

Materiality

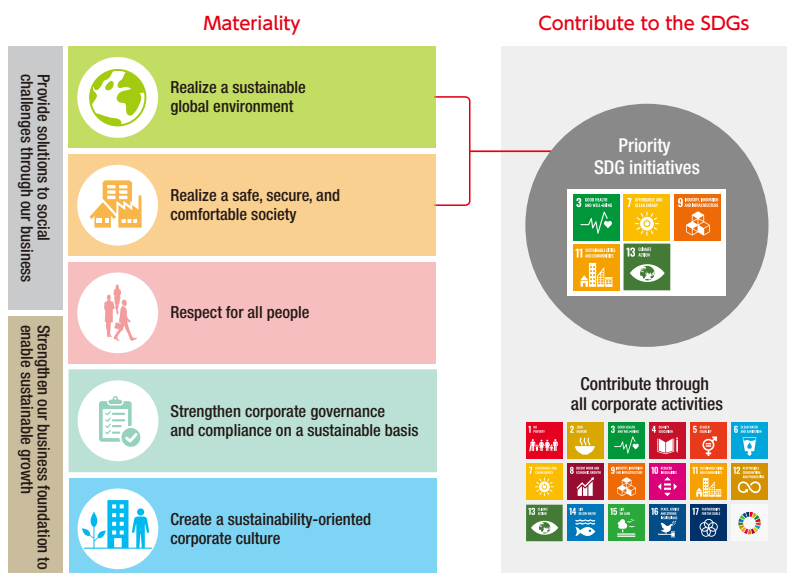
Process of Identification and Review of Materiality

In fiscal 2016, the Mitsubishi Electric Group identified materiality and initiatives in response to today's social trends and business environment, as required by the fourth edition of the GRI Guidelines.

In fiscal 2021, a full internal review of the materiality, mid-to-long-term initiatives, and targets/key performance indicators (KPIs) was undertaken by the Sustainability Expert Committee and Sustainability Business Promotion Committee, in view of subjective evaluations from inside and outside the company, featuring questionnaires and interviews from a total of 1,551 people, including Mitsubishi Electric Group employees, suppliers, investors, analysts, and general consumers.

We have carried out stakeholder questionnaires targeted at general consumers (600 respondents) since fiscal 2017, and we held a questionnaire in fiscal 2022 as well. We will take evaluation from external parties into account as we review these mid-to-long-term initiatives and targets.

While incorporating opinions from inside and outside the company, these initiatives will continue to be improved, and the materiality, mid-to-long-term initiatives, and targets/key performance indicators (KPIs) will be reviewed by implementing the PDCA cycle.



Step 1 Awareness of social issues (fiscal 2021)

Candidate materiality (357 issues) were identified based on ISO26000*1, the GRI Standards*2, the SASB standards*3, and the Sustainable Development Goals (SDGs). Additionally, we derived a short list of 35 issues closely related to our business from these candidates.

*1 Guidelines concerning social responsibility issued by the International Organization for Standardization (ISO)
 *2 International standards for sustainability reporting issued by the international NGO, Global Reporting Initiative (GRI)
 *3 Information disclosure rules concerning the environment, society, and governance (ESG) created by the Sustainability Accounting Standards Board (SASB), a non-profit organization in the U.S.

Step 2 Assessment of internal and external views and study of materiality (fiscal 2021)

Using the short list created in step 1, we conducted a questionnaire survey of consumers, suppliers, investors, and Mitsubishi Electric Group employees, who are our stakeholders, regarding what expectations they have for the Mitsubishi Electric Group to contribute to addressing social challenges. In addition, we received opinions from experts regarding the identification of materiality through interviews and dialogues with them in order to assess both internal and external views of the Mitsubishi Electric Group. Based on the results obtained, internal working groups narrowed down the issues that the Mitsubishi Electric Group should address as top priority, and the Sustainability Expert Committee and Sustainability Business Promotion Committee are studying the materiality of such issues.

Step 3 Identification of materiality (fiscal 2021)

Identification by the Sustainability Committee

The issues thus extracted and studied through the above-described process and specific mid-to-long-term initiatives and targets/key performance indicators (KPIs) were confirmed by executive officers and identified as the Mitsubishi Electric Group's materiality by the Sustainability Committee.

Priority SDG initiatives

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

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

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

Mid- to long-term initiatives and goals for FY2024 (17 items)

Materiality	Item	Long-term target	Mid-term target / KPI	Initiatives for FY2024	Scope	
Realize a sustainable global environment	Carbon neutrality	[Scope 1, 2, 3] FY2051 : Aiming for net zero greenhouse gas emissions in the entire value chain	[Scope 1, 2] FY2031 : Aim for net zero greenhouse gas emissions from factories and offices	[Scope 3] Newly developed models with an energy efficiency improvement of 1.0% or more compared to the previous models	Mitsubishi Electric Group	
		Achieving a decarbonized society through innovation and integrated solutions	Provide products, services and solutions that contribute to carbon neutrality	Reduce greenhouse gas emissions from factories and offices by 30% or more compared to FY2014	Mitsubishi Electric Group	
	Circular economy	Contributing to the realization of a circular economy	FY2036 : 100% effective use of waste plastics	90% or more effective use of wasted plastics	Mitsubishi Electric Group (in Japan)	
Realize a safe, secure, and comfortable society	Safety/Security, Inclusion, and Well-being	Achieving safety/security, inclusion, and well-being through our business activities	Provide products, services and solutions that contribute to safety/security		Mitsubishi Electric Group	
			Provide products, services and solutions that contribute to inclusion and well-being			
Respect for all people	Human rights	Establishing human rights initiatives based on international norms and implementing responsible supply chains	FY2025: Establish a foundation for human rights due diligence in accordance with international norms	Implementation of the Human Rights Impact Assessment based on the United Nations Guiding Principles on Business and Human Rights in all business groups	Mitsubishi Electric Group	
			FY2025: Establishing a mechanism for respecting human rights in the supply chain based on the RBA process	Operational development for the transition to the RBA supplier human rights due diligence process		
	Human capital	Realize workplace where diverse and versatile human capital gathers and works together	FY2026: Employee engagement score ^{*1} of 70% or more (Mitsubishi Electric) and 60% or more (Some of related companies)	<ul style="list-style-type: none"> Steady implementation of organizational culture reforms (related measures) Strengthening of support for career autonomy Consideration of a new personnel treatment system 	Mitsubishi Electric Group (in Japan)	
			FY2031: Ratio of female/non-Japanese in senior management ^{*2} 30% or more	<ul style="list-style-type: none"> Promotion of strategic recruitment of external human resources Planned succession planning for leadership candidates within the company, etc. 	Mitsubishi Electric	
		FY2031: Ratio of female in managerial positions 12% or more	<ul style="list-style-type: none"> Promotion of programs to promote women to managerial positions Linking to management candidate development programs, etc. 	Mitsubishi Electric		
Strengthen corporate governance and compliance on a sustainable basis	Governance	Increase effectiveness of the Board of Directors	Maintain the ratio of independent outside director of Mitsubishi Electric over 50%	<ul style="list-style-type: none"> Outside directors as more than 50% of directors Continued disclosure of the skills matrix in General Meeting of Shareholders reference documents Appointment of an outside director as Chairman of the Board of Directors 	Mitsubishi Electric	
	Quality	Prevent the recurrence of improper quality control practices	Promote three key reforms (quality assurance, organizational culture and governance), monitoring of the three key reforms by the Board of Directors, and appropriate information disclosure		Mitsubishi Electric Group	
	Compliance	True understanding and practices of a compliance motto "Always Act with Integrity"	Provide compliance education on a continuous basis			Mitsubishi Electric Group
	Information security	Improve the Cybersecurity maturity level	FY2029: Achieve level 2 or higher ^{*3} in the Cybersecurity Maturity Model Certification			Mitsubishi Electric Group
Create a sustainability-orientated corporate culture	Understanding and practices of sustainability	Understanding and practices of sustainability by employees	FY2026: Understanding on the operation of business in line with the corporate purpose and goals according to the results of the employee awareness survey 75% or more	Promotion of sustainability awareness via internal newsletters, the intranet, training, etc.	Mitsubishi Electric	
	Communication	Promote communication with stakeholders both inside and outside the company	Issue the Sustainability Report and the Integrated Report Hold dialogues with experts, and conduct sustainability report questionnaires		Mitsubishi Electric Group	

*1 Ratio of employees who respond that they feel that they are proud and motivated to work for the Company in the employee awareness survey

*2 Senior management: Directors, Executive Officers and Executive Officers (Associate)

*3 Framework for Cybersecurity Maturity Model Certification set forth by the U.S. Department of Defense (CMMC 2.0)