

Governance

| | |
|---|-----|
| Corporate Governance | 142 |
| Compliance | 149 |
| Tax Initiatives | 154 |
| Risk Management | 155 |
| Information Security | 159 |
| Research and Development | 162 |
| Intellectual Property | 164 |
| Communication with Shareholders and Investors ... | 166 |
| Governance Data | 167 |

Corporate Governance

Basic Views on Corporate Governance

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

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

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

Corporate Governance Framework

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

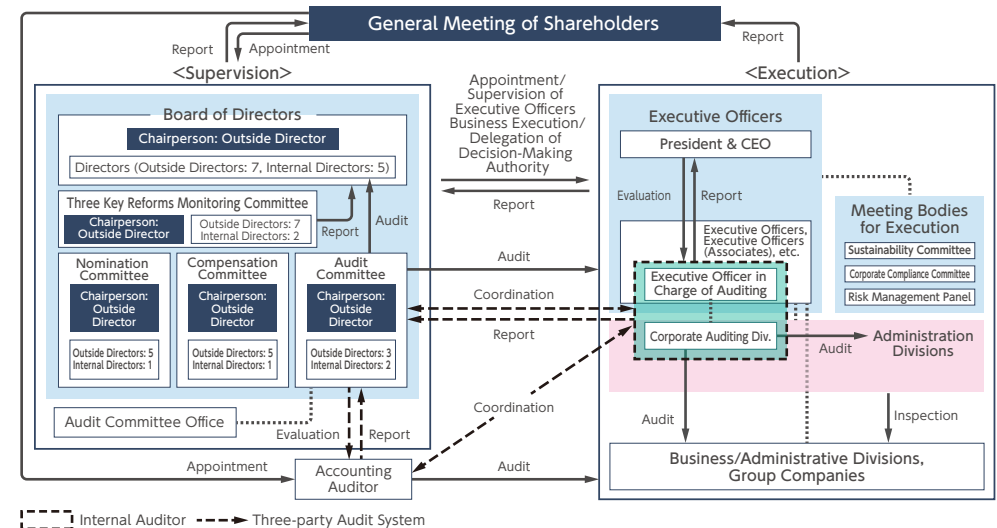
to deliberate and make decisions on important business matters from the perspective of pursuing synergy and multifaceted risk management, in addition to sharing information among Executive Officers.

Mitsubishi Electric's Board of Directors (June 29, 2023)



Back row: from the left, Kuniaki Masuda, Hiroyuki Yanagi, Hiroko Koide, Kazunori Watanabe, Tatsuro Kosaka, Tadashi Kawagoishi, Jun Nagasawa
Front row: from the left, Satoshi Takeda, Kei Uruma, Mitoji Yabunaka, Masako Egawa, Haruka Matsuyama

Corporate Governance Framework



List of directors and skill matrix

| Name | Independent Outside Director | Membership of Committee | | | Position | Skill matrix | | | | | | | |
|-----------------------|------------------------------------|-------------------------|--------------------|---------------------------|---|--|-----|---------------------------|---------------------------------|--|----------------|----------------------------|--|
| | | Nomination Committee | Audit Committee | Compensation Committee | | Corporate management and corporate strategies | ESG | Finance and accounting | Legal affairs and compliance | Human resources and human resources development | Global affairs | Engineering, DX and R&D | Business development and investment |
| Mitoji Yabunaka | ○ | ○ | | ○ | Chairman of the Board, Member of the Nomination Committee, Member of the Compensation Committee | | ○ | | | ○ | ○ | | |
| Kazunori Watanabe | ○ | | ○ | ● | Director, Chairman of the Compensation Committee, Member of the Audit Committee | | ○ | ○ | | ○ | | | |
| Hiroko Koide | ○ | ○ | | ○ | Director, Member of the Nomination Committee, Member of the Compensation Committee | ○ | ○ | | | ○ | ○ | | ○ |
| Tatsuro Kosaka | ○ | ● | | ○ | Director, Chairman of the Nomination Committee, Member of the Compensation Committee | ○ | ○ | | | ○ | ○ | ○ | ○ |
| Hiroyuki Yanagi | ○ | ○ | ● | | Director, Chairman of the Audit Committee, Member of the Nomination Committee | ○ | ○ | | | ○ | ○ | ○ | ○ |
| Masako Egawa | ○ | ○ | | ○ | Director, Member of the Nomination Committee, Member of the Compensation Committee | ○ | ○ | ○ | | ○ | | | ○ |
| Haruka Matsuyama | ○ | | ○ | | Director, Member of the Audit Committee | | ○ | | ○ | | | | |
| Kei Uruma | | ○ | | | Director, Member of the Nomination Committee, President & CEO | ○ | ○ | | | ○ | ○ | ○ | ○ |
| Tadashi Kawagoishi | | | ○ | | Director, Member of the Audit Committee | ○ | ○ | ○ | | | | | ○ |
| Kuniaki Masuda | | | | ○ | Director, Member of the Compensation Committee, Executive Officer, CFO (in charge of Accounting and Finance) | ○ | ○ | ○ | | ○ | | | ○ |
| Jun Nagasawa | | | ○ | | Director, Member of the Audit Committee | ○ | ○ | | ○ | | | | ○ |
| Satoshi Takeda | | | | | Director, Executive Officer, in charge of Auditing, CSO (in charge of Corporate Strategic Planning, IR and SR, Operations of Associated Companies, Three Key Reforms and Sustainability) | ○ | ○ | | | | ○ | | ○ |

* The Board of Directors is composed of twelve members (seven of whom are independent outside directors, three of whom are female directors). *● indicates the Chairperson.

Reference: Skill items required for Director

| Skill item | Reason for selection of the skill item | Skill item | Reason for selection of the skill item |
|---|--|--|--|
| Corporate management and corporate strategies | The Group needs Directors with abundant management experience and achievements in corporate management at companies as well as experience, knowledges 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. | ESG | The Group needs Directors with experience, knowledge, and skills concerning ESG in order to realize "addressing social challenges through our businesses", positioning the realization of sustainability as the core of management, as well as to fulfill responsibilities to stakeholders including society, customers, shareholders, and employees. |
| Finance and accounting | 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. | Legal affairs and compliance | 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 that forms the fundamentals of corporate activities. |
| Human resources and human resources development | 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. | Global affairs | The Group needs Directors with management experience from a global perspective and specialized knowledge and experience concerning international affairs in order to further grow in the global market. |
| Engineering, DX and R&D | 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. | Business development and investment | 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. |

Board of Directors

Because the Board of Directors is dedicated to supervising management, the Board is able to fully discuss critical decisions that form the foundation of management, such as the Group's basic management policies (Purpose, Our Values, Commitment, Management Policy, and Corporate Strategy) and the Group's key agenda items set by the Board. From July 2023 to June 2024, the key agenda items includes medium- to long-term management strategy, sustainability management, human resources strategy, DX, Three Key Reforms, etc. The Board of Directors sufficiently discuss based on reports on the status of execution, and monitors as needed whether initiatives are being addressed in line with the basic policies and Corporate Strategy, and strives to improve corporate value sustainably over the medium- to long-term. The Board also strive to support swift and decisive decision-making and to appropriately evaluate business execution so that executive officers are encouraged to take appropriate risks.

Activities of the Board of Directors (Fiscal 2023)

In fiscal 2023, the Company held Board of Directors meetings thirteen times (three special meetings). Each meeting took about three hours. The main content of each discussion is as follows. In addition to the regular meetings, other meetings are held to exchange opinions among outside directors and with employees.

| Agenda | Discussion content | Time Allocated |
|----------------------------|---|----------------|
| Key agenda items | In order to promote the medium- to long-term sustainable improvement of the corporate value of the Mitsubishi Electric Group, we established and discussed "key agenda items" for the Group (medium- to long-term management plan, organizational culture reform, sustainability initiatives, and human capital strategy from July 2022 to June 2023). The "Three Key Reforms Monitoring Committee," established under the Board of Directors continuously supervised the progress and effectiveness of the Three Key Reforms (quality assurance, organizational culture, and governance), which were aimed at restoring trust in the Company in response to a series of improper quality control practices that had been identified since June 2021. | Approx. 34% |
| Statutory resolution items | Matters required by the Companies Act, including basic policies of management, matters necessary for the execution of duties by the Audit Committee, the establishment of systems necessary to ensure the legality of duties executed by the Executive Officers and the properness of other corporate operations, the business report and its supplementary schedules, the financial statements and their supplementary schedule, the consolidated financial statements, dividends of surplus, convocation of the General Meeting of Shareholders and appointment of Executive Officers | Approx. 7% |
| Execution status report | Received reports from Executive Officers on the progress and results of business operations etc., and held sufficient discussions | Approx. 31% |
| Other | Financial results, schedule of Board of Directors' meetings, evaluation of effectiveness of the Board of Directors, reports on status of holding cross-shareholdings, reports on interviews with investors, etc. | Approx. 28% |

Information Gathering by the Directors

Mitsubishi Electric establishes the bureaus for the Board of Directors and the three statutory committees responsible for communication and coordination with the Directors including independent outside directors and Executive Officers (management).

The Directors will request information necessary to supervise management from the bureaus and related departments, and the bureaus and departments in charge will provide such information in a timely and appropriate manner.

The independent outside directors will actively seek a wide range of necessary information, nor 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 if provided appropriately, giving particular attention to the opinions of independent outside directors.

Evaluation of Effectiveness of the Board of Directors

In order to continue the evaluation of the effectiveness of the Board of Directors' composition and operations and pursue sustainable improvements in the monitoring board functions, the Board of Directors conducts an annual third-party evaluation of the effectiveness of the Board of Directors, and discusses the issues identified and initiatives for improvement. The Company requested Board Advisors, Inc., a third-party organization, to assess the effectiveness of the Board of Directors of the Company from July to September 2022. The assessment results have been delivered to the Company, along with suggestions for how to address issues that need to be improved.

Based on these results of evaluations and suggestions, the Board of Directors will improve its operations, including setting more appropriate key agenda items and further strengthen its management monitoring functions based on external perspectives.

Assessment methods/processes by the third-party organization

| | |
|----------------------------|---|
| Assessment methods | (a) Review the minutes of the Board of Directors meetings and other documents (b) Survey of all Directors* (c) Interviews with all Directors (d) Evaluation based on the expertise of the third-party organization |
| Target items of assessment | (a) Overall assessment (b) Composition of the Board of Directors (c) Support system of the Board of Directors (d) Agenda for Meetings of the Board of Directors (e) Status of Deliberations at Meetings of the Board of Directors (f) Contribution of Directors (g) Activities of the three statutory committees (h) Monitoring system of the Executives |

* Excluding two newly appointed independent outside directors

FY 2023 Summary of the assessment results on the Board of Directors' effectiveness

Efforts have been made to address the issues identified by the examination of the effectiveness of the Board of Directors in fiscal 2022, and the following improvements in the effectiveness of the Board of Directors have been achieved.

| | |
|--|--|
| Issues identified by the examination of the effectiveness of the Board of Directors in fiscal 2022 | The following improvements in the effectiveness of the Board of Directors have been achieved: "The supervisory functions of the Board of Directors have been strengthened by having a majority of the Board composed of independent outside directors" "The composition of the Board of Directors has been improved through the appointment of two new outside directors with management experience in the manufacturing industry" "Discussions at the Board of Directors have been elevated by setting relevant agendas and facilitating the Board's proceedings under the new chairperson" "The operation of the Board of Directors has shown some improvements through the advance delivery of materials, the provision of information, etc." |
| Issues expected to be addressed | The following four issues are expected to be addressed in order to further improve the effectiveness of the Board of Directors: "Enhanced monitoring" "Elevating discussions at the Board of Directors meetings with relevant agendas" "Further strengthening the functions of the Board of Directors Secretariat" "Strengthening the functions of the Nomination Committee" |

| Nomination Committee

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

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

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

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

Activities of Nomination Committee (FY2023)

Based on the objectives and authority of the Companies Act, the Nomination Committee determined the candidates for Directors to be submitted to the General Meeting of Shareholders.

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

The Company held nine Nomination Committee meetings during the fiscal 2023. Each meeting took about 40 minutes.

| Audit Committee

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

The Audit Committee members recognize that they owe fiduciary duty to shareholders, which include contributing to sustainable growth and enhancing corporate value.

To achieve this, the Committee will not limit itself to conducting defensive audits, such as operational and accounting audits. Rather, for enhanced information sharing, it will also attend important meetings such as Executive Officers' Meetings and Corporate Compliance Committee Meetings, hold meetings with senior management as appropriate, and assess the management policy and the progress of business execution in each division and base. This will help investigate any potential management issues and risks from the perspectives of legality, appropriateness, and efficiency.

When conducting such investigations, the Audit Committee will properly confirm the development and operation status of the internal control system and provide its opinions, in collaboration with the internal auditors for internal audits and the external accounting auditors for external audits.

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

Activities of Audit Committee (FY2023)

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

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

In addition, the Audit Committee members discussed policies and methods of auditing with accounting auditors, who furnished them with reports on the status and results of the audits of the Company that they themselves conducted, and exchanged opinions with them.

The Company held fifteen Audit Committee meetings during the fiscal 2023. Each meeting took about two hours.

| Compensation Committee

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

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

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

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

[Compensation for Directors and Executive Officers](#)

Activities of Compensation Committee (FY2023)

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

In addition, the Compensation Committee, at its meeting held in May 2022, decided to revise the compensation system for the Company's Executive Officers and to apply this system from fiscal 2023. Please refer to the Annual Securities Report for the details concerning the said system.

The Company held eleven Compensation Committee meetings during the fiscal 2023. Each meeting took about one hour.

Criteria for Election to Board of Directors

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

The outside directors, in particular, are chosen after consideration to ensure a well-balanced Board composition. For instance, the Board includes individuals with extensive experience in corporate management and in-depth knowledge of international affairs, lawyers with expertise in compliance and other internal controls, as well as certified public accountants and tax accountants with extensive expertise in accounting and tax practices.

The specific skills possessed by individual Directors are disclosed through a skills matrix that describes the capabilities that the Board of Directors as a whole should possess and the status of securing such capabilities.

Independency Guideline for Outside Directors

Mitsubishi Electric has specified the independence standards for outside directors.

The outside directors are expected to supervise management from a high-level perspective based on their abundant experience. Those who are comprehensively judged to possess the character, acumen, and business and professional experience suited to fulfill that role, and who satisfy the requirements of independent executives specified by the Tokyo Stock Exchange and the requirements specified in Mitsubishi Electric's Independency Guideline for Outside Directors and thus possess no risk of giving rise to any conflict of interest with the general shareholders of the Company, are nominated as the outside director candidates by the Nomination Committee.

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

Training for Directors and Executive Officers

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

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

Succession Planning/Training of Successor Candidates

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

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

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

Mitsubishi Electric Corporation Independency Guideline for Outside Directors

The Company nominates persons with experience in company management in the business world, attorneys and academics, among other specialists, who are appropriate to oversee the Company's business operations and not falling under any of the following cases, as candidates for outside directors.

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

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

Compensation for Directors and Executive Officers

Process for Determining Compensation

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

Policy on Determining Compensation Amounts

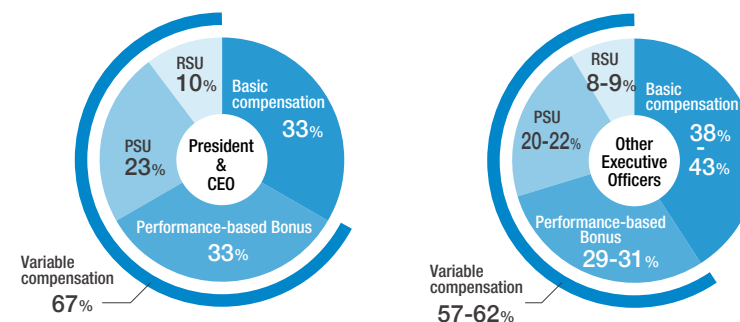
Mitsubishi Electric segregates the supervisory function and the execution function of management. The supervisory function of management is assigned to the Directors and the Board of Directors and the execution function of management is assigned to the Executive Officers. The compensation scheme for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

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

* Please refer to Annual Securities Report for the details.

[Annual Securities Report](#)

Composition of standard compensation for fiscal 2023



* PSU: Acronym for Performance Share Unit

* RSU: Acronym for Restricted Stock Unit

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

Stock Ownership Guidelines

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

Malus and Clawback Provisions

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

Sustainability initiatives reflected in compensation for Directors, Executive Officers, etc.

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

| Internal Audit

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

With approximately 60 members acting independently in Japan and overseas, the Corporate Auditing Div. conducts internal audits of the Company from a fair and impartial standpoint. In addition, the division's activities are supported by auditors with extensive knowledge of their particular fields, assigned from relevant business units.

Relationship with the divisions in charge of internal control

Mitsubishi Electric's Corporate Management Divisions and Corporate Staff Groups, such as the Corporate Strategic Planning Div., the Corporate Accounting Div., the Corporate Legal & Compliance Div., and the Corporate Export Control Div. inspect the establishment and operation of the internal control system and regulations, etc. under their scope of responsibility for internal control. In addition, each Business Area or Business Group has its own compliance department, which reliably spreads company-wide compliance policies and inspects the compliance status in each Business Area or Business Group.

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

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

The Corporate Auditing Div. reports the internal audit policies and internal audit results to the Audit Committee and exchanges opinions with the Audit Committee members on a regular basis.

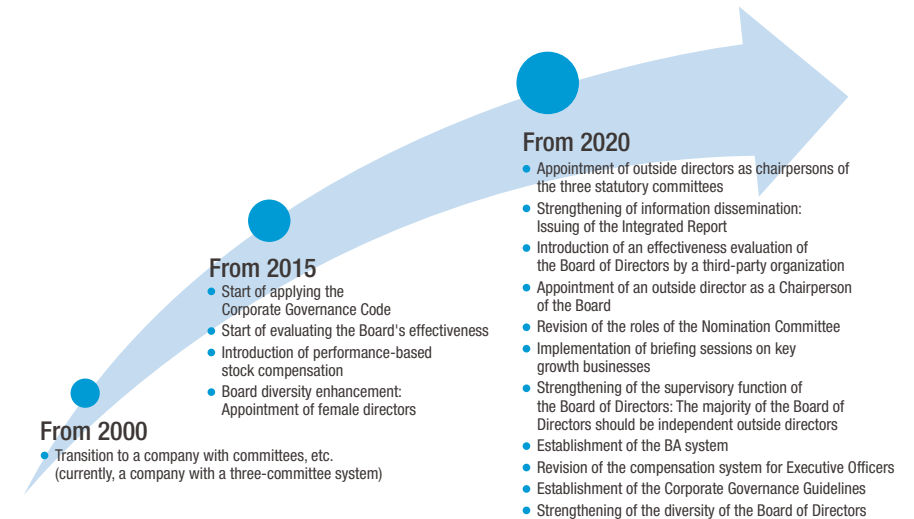
The Corporate Auditing Div. also reports internal audit results to the accounting auditors and continuously works with them, discussing the evaluation of the internal control related to financial review as needed.

Activities to ensure the effectiveness of internal audits

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

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

Initiatives to date to strengthen corporate governance



[Mitsubishi Electric Corporation Corporate Governance Guidelines](#)

[Mitsubishi Electric Corporation Initiatives to Comply with the Corporate Governance Code](#)

[Corporate Governance Report](#)

Compliance

Our Concept of Compliance

Message from Top Management

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

Dear colleagues, Our Values that are shared equally by all members of Mitsubishi Electric Group declare that "we act with high ethical standards and comply with laws and social norms.

" Based on these Values, we must fully recognize as our responsibility that adherence to ethics and compliance forms the basis for the company to remain in business, and we must never engage in conduct that violates ethics and compliance and always act with integrity. In recent years, however, Mitsubishi Electric Group has been faced with a series of quality-related misconduct and other situations that could cause us to lose the trust of our stakeholders that we have built up over the years. Each member of the top management team, including myself, must take this misconduct seriously.

In order for Mitsubishi Electric Group to remain capable of sustainable growth, we must work to foster a corporate culture that compels us to always "do the right thing" with strong determination and enthusiasm to make continuous changes for the better. If your workplace still has the mindset or culture that prioritizes profit and efficiency over compliance, please work to change it immediately.

In the course of your daily work, if you have doubts or discomforts about your own actions or the practices of your department or workplace, please promptly consult with your manager or the department in charge of compliance. In addition, those of you in managerial and supervisory positions must foster a workplace culture in which subordinates can consult with you without hesitation and take serious action to correct problems when you are consulted.

Mitsubishi Electric Group has a history of over a century. For the sake of our next 100 years of contributing to the realization of a vibrant and sustainable society, let us work together, with the flames of change always burning in each of our hearts, to create a new Mitsubishi Electric Group that is overflowing with pride and a strong sense of ethics.



Kei Uruma
President & CEO

Compliance Motto – "Always Act with Integrity"

Always Act with Integrity

いかなるときも「誠実さ」を貫く

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

At the same time of the establishment of the compliance motto, we established "Questions to test for Integrity" as a hint for officers of employees to ask themselves whether their action or decision is right if they are at a loss as to whether their action or decision is right.

Questions to test for Integrity

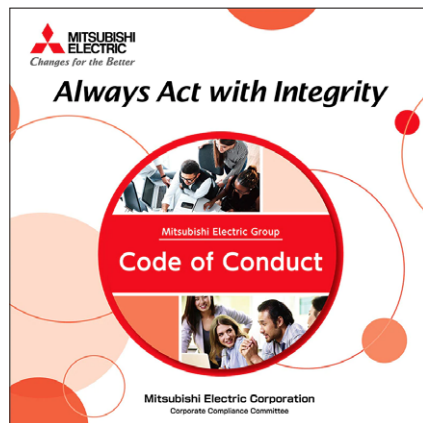
| | |
|---|---|
| 1 | Is your action or decision in line with laws and regulations, internal rules, contractual terms or this Code of Conduct? |
| 2 | Can you tell your family and friends about your action or decision without feeling ashamed? |
| 3 | Will you be proud of your action or decision if it is reported in the mass media or social media? |
| 4 | Does your action or decision give priority to compliance over other considerations, e.g., profit, efficiency, etc.? |
| 5 | Can you rationally and honestly defend your action or decision without having to give excuses such as, "It is just a small thing, there will be no problem"; "It will not be found out "; "I need to do this for the company"; "It has been done this way for a long time"; "My senior colleague also did that" or "I was instructed by my superior"? |
| 6 | Do you first assess if your superior's instructions are right in light of this Code of Conduct before acting upon the instructions? |

Mitsubishi Electric Group Code of Conduct

Mitsubishi Electric Group Code of Conduct is a uniform code of conduct in which laws and regulations and social norms to be complied with and respected by each officer and employee of Mitsubishi Electric Group in executing company business and performing their duties are put together and summarized, and is intended to serve as guidelines for our day-to-day conduct. This Code of Conduct was first established in 1990, and became what they are now through multiple revisions based on revisions of relevant laws and regulations, changes to people's perceptions of social norms and other relevant factors. The version presented here is the most recent revision, published in March 2023.

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

[Mitsubishi Electric Group Code of Conduct](#)



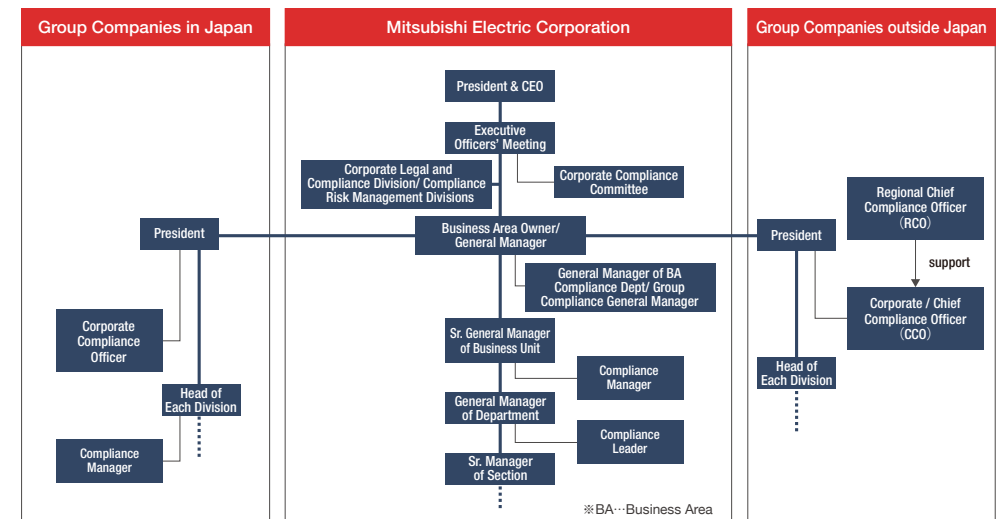
- [Japanese version](#)
- [English version](#)
- [Chinese \(Simplified\) version](#)
- [Chinese \(Traditional\) version](#)
- [Thai version](#)
- [Other languages](#)

Mitsubishi Electric Group Code of Conduct

Mitsubishi Electric Group Compliance Promotion Structure

The Mitsubishi Electric Group's compliance promotion structure is based on the recognition that the promotion of compliance is inseparably linked with business promotion. Based on this structure, the President and CEO of Mitsubishi Electric Corporation is the chief compliance promotion officer, and each Mitsubishi Electric business division as well as each affiliate in Japan and overseas proactively promotes compliance.

The Corporate Compliance Committee has been established as a company-wide organization in order to formulate overall compliance policies for the Mitsubishi Electric Group, to develop measures to maintain and strengthen the systems necessary to promote compliance, and to share information.



Mitsubishi Electric Group compliance promotion structure



Meeting of compliance managers in the Europe region



Meeting of compliance managers in the Korea region

Thorough Dissemination/Education of Our Compliance Policy

Ensuring that Employees are Familiar with Our Compliance Policy

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

To raise awareness even further, we also display posters of our compliance motto "Always Act with Integrity" in our workplaces and distribute cards printed with the compliance motto to each of our employees. We distribute the "Mitsubishi Electric Group Code of Conduct" to all Mitsubishi Electric Group officers and employees, including overseas officers and employees.

Through disseminating the "Mitsubishi Electric Group Code of Conduct Global Handbook," which explains the contents of Code of Conduct with Q&A and introduction for actual cases and holding workshops and read-through sessions in each workplace, our aim is for all officers and employees to internalize the Code of Conduct.



Poster



Portable Card



Mitsubishi Electric Group Code of Conduct

Compliance Education by Diverse Means

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

In addition to educational activities conducted independently by each of the Group's affiliated companies and business divisions, we also carry out Group-wide educational initiatives. Officers and employees in all countries in which we operate take part in an educational program concerning the major relevant laws and the Group's concept of compliance, through e-learning programs, group lessons, distance learning or other such methods. The rate of participation in e-learning on compliance at Mitsubishi Electric in fiscal 2023 was 100%. In fiscal 2023, though workshops faced various restrictions due to the influence of COVID-19, we aggressively conducted online workshops.

[Education covering major laws and regulations, as well as the Group's concept of compliance workshops related to compliance](#)

Basic Initiatives against Compliance Risks

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

The Mitsubishi Electric Group deeply regrets its experience of having received an administrative penalty for violating anti-trust laws in Japan and overseas. Out of this regret, we uphold antitrust laws as one of the most important laws that we must abide by, and make ongoing Group-wide initiatives to both prevent any recurrence of such incidents and prevent previous incidents from being forgotten.

In addition to formulating and operating internal regulations that govern Mitsubishi Electric and its affiliated companies in Japan and overseas, we have also strengthened internal audits that specialize in anti-trust laws, and place importance on employee training through a combination of e-learning and classroom programs. In Japan, in addition to providing e-learning to directors, officers, and employees of Mitsubishi Electric and domestic affiliated companies, we have continued to conduct practical training that reflects the characteristics of each business since fiscal 2014. Additionally, we provide education on antitrust laws that focus on regional characteristics overseas in the combined form of e-learning programs and face-to-face education.

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

[Compliance e-learning programs](#)

| Corruption Prevention (Preventing Bribery)

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

Furthermore, we are conducting monitoring activities such as maintaining and enacting internal regulations for interactions with public officials inside and outside the country as a measure to prevent bribery. We also work to prevent the occurrence of partners offering bribes by conducting pre-screenings to check for the risk of bribery before entering into new transactions with partners, including agencies, consultants, agents, and distributors, as well as by prescribing a strict antibribery provision in any agreements to be concluded. In addition, we provide training to directors, officers and employees of Mitsubishi Electric and its affiliates in Japan who regularly interact with public officials in the combined form of e-learning programs and face-to-face training. We also provide training to prevent bribery in our overseas offices in the combined form of e-learning programs and face-to-face training according to the characteristics of the respective region.

We will continue to enhance measures in each region, and take effective and efficient measures by selecting countries and transactions with particularly high risks of being involved in bribery, to respond to the expansion of our business at a global level. Note that there were no incidents where a fine, penalty, etc. relating to bribery was imposed.

[English version](#) [Chinese version](#)

[Compliance e-learning programs](#)

| Support and Responses to Political Activities

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

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

| Export Control

To maintain international peace and security, Mitsubishi Electric has established and abides by the Corporate Security Export Control Regulation. Based on the regulation, all transactions are closely checked for any inclusion of export controlled items and security concerns related to destination, customers, end-use, and transaction conditions, and are strictly managed pursuant to relevant laws and regulations. Furthermore, to ensure all affiliated companies in Japan and overseas also take proper action in line with our policies, we distribute the Security Export Control Standard Regulations of the Mitsubishi Electric Group (in Japanese, English, Chinese, and Thai) to all affiliated companies, and provide guidance for the establishment of regulations, the development of a framework, employee training and internal audits in each company. In fiscal 2023, in Japan we provided e-learning courses and held online workshops for working-level personnel. For overseas affiliated companies, we have e-learning materials for the implementation of training programs in each company in major languages in Europe, America and Asia.

[Compliance e-learning programs](#)

| Disassociation with Anti-social Groups

The Mitsubishi Electric Group clearly sets forth in the following three provisions in the Mitsubishi Electric Group Code of Conduct and implements them.

1. We will not have any relationship with nor will we conduct business with any anti-social forces (including crime syndicates, terrorists, drug dealers). If any demand is made by antisocial forces, we refuse such demand.
2. We comply with applicable anti-money laundering, anti-corruption and anti-social forces laws and regulations. Furthermore, in Japan, it is recommended to include an article on the "elimination of crime syndicates and other anti-social groups" in transaction contracts and an officer for preventing unreasonable demands, as stipulated in the Anti-Organized Crime Law, is assigned to each business office and affiliated company as a Group-wide measure against unreasonable demands from anti-social groups.

If a transaction partner is found to be an anti-social group, we make every effort to promptly disassociate ourselves with the company with the cooperation of the police, external specialist institutions (the National Center for the Elimination of Boryokudan and the Special Violence Prevention Measures Association (Tokubouren) under the control of the Metropolitan Police Department, the National Center for the Elimination of Boryokudan, etc.), and lawyers.

Compliance Audits / Ethics and Legal Compliance Hotlines

Compliance Audits

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

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

Establishment of Internal and External Ethics and Legal Compliance Hotlines

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

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

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

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



Poster for internal dissemination of information on the hotline

Tax Initiatives

Basic Policy on Tax

Based on the concept of fulfilling our social responsibility through the proper payment of taxes, the Mitsubishi Electric Group has established the "Mitsubishi Electric Group Global Tax Policy" and is working to ensure tax compliance.

Tax Governance Framework

Based on a recognition that tax compliance is inseparably linked with business promotion, the Mitsubishi Electric Group's tax governance framework ensures tax compliance by having each group company implement risk management under the direction and supervision of the Chief Financial Officer (CFO)*.

The CFO reports tax matters at Executive Officer meetings and on other occasions as necessary in consideration of their importance.

* Some taxes, including customs duties and personal income taxes, are the responsibility of the division in charge of complying with the respective laws and regulations.

Tax Policy

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

<Mitsubishi Electric Group Global Tax Policy>

● Our principles

The Mitsubishi Electric Group has positioned sustainability as a pillar of its corporate management, based on its "Purpose" and "Our Values."

Furthermore, the Mitsubishi Electric Group recognizes the importance of ethics and absolute compliance with legal requirements as a fundamental precondition for the Group's continued existence.

Aligning with these principles and the "Mitsubishi Electric Group Code of Conduct," the Mitsubishi Electric Group is committed to complying with tax laws and regulations, and pays the correct amount of tax.

● Our attitude towards tax planning

The Mitsubishi Electric Group complies with tax laws and regulations of the countries and regions in which we conduct business, including without limitation treaties applicable to them. We also respect guidelines such as, but not limited to OECD guidelines, and conduct transactions between group companies on an arm's length principle.

The Mitsubishi Electric Group may seek to apply the tax incentives and exemptions available in the countries and regions in which we conduct business, however, we do not engage in any artificial tax arrangements which are not in line with "Our principles."

● Tax risk management

The Mitsubishi Electric Group believes that tax compliance is inseparably linked with business promotion. Therefore, each group company shall thoroughly ensure tax risk management in carrying out their business operations.

The Mitsubishi Electric Group has put in place a framework for tax governance to ensure that tax management at the group level is properly implemented, and each group company maintains an organizational structure and processes in place to ensure that all applicable tax rules are respected and taxes are paid in accordance with those rules.

Where material uncertainty exists, the Mitsubishi Electric Group may proactively seek the advice of external experts as appropriate. Also, if available, we may consider to seek predictability from tax authorities by obtaining an interpretation/clarification of the application of tax laws and regulations through prior consultation.

In the event a disagreement with the tax authority arises on the appropriate tax treatment of a case and it cannot be resolved between both parties, the Mitsubishi Electric Group will resolve the issue constructively through an appropriate method.

● Relationship with tax authorities

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

Tax Compliance Initiatives

In accordance with its tax governance framework, the Mitsubishi Electric Group is strengthening risk management by grasping the statuses of tax investigations by the tax authorities of each country and tax disputes, and other matters.

With regard to the transfer pricing regulation, as an important issue for our business operations, we are working to strengthen transfer pricing management based on the OECD Transfer Pricing Guidelines as well as the transfer pricing regulations of each country and region.

Risk Management

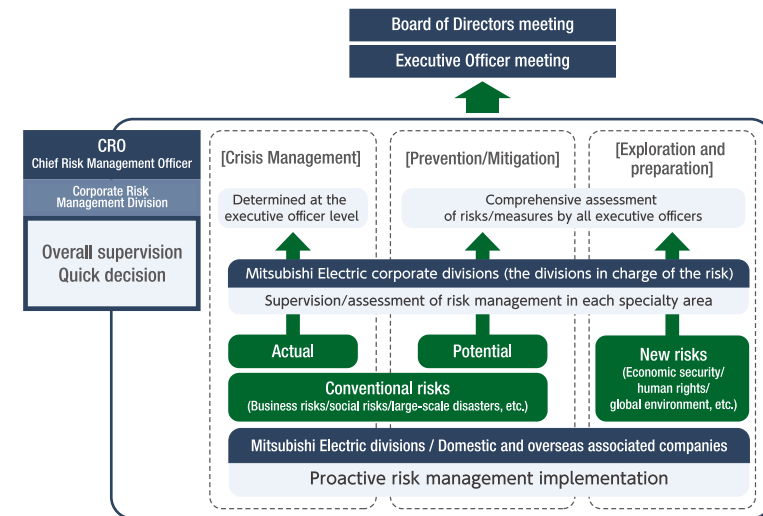
Basic Policy

With overseas revenue accounting for over 50%, the Mitsubishi Electric Group aims to transform into a “Circular Digital-Engineering Company” in a wide range of business areas. We also take the various compliance incidents that came to light seriously and have been working to improve our internal control system and others. To fulfil its responsibility to all stakeholders beginning with society, customers, shareholders, and employees, and to realize sustainability, the Group appropriately manages risks associated with the conduct of its business while strengthening its internal control system with an emphasis on prevention. Specifically, the framework incorporates risk management into business activities whereby risks are managed according to the size and characteristics of each business. Significant risks common to the entire Group are managed and prioritized according to their impact on the management of the Group as a whole. For new risks, such as human rights, demand for decarbonization, geopolitical risks, and game-changing trends in the future, we will respond in an effective manner through cross organizational and flexible team behavior.

Risk Management Framework

Risk management is implemented independently by each division and by domestic and overseas associated companies. In addition, the Group has built a framework to enable appropriate and quick decision making where Mitsubishi Electric’s each corporate division (division in charge of risk management) supervises and assesses each division and domestic and overseas associated companies in their respective specialized areas, and a CRO (Chief Risk Management Officer) and a Corporate Risk Management Division supervise the entire Group.

We will focus on a wide variety of risks according to their degree of impact on the management of the entire Group, and will not only respond to conventional risks such as large-scale disasters and social risks, but also flexibly and strategically investigate and prepare for new risks in areas such as economic security, human rights, and the global environment. In particular, important matters related to management supervision and execution are deliberated upon and decided at the Board of Directors meetings and the Executive Officer meetings.



Risk management framework (Mitsubishi Electric Group)

Disaster Countermeasures

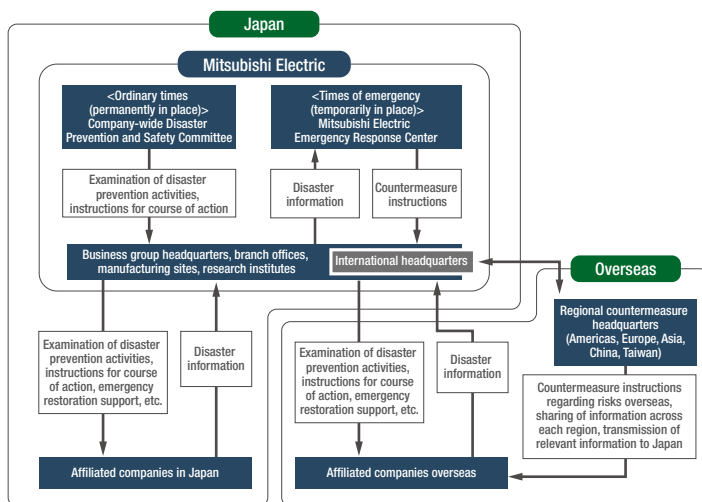
Development of a Response Framework for Large-scale Disasters

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

Emergency disaster prevention framework

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

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



Mitsubishi Electric Group's disaster prevention framework

Framework for ordinary times (creation of a PDCA cycle for disaster response)

In ordinary times, we take steps to ensure that the disaster prevention initiatives we have so far taken continue to be valid, by establishing a Company-wide Disaster Prevention and Safety Committee headed by the executive officer in charge of general affairs, and by implementing continuous improvement activities through a PDCA cycle to make improvements based on periodic examinations and reviews of the disaster response measures of the Mitsubishi Electric Group (at least once a year) and the results of emergency drills. In fiscal 2023, the Committee rolled out a Group-wide mechanism that enables a system to be developed step by step in order to improve the effectiveness of the BCPs by visualizing the progress of the effort.

Initiatives for Business Continuity and Disaster Response

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

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

Each office and affiliated company in Japan and overseas where the BCP has been established reviews it and upgrades countermeasures every year so that the BCP once developed will not turn into a mere formality.

Business continuity in the supply chain

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

1. Activities for visualizing the procurement parts supply chain and mitigating procurement risks in addition to procurement

To prepare for the risk of supply chain disruptions in the event of an emergency, we implement various measures, such as visualizing the supply chain per procured item and purchasing from multiple suppliers. In addition, we continue to educate and support our suppliers on disaster preparedness by holding BCP seminars for them.

2. Activities for ensuring a prompt initial response and efficient response tasks in times of emergency

We are restructuring our frameworks and systems to accelerate and streamline operations, including centralized management of supply chain information for purchased goods, supplier impact surveys in the event of an emergency, and automation of response tabulation.

Strengthening disaster responses

Each office and affiliated company of the Mitsubishi Electric Group possesses a disaster response manual that is used to implement preliminary measures (disaster mitigation measures) and disaster prevention drills.

For example, Mitsubishi Electric carries out an emergency drill and safety confirmation training that involves the use of a safety confirmation system at each site. For IT continuity, we have two separate data centers in Tokyo and the Kansai region and carry out an annual drill for switching between data centers in the event of an emergency.

We have also instructed affiliated companies to establish the same level of disaster countermeasures as those implemented by Mitsubishi Electric to strengthen their emergency preparedness through disaster-prevention drills at each site.



BCP training at a Mitsubishi Electric site in Japan



Disaster prevention drill at a Mitsubishi Electric site in Japan

Pandemic countermeasures

The development of various modes of transportation and transportation networks, and the globalization of the economy have increased not only the movement of people, but also the risk of pandemic diseases such as the Ebola virus disease and new strains of influenza. Amid the advancing globalization of the Mitsubishi Electric Group's businesses, in Japan we commenced initiatives to fulfill our corporate social responsibilities to (1) ensure people's safety, (2) sustain businesses that serve societal functions, and (3) minimize economic impact on our company in the event of an outbreak of a new strain of influenza (through BCP formulation, keeping tabs on the dynamics of business travelers and expatriates, stockpiling masks, etc.). Overseas, and particularly in countries where there is a high probability of an outbreak of a new strain of influenza, we provide direction for formulating a BCP that assumes such an outbreak and to otherwise implement countermeasures that are suitable for the situation in each country.

Ensuring safety overseas

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

In fiscal 2023, restrictions on overseas business travel were gradually relaxed as the impact of the COVID-19 waned. In particular, the number of overseas business travelers gradually increased after the Ministry of Foreign Affairs significantly eased border control measures in October 2022.

In addition, from the perspective of geopolitical risks, each overseas site prepares a crisis management manual that outlines evacuation procedures and routes in the event of an emergency, and collects relevant risk information from overseas crisis management consultants and other sources on a weekly basis and shares it with relevant personnel.

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

Economic Security

Against the backdrop of the recent competition for dominance in technology between the U.S. and China, more countries are introducing their unique systems that are beyond the traditional export controls based on international agreements within investment, procurement, development, human resources, network, data management, and so on. As tensions rise in the international community due to the global economic turmoil caused by the COVID-19 pandemic, Russia's invasion of Ukraine, and other events, risk management should go beyond the status quo of individual compliance in order to decipher the background and intent of policies and regulations from a bird's-eye view and the necessary control measures should be implemented accordingly.

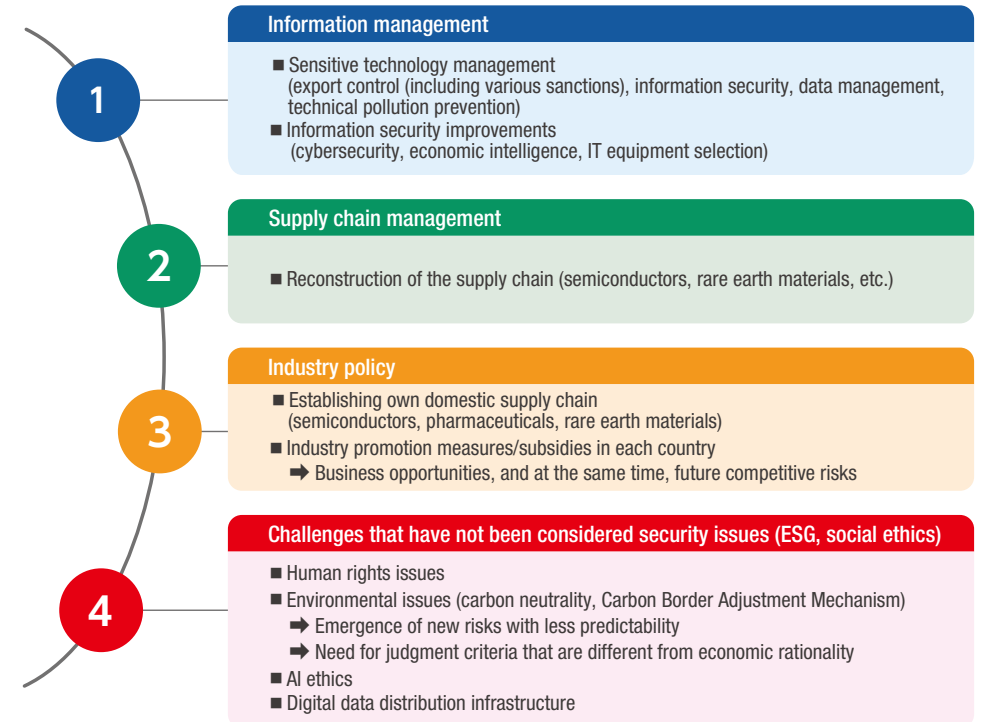
Meanwhile, there is growing concern about forced labor and environmental issues in supply chains. With respect to the former in particular, the U.S. has enacted the Uyghur Forced Labor Prevention Act, and Japan has issued "Guidelines for Respecting Human Rights in Responsible Supply Chains, etc." In these areas, there is a steady shift from soft law norms created by NGOs and NPOs to hard law, and the EU is also preparing the EU Corporate Sustainability Due Diligence Directive (CSDDD). It is important for risk management to properly identify trends and respond to them at as early a stage as possible, including by participating in rulemaking.

In addition, the geopolitical risks that have arisen as a result of Russia's invasion of Ukraine are directly related to supply chain disruptions and the risk of supply disruptions for critical commodities. To ensure business continuity, it is essential to identify vulnerable items and commercial distribution channels as well as to strengthen supply chains through appropriate risk control.

In addition to compliance with individual regulations as we have been thus far, in order to keep up with the dynamic changes in the economic security environment, we have set up the Corporate Economic Security Division directly under the president. This division investigates and analyzes technologies, policy trends and legal systems related to security as well as implements integrated management from a perspective of comprehensive economic security as it relates to company-wide information management, supply chains, industry policies, ESG, and social ethics.

We have also created a groupwide economic security system by setting up the Economic Security Secretariat in each department, the Economic Security Office in affiliated companies in Japan, and the Economic Security Administrator in affiliated companies overseas.

The four aspects of economic security considered by Mitsubishi Electric



Information Security

Basic Policy

In order to prevent the recurrence of a data leak incident caused by unauthorized system access, the Mitsubishi Electric Group will continue to strengthen its information management and utilization systems and other functions, and it will strengthen its security measures for cyberattacks. As a specific target, we will aim to achieve level 2 or higher in the Cybersecurity Maturity Model Certification (CMMC ver. 2).*

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

* Framework for Cybersecurity Maturity Model Certification set forth by the U.S. Department of Defense. Level 2 or higher means that excellent security measures and management systems are put in place.

[Declaration of Confidential Corporate Information Security Management](#)

Framework and Guidelines

A new "Corporate Information Security Division" was established under the direct control of the president, to oversee all the Group's information security management. Since April 2020, it has integrated three functions that were previously separate: management of confidential corporate information and personal data protection, information system security, and product security. Since April 2021, we have enhanced the structure and add members of Corporate Information Security Division. In addition, we will invest more than ¥50 billion to implement cybersecurity measures and establish sustainable information security management system so that we can achieve Level 2 or higher of the Cybersecurity Maturity Model.

The Executive Officer in charge of Information Security is responsible for the Group's overall information security management. Under this officer's direction, the Corporate Information Security Division is in charge of planning and implementing the Group's information security management structure and rules as well as activities to ensure the security of information systems. The Division is striving to ensure information security by working closely with the Computer Security Incident Response Team (CSIRT) established in each business group and office that utilizes and manages the data and systems.

As other companies suffered cyberattacks that affected their factory productivity, Mitsubishi Electric also formed a section to ensure factory security, thereby bolstering preparedness.

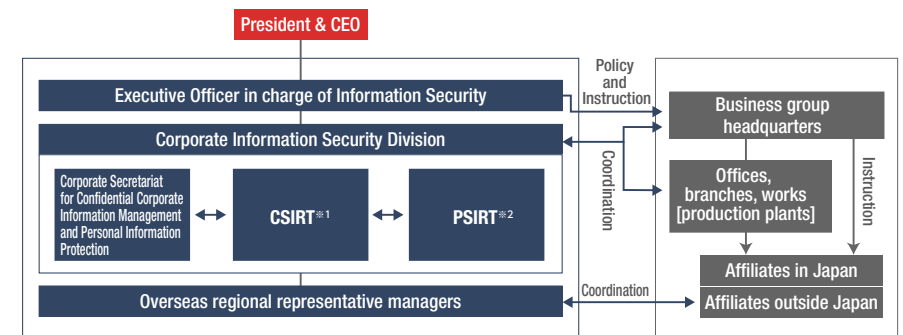
In addition, as part of PSIRT activities*¹ to promote product security measures, we were accredited as a CNA*² in November 2020 and we now assign CVE IDs*³ to vulnerabilities that affect Mitsubishi Electric products and publish them by ourselves. This has strengthened a framework to practice efficient vulnerability handling with external stakeholders. Identified vulnerabilities are reported, instructions are given in keeping with this framework, and appropriate response is taken to prevent secondary damage.

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

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

*2 CVE Numbering Authority. CVE is an abbreviation for Common Vulnerabilities and Exposures.

*3 Internationally used vulnerability identifiers



※1 CSIRT: Computer Security Incident Response Team

※2 PSIRT: Product Security Incident Response Team

■ Control and Planning

■ Units responsible for promoting information security

Information security organization structure (Mitsubishi Electric Group)

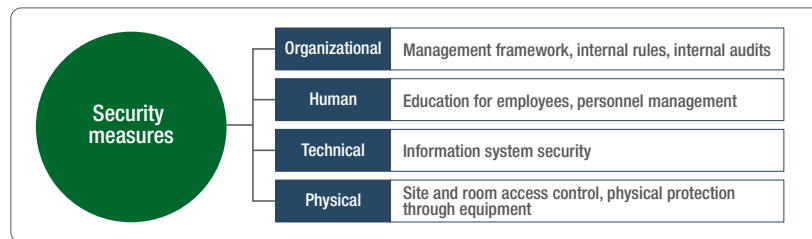
Global Activities

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

Information Security Management

Management Principles

The Mitsubishi Electric Group practices confidential corporate information management and personal information protection utilizing a continuous improvement approach implemented using the Plan, Do, Check, Act (PDCA) cycle, and employs four security measures to ensure proper management and protection of confidential corporate information and personal information from the organizational, human, technical, and physical perspectives, taking the external environment into consideration, including the handling of personal data overseas.



Four security measures

Information Security Regulations and Guidelines

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

Information Security Regulations and Guidelines

| Item | Basic regulations |
|-------------------|---|
| Security measures | Organizational security measures : Regulations on confidential corporate information security management Personal data protection guidelines |
| | Human security measures : Regulations on the work of employees |
| | Technical security measures : Regulations on information security management |
| | Physical security measures : Physical security guidelines |

Information Security Inspections

The Mitsubishi Electric Group performs the following inspections as part of the C (Check) stage of the PDCA cycle at head office management departments, business groups and offices, and affiliates. These inspections focus on checking whether confidential corporate information management and personal information protection activities are being implemented properly by the Mitsubishi Electric Group as a whole, and on confirming the status of those activities. We review measures based on the results, and this leads to the A (Act) stage of the PDCA cycle. These inspections are set down in the Confidential Corporate Information Management Regulations, which cover Mitsubishi Electric Corporation, and in the Guidelines for Information Security Management Regulations, which cover affiliates in and outside Japan.

Inspections related to information security

| | Item | Content |
|-------------------|---|--|
| Self-check | Self-check program for confidential corporate information management and personal information protection | Using a checklist, each Mitsubishi Electric Group company performs a self-inspection of its activities for information security |
| Third-party check | Third-party check program for confidential corporate information management and personal information protection | Mitsubishi Electric's business offices mutually check each other's status of information security management. Mitsubishi Electric checks the status of information security at affiliated companies. |
| | Personal information protection audits (Personal information protection management system audits) | At Mitsubishi Electric, the status of personal information protection is internally audited under the supervision of the Audit Manager for Personal Information Protection, who is appointed by the President & CEO of Mitsubishi Electric. In affiliated companies in Japan that have been granted the right to use the "PrivacyMark," the same internal audit is conducted by the audit manager at each company. |

Information Security Education

Mitsubishi Electric fosters a corporate culture that enforces the proper handling of confidential corporate information and personal information. We provide education programs to enable employees to ensure the implementation of specific security control measures, such as the server storage and encryption of files according to security levels.

Specifically, information security education is provided to all employees in the form of e-learning to disseminate thorough knowledge of the security control measures (organizational, human, technical, and physical) that they should be aware of. This education is provided in response to the telework and to changes in the business environment and business models based on the growing use of cloud services, as well as in line with the roles that are expected of them at each career stage. In addition, Mitsubishi Electric regularly conducts exercises to verify that employees know how to handle spoofed e-mails.

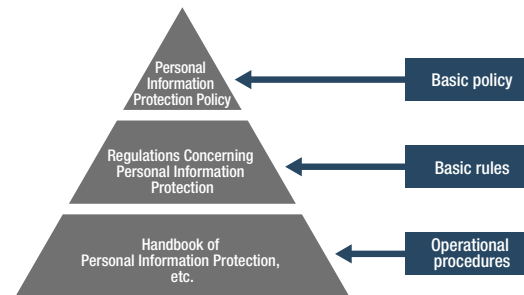
Activities for Personal Information Protection

| Personal Information Protection

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

We have also conducted a review of our internal regulations to ensure a proper response to Japan's amended Act on the Protection of Personal Information, which went into force in April 2022.

[Privacy Policy](#)



System of rules for personal information protection

| Proper handling of personal information

Mitsubishi Electric handles personal information appropriately; we acquire it by specifying purpose of use, use it only within the intended scope, and provide it to a third party only with prior consent from users. Furthermore, in preparation for data leakage risks from cyberattacks, we continue to strengthen security control measures, such as server storage and encryption.

| Response to the EU General Data Protection Regulation (GDPR) and China's Personal Information Protection Law

The Mitsubishi Electric Group handles personal data from the EU in an appropriate manner with due consideration to the General Data Protection Regulation (GDPR), which was put into force in the EU in May 2018 as a framework to protect privacy. In addition, cross-border transfer of personal data is now also being regulated outside Europe with China's Personal Information Protection Law enforced on November 1, 2021, and the Group is taking appropriate measures.

Cyber-Attack Countermeasures

Cyber-attacks have become a major threat for businesses as they are growing increasingly sophisticated and diverse year-by-year. The Mitsubishi Electric Group is centrally managing the network, devices, and servers (cloud) and working to implement a multilayered defense which is based on the concept of zero-trust security* as countermeasures for cyber-attacks that are growing increasingly sophisticated and diverse, along with the wider use of cloud services and the wider adoption of teleworking. A multilayered defense lets us protect ourselves from cyber-attacks, detect suspicious signs and intrusions, and put in place a system to respond immediately should an incident occur, to prevent or minimize damage.

In addition, we have implemented multi-factor authentication that supports operations being conducted through access from offices, teleworking sites, and business trip destinations, and we manage authentication in a centralized manner. Internet websites are constantly exposed to many external threats, and so we only launch websites that are approved by Mitsubishi Electric in order to maintain a high security level.

* Concept of not giving trust to anything either inside or outside of the company, and testing and authorizing all communication attempts.

Initiatives Regarding Security Quality of Products and Services

Mitsubishi Electric has the Mitsubishi Electric Product Security Incident Response Team (PSIRT) as an internal framework to handle the security quality of products and services.

The following are Mitsubishi Electric PSIRT's roles:

- Gather information on vulnerabilities in products and services provided to customers
- Respond swiftly to vulnerabilities discovered in cooperation with product design and production departments and service management departments
- Strengthen and promote technical initiatives to preclude vulnerabilities from the stage of product and service development
- Provide security training to all officers and employees involved in product and service development
- Disclose vulnerability information and measures to customers

Third-Party Certification

Mitsubishi Electric and affiliates in Japan promote holding third-party assessments and gaining third-party certification on information security.

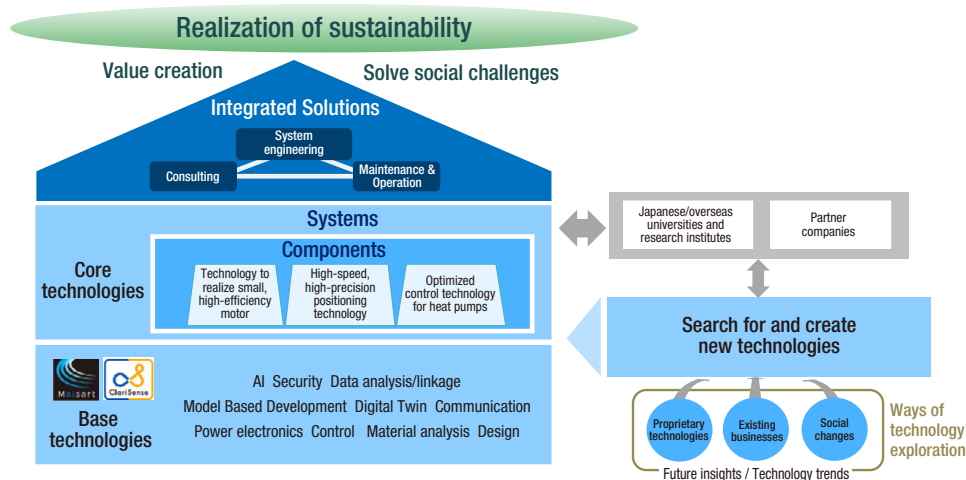
Research and Development

Research and Development Strategy

Toward realizing sustainability, the Company advances research and development, aiming to provide solutions by fusing knowledge within and outside the Group as a “Circular Digital-Engineering” company.

We thoroughly enhance core technologies that create a competitive advantage for business, deepen fundamental technologies that support functions, properties, quality and reliability of equipment, systems and services, and investigate and create new technologies in a balanced way, preparing for a game change or any other event in the future. The Company will also accelerate development and create value through proactive cooperation with universities and other external R&D institutions, contributing to solving diversifying social issues.

During fiscal 2023, the total R&D expenses for the entire Group have amounted to 212.3 billion yen (9% increase compared to the previous fiscal year).



Major R&D Achievements in Fiscal 2023

Development of High-power, High-efficiency Power Semiconductor Module

Demand for a high-power, high-efficiency power semiconductor module has been increasing for power systems such as a traction system for railway vehicles and DC-power transmitters.

The Company has developed a HV100 dual type X-Series HVIGBT* module with a high voltage of 4.5 kV and rated current of 450 A. The seventh-generation IGBTs and RFC diode chips mounted have achieved higher current density with lower loss compared to existing products. In addition, the terminal layout is optimized for easy paralleling, which enables correspondence with various types of inverters.

We contribute to realizing carbon neutrality by making efforts to achieve further higher power and higher efficiency of power semiconductor modules.

* HVIGBT: High voltage insulated gate bipolar transistor



X-Series HVIGBT module HV100
dual-type(4.5kV/450A)

Contributing to further higher power and higher efficiency of inverters
for large industrial devices

[HV100 Dual-type X-Series HVIGBT Module](#)

Development of Wire-laser Metal 3D Printer AZ600

Demand for metal 3D printers that create objects from 3D shape data is expected to increase due to such advantages as a significant reduction in manufacturing processes, a reduction in waste materials disposed of in manufacturing processes and an increase in the freedom of designing. We recently developed a wire-laser metal 3D printer "AZ600" that combines the world's first*¹ simultaneous 5-axis spatial control and digital manufacturing technology that cooperatively controls processing conditions, which enables high-quality, high-precision 3D printing. In addition, we apply a near-net-shape method*² to parts machining, which realized both energy saving by shortening machining time and a reduction in waste materials.

Going forward, we will continue to contribute to environmentally friendly manufacturing in a decarbonized era.

*¹ As of February 24, 2022, according to Mitsubishi Electric's research

*² A near-finished shape is formed.

Note: Although we announced the release of AZ600 on February 24, 2022, this information is included here because the product's major contributions to our business performance pertain to fiscal 2023.



Wire-laser metal
3D printer "AZ600"



Shaping sample

Realized both energy saving by shortening machining time and a reduction in waste materials.

Wire-laser metal 3D printer "AZ600"

Development of "Quantum Artificial Intelligence Technology" That Uses Automated Design to Realize Compact Inference Models

The development of quantum computers that exhibit advanced processing power through computation using quantum bits*¹ is accelerating around the world.

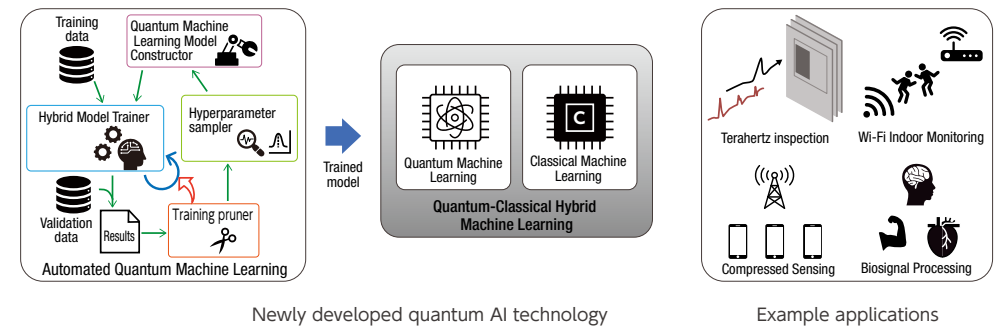
The Company has developed a quantum artificial intelligence technology that automatically designs and optimizes inference models to downsize the scale of computation and confirmed for the first time in the world*² that the technology contributes to higher performance in multiple areas such as non-destructive terahertz inspections, Wi-Fi indoor monitoring, compressed sensing and biosignal processing.

This recently developed technologies allow for significantly shorten computation time in a hybrid combination of both quantum and classical AI*³, even when using limited data. Going forward, we will advance the development of quantum artificial intelligence technology, aiming for its application to FA, air conditioning, building systems, mobility and a wide range of other industrial areas.

*¹ Minimum unit of quantum information handled for quantum computers

*² As of December 2, 2022, according to Mitsubishi Electric's research

*³ Machine learning with conventional computers using classical bits



Newly developed quantum AI technology

Example applications

Can be incorporated in first-ever application for terahertz imaging

Mitsubishi Electric's New Quantum Artificial Intelligence Technology Uses Automated Design to Realize Compact Inference Models

Intellectual Property

Intellectual Property Activities

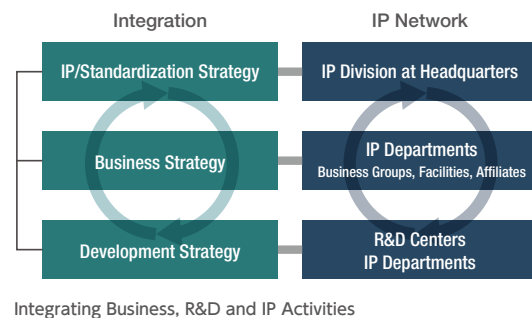
Basic Policy

The proper protection of intellectual property (IP) rights promotes technological progress and sound competition, and also contributes to realizing affluent lifestyles and the development of society.

The Mitsubishi Electric Group recognizes that intellectual property (IP) rights represent a vital management resource essential to its future and must be protected. Through integrating business, R&D, and IP activities, the Group is proactively strengthening its global IP assets, which are closely linked to the Group's business growth strategies and contribute to both business and society, and also working on protecting IP rights.

Structure of the Intellectual Property Division

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



Global IP Strategy

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

As an indication of the Mitsubishi Electric Group's IP capability and global IP activities, the company ranked No. 2 in Japan in terms of the number of patent registrations (in 2022) announced by the Japan Patent Office (JPO), and No. 4 in the world in terms of Patent Cooperation Treaty (PCT) applications by businesses (in 2022) announced by the World Intellectual Property Organization (WIPO).

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

(Top 5) PCT applicants: businesses, 2022
(WIPO, PCT Yearly Review)

| Rank | Applicant | Country | No. of applicants |
|------|---------------------|-------------|-------------------|
| 1 | Huawei | China | 7,689 |
| 2 | SAMSUNG | South Korea | 4,387 |
| 3 | Qualcomm | USA | 3,855 |
| 4 | Mitsubishi Electric | Japan | 2,320 |
| 5 | Ericsson | USA | 2,158 |

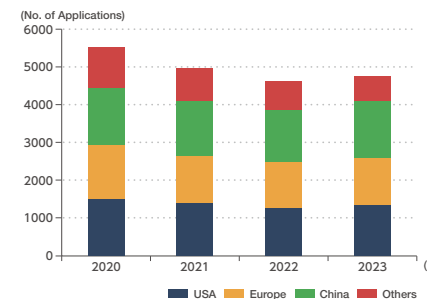
(WIPO)

No. of patent registrations in 2022(Japan)

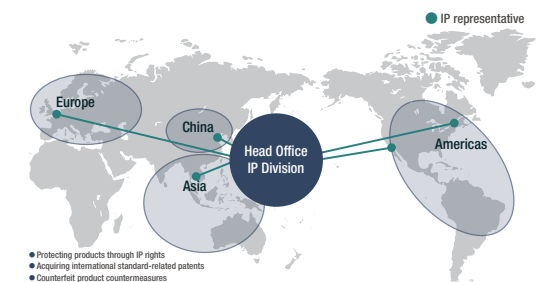
| Rank | Applicant | No. of patents |
|------|---------------------|----------------|
| 1 | Toyota Motor | 4,559 |
| 2 | Mitsubishi Electric | 3,692 |
| 3 | Canon | 3,382 |
| 4 | DENSO | 2,919 |
| 5 | Panasonic | 2,856 |

(JPO)

Annual Trends in Overseas Patent Applications by the Mitsubishi Electric



Further Strengthening Global IP Capabilities

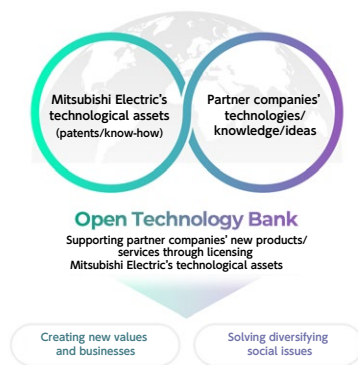


| Open Technology Bank Activity

In order to realize a sustainable future, Mitsubishi Electric launched activities of the Open Technology Bank, which promotes internal and external collaborations based on intellectual property in fiscal 2022. In the past, the primary use of intellectual property was for competition between companies (monopolizing their use, preventing imitation, and exercising rights in relation to other companies); however, going forward, the Company will actively use intellectual property as tools for promoting collaborative creation.

Promoting external collaboration

The Mitsubishi Electric Group has a wealth of proprietary technology assets (patents, knowledge, etc.) in a wide range of areas, from home to outer space. The Open Technology Bank activities aim to create new value and businesses through combining and multiplying Mitsubishi Electric's technologies with partner companies' technologies and ideas. This is achieved through efforts to support partner companies in developing new products and services by granting licenses for Mitsubishi Electric's technology assets that contribute to solving diverse social challenges. Through these actions of taking its technologies that contribute to solving various challenges including the realization of a decarbonized society and preparation for natural disasters, and granting licenses for these technologies to various industry sectors and fields, Mitsubishi Electric actively promotes co-creation with external parties based on intellectual properties, and thereby contributes to the realization of a sustainable future.



Open Technology Bank Activities
— Promoting external collaboration —

Strengthening internal collaboration

As a result of its active intellectual property activities, the Mitsubishi Electric Group is maintaining a high level in number of patent applications and registrations both in Japan and overseas. On the other hand, the execution of each patent is closed within the works that filed the relevant patent in many cases, and patented technologies have not fully been rolled out internally. As such, we internally released a technology map that classifies and visualizes our patents with a focus on technology and social challenges in an attempt to promote the utilization of technologies beyond division boundaries and to create synergy as a comprehensive electrical and electronics manufacturer. This map is designed to allow people to reference summaries of each patent, the division and name of the inventor, as well as other details. This reference information will promote internal collaboration across department boundaries.

[Open Technology Bank \(in Japanese text\)](#)

| IP Strategy for International Standardization

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

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

| Respecting IP Rights

The Mitsubishi Electric Group firmly recognizes the importance of mutually acknowledging and respecting not only its own intellectual property rights but the intellectual property rights of others as well. This stance is clearly set forth in the Mitsubishi Electric Group Conduct Guidelines and practiced throughout the Group.

Any infringements on the IP rights of others not only violate the Code of Corporate Ethics and Compliance, but also have the potential to significantly impair the Group's continued viability as a going concern. The resulting potential impairments include being obliged to pay significant licensing fees or being forced to discontinue the manufacture of a certain product.

In order to prevent any infringement on the IP rights of others, various educational measures are provided mainly to engineers and IP officers, to raise employee awareness and promote greater respect for the IP rights of others. At the same time, a set of rules has been put in place to ensure that a survey of the patent rights of others is carried out at every stage from development to production, and is strictly enforced throughout the entire Group.

The Mitsubishi Electric Group also works diligently to prevent any infringement on its IP rights by others. In addition to in-house activities, we place particular weight on collaborating with industry organizations while approaching government agencies both in Japan and overseas as a part of a wide range of measures to prevent the counterfeiting of our products.

| Cooperation in IP Policies

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

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

Communication with Shareholders and Investors

Basic Policy

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

Status of Communication with Shareholders and Investors

Shareholders Meeting and Shareholder Communique

Mitsubishi Electric holds a General Meeting of Shareholders in late June every year. We regard shareholders' meetings as a precious opportunity for direct communication with our shareholders and implement the following measures:

- Providing the measures for electronic provision of notice of convocation in late May and mailing it in early June to ensure sufficient time for shareholders to examine the agenda;
- Sending a document containing excerpts from the notice of convocation to shareholders who have not requested a delivery of the document;
- Providing an environment for shareholders to exercise their voting rights via the Internet and the electronic voting platform;
- Providing an environment that enables shareholders who are unable to attend the meeting to follow the meeting and to ask questions in advance, such as livestreaming the meeting and accepting questions in advance;
- Providing easy-to-understand explanations to shareholders through visual presentations of business strategies, performance, etc.;
- Providing detailed answers to questions that our shareholder pose and striving for honest, constructive dialogue.

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



Shareholder Communique
(In Japanese text)

IR and SR Activities

1. Framework for IR/SR Activities

Mitsubishi Electric recognizes that dialogue with stakeholders, including shareholders, is extremely important to promote initiatives to achieve sustainable growth and increase medium- to long-term corporate value. Based on this recognition, we believe it is crucial to give due consideration to their opinions and actively engage in dialogue to reflect their perspectives into management decisions. This is our basic approach to constructive dialogue with shareholders and investors.

Mitsubishi Electric has established the Corporate IR and SR Div., which is under the direct control of the president, with the CSO serving as the executive officer responsible for overall dialogue with shareholders and investors. Dialogue with shareholders and investors is led by top management, including the CEO and CFO, and conducted by the Corporate IR and SR Div. and other related departments.

Under this system, Mitsubishi Electric strives to enhance its communication tools with shareholders and investors by conducting enhanced dialogues and providing timely and appropriate information, as well as distributing various information sessions on demand and posting explanatory materials on its official website.

The responses and opinions obtained during the dialogue, investor trends, and results of individual interviews will be reported to the Board of Directors and the Executive Officers' meeting. Based on this, the Board of Directors will hold sufficient discussions and provide feedback to the relevant departments, taking into account diverse opinions from independent outside directors, as well as report on improvement measures based on their opinions.

2. Achievements in fiscal 2023

In fiscal 2023, opportunities for direct dialogue with shareholders and investors in Japan and overseas gradually returned, with the resumption of face-to-face meetings, including the overseas roadshow where management meets with foreign investors. During the meetings, the dialogue focused on management strategy and management plan, ESG, and improper quality control and Three Key Reforms which includes measures to prevent its recurrence.

Key activities include:

- Online and face-to-face individual interviews in Japan and abroad (total of 661 person)
- Holding financial results briefings (four times a year), IR Day (once a year) and other various briefings, as well as small meetings with management
- Conducting overseas roadshows, participating in conferences for overseas investors

[Investor Relations website](#)

Governance Data

Corporate Governance

Directors [Mitsubishi Electric]

| No. of directors | | March 31, 2019 | March 31, 2020 | March 31, 2021 | March 31, 2022 | March 31, 2023 |
|--------------------------------|--|----------------|----------------|----------------|----------------|----------------|
| Internal directors | Total | 7 persons | 7 persons | 7 persons | 5 persons | 5 persons |
| Outside directors | Total | 5 persons | 5 persons | 5 persons | 5 persons | 7 persons |
| Internal directors + | Total | 12 persons | 12 persons | 12 persons | 10 persons | 12 persons |
| | Male | 11 persons | 11 persons | 11 persons | 9 persons | 11 persons |
| Outside directors | Female | 1 person | 1 person | 1 person | 1 person | 1 person |
| | Percentage of Independent outside directors | 42% | 42% | 42% | 50% | 58% |
| Percentage of female directors | | 8% | 8% | 8% | 10% | 8% |
| No. of Board meetings held | | 7 times | 7 times | 8 times | 20 times | 13 times |
| Chairperson | | Internal | Internal | Internal | Outside | Outside |

Directors and Officers (Directors+Executive Officers+Executive Officer (Associate)) [Mitsubishi Electric]

| No. of directors and officers | | March 31, 2019 | March 31, 2020 | March 31, 2021 | March 31, 2022 | March 31, 2023 |
|---|--|----------------|----------------|----------------|----------------|----------------|
| Internal directors and officers | Total | 24 persons | 24 persons | 24 persons | 24 persons | 26 persons |
| Outside directors and officers | Total | 5 persons | 5 persons | 5 persons | 5 persons | 7 persons |
| Internal directors and officers + | Total | 29 persons | 29 persons | 29 persons | 29 persons | 33 persons |
| | Male | 28 persons | 28 persons | 28 persons | 28 persons | 32 persons |
| Outside directors and officers | Female | 1 person | 1 person | 1 person | 1 person | 1 person |
| | Percentage of female directors and officers | 3% | 3% | 3% | 3% | 3% |

Nomination Committee [Mitsubishi Electric]

| No. of directors | | March 31, 2019 | March 31, 2020 | March 31, 2021 | March 31, 2022 | March 31, 2023 |
|--|---------------------------------|----------------|----------------|----------------|----------------|----------------|
| Internal directors | Total | 1 person | 1 person | 1 person | 1 person | 1 person |
| Outside directors | Total | 4 persons | 4 persons | 4 persons | 4 persons | 6 persons |
| Internal directors + | Total | 5 persons | 5 persons | 5 persons | 5 persons | 7 persons |
| | Male | 4 persons | 4 persons | 4 persons | 4 persons | 6 persons |
| Outside directors | Female | 1 person | 1 person | 1 person | 1 person | 1 person |
| | Percentage of outside directors | 80% | 80% | 80% | 80% | 86% |
| No. of Nomination Committee meetings held | | 3 times | 3 times | 3 times | 16 times | 9 times |
| Chairperson | | Outside | Outside | Outside | Outside | Outside |

Audit Committee [Mitsubishi Electric]

| No. of directors | | March 31, 2019 | March 31, 2020 | March 31, 2021 | March 31, 2022 | March 31, 2023 |
|---|---------------------------------|----------------|----------------|----------------|----------------|----------------|
| Internal directors | Total | 2 persons | 2 persons | 2 persons | 2 persons | 2 persons |
| Outside directors | Total | 3 persons | 3 persons | 3 persons | 3 persons | 3 persons |
| Internal directors + | Total | 5 persons | 5 persons | 5 persons | 5 persons | 5 persons |
| | Male | 5 persons | 5 persons | 5 persons | 5 persons | 5 persons |
| Outside directors | Female | 0 person | 0 person | 0 person | 0 person | 0 person |
| | Percentage of outside directors | 60% | 60% | 60% | 60% | 60% |
| No. of Audit Committee meetings held | | 7 times | 13 times | 14 times | 13 times | 15 times |
| Chairperson | | Internal | Internal | Outside | Outside | Outside |

Compensation Committee [Mitsubishi Electric]

| No. of directors | | March 31, 2019 | March 31, 2020 | March 31, 2021 | March 31, 2022 | March 31, 2023 |
|--|---------------------------------|----------------|----------------|----------------|----------------|----------------|
| Internal directors | Total | 2 persons | 2 persons | 2 persons | 2 persons | 1 person |
| Outside directors | Total | 3 persons | 3 persons | 3 persons | 3 persons | 5 persons |
| Internal directors + | Total | 5 persons | 5 persons | 5 persons | 5 persons | 6 persons |
| | Male | 4 persons | 4 persons | 4 persons | 4 persons | 4 persons |
| Outside directors | Female | 1 person | 1 person | 1 person | 1 person | 1 person |
| | Percentage of Outside Directors | 60% | 60% | 60% | 60% | 83% |
| No. of Compensation Committee meetings held | | 3 times | 4 times | 4 times | 13 times | 11 times |
| Chairperson | | Internal | Internal | Outside | Outside | Outside |

Compliance

Education covering major laws and regulations, as well as the Group's concept of compliance

【Mitsubishi Electric Group】(Unit: No. of people)

| Target | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|--|---------|---------|---------------|---------------|-----------------|
| Officers and employees in Japan (including contract employees, temporary employees, part-time employees, short-term workers, etc.) | 127,300 | 125,614 | 126,049 | 131,306 | Approx. 131,700 |
| | 100% | 100% | 100% | 100% | 100% |
| Employees in Southeast Asia, Oceania, and other regions | 6,815 | 6,644 | Approx. 7,000 | Approx. 7,000 | Approx. 7,300 |

Workshops related to compliance

【Mitsubishi Electric Group (in Japan)】(Unit: No. of people)

| Target | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|--|-----------|-----------|-----------|-----------|---------------|
| Officers and employees in Japan (including contract employees, temporary employees, part-time employees, short-term workers, etc.) | 240 times | 180 times | 113 times | 111 times | — |
| | 9,071 | 6,531 | 8,134 | 10,018 | Approx. 3,300 |

Compliance e-learning programs

【Mitsubishi Electric Group (in Japan)】(Unit: No. of people)

| Target | | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|-----------------------|--|--------|--------|--------|--------|--------|
| Fair competition | Directors, officers and employees of Mitsubishi Electric and its affiliates in Japan who regularly interact with other companies | — | 15,310 | 14,824 | 51,901 | 58,207 |
| | Of which, those in Mitsubishi Electric | — | — | — | — | 15,502 |
| | Of which, those in Group companies in Japan | — | — | — | — | 42,705 |
| Corruption prevention | Mitsubishi Electric Group Companies in Japan | 24,056 | 24,365 | 25,371 | 39,951 | 41,544 |
| | Of which, those in Mitsubishi Electric | — | — | — | — | 25,562 |
| | Of which, those in Group companies in Japan | — | — | — | — | 15,982 |
| Export control | Mitsubishi Electric | 36,578 | 37,520 | 38,415 | 38,726 | 39,432 |
| | Group companies in Japan | 32,859 | 33,880 | 34,364 | 27,341 | 52,791 |