4)
Supplementary Principle 4.12.1 (v)	1.9 (5)
Principle 4.13	1.10
Supplementary Principle 4.13.1	1.10 (1)
Supplementary Principle 4.13.2	1.10 (2)
Supplementary Principle 4.13.3	1.10 (2), 1.10 (3)
Principle 4.14	1.11
Supplementary Principle 4.14.1	1.11 (2)
Supplementary Principle 4.14.2	1.11 (1), 1.11 (2)
General Principle 5	Chapter 5. Introduction
Principle 5.1	5.1
Supplementary Principle 5.1.1	5.1 (2)
Supplementary Principle 5.1.2 (i)	5.1 (1)
Supplementary Principle 5.1.2 (ii)	5.1 (1)
Supplementary Principle 5.1.2 (iii)	5.1 (3)
Supplementary Principle 5.1.2 (iv)	5.1 (4)
Supplementary Principle 5.1.2 (v)	5.1 (5)
Supplementary Principle 5.1.3	5.1 (6)
Principle 5.2	5.2
Supplementary Principle 5.2.1	5.2