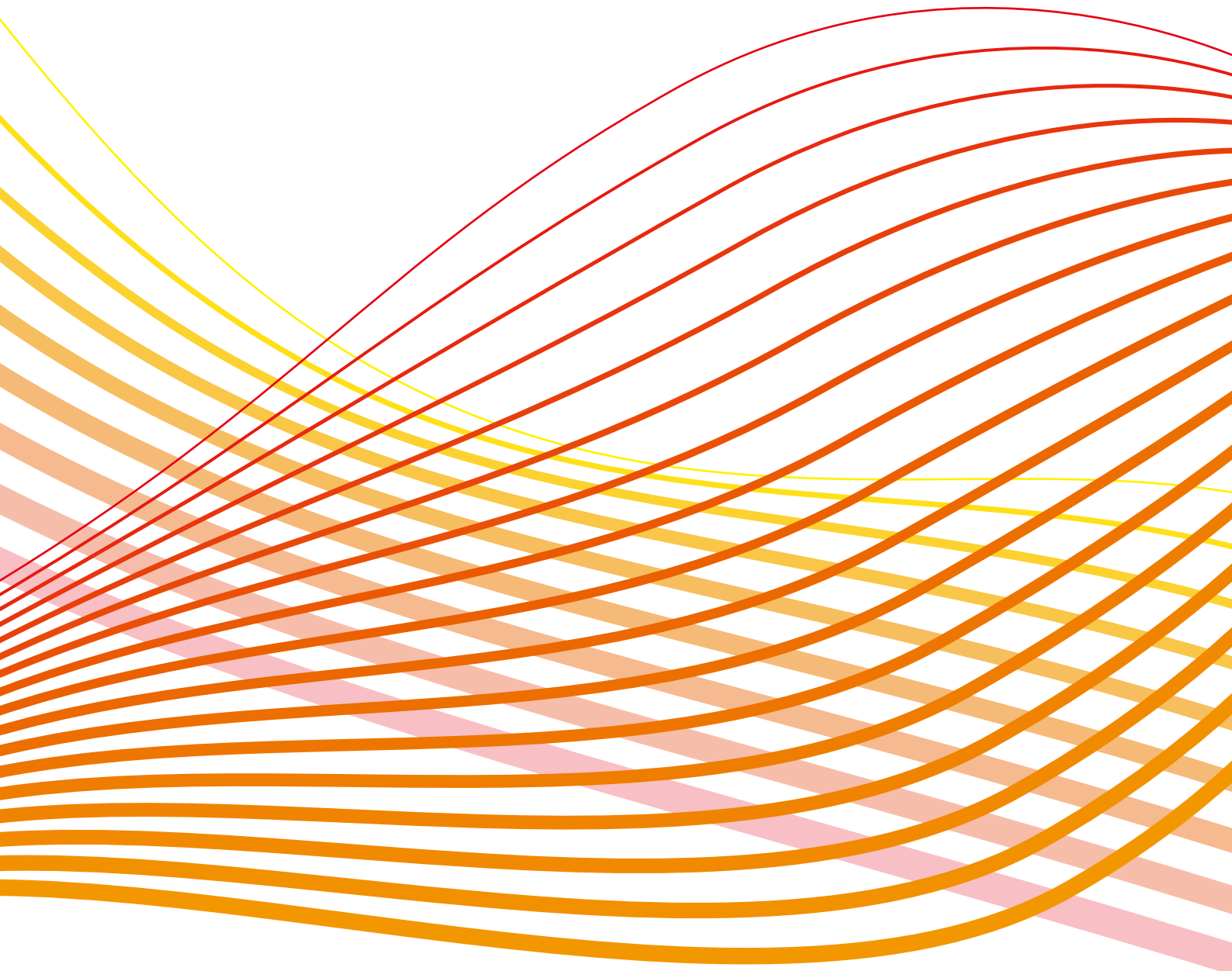


2021 ANNUAL REPORT

For the year ended March 31, 2021



We, the Mitsubishi Electric Group will contribute to realizing sustainability through all of our activities, and further enhance corporate value that emphasizes the creation of both economic and social value.

On February 1, 2021, we celebrated the 100th anniversary of our founding. We have included our commitment to realize sustainability through all of our activities, in our corporate management policy that balances growth and profitability/efficiency, and soundness, we have started taking steps toward the next 100 years.

We will provide integrated solutions that only we can provide to address diversifying social challenges, in the four fields of Life, Industry, Infrastructure and Mobility, uniting all the capabilities inside and outside the Group. In doing so, we will further promote initiatives to create values for the achievement of a sustainable society.

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The economy in fiscal 2021 (April 1, 2020 - March 31, 2021) continued to see recovery in China mainly owing to an increase in capital expenditures for fixed assets, particularly in public investment, as an effect of political measures. Japan, the U.S. and Europe experienced a significant economic slowdown due to the serious impact of COVID-19 in the first quarter, but saw recovery in the corporate sector in general, while the paces of recovery in the household sector varied depending on the situation of the expansion of COVID-19. Under these circumstances, the Mitsubishi Electric Group has been working even harder than before to promote growth strategies rooted in its advantages, while continuously implementing initiatives to strengthen its competitiveness and business structure. As a result, revenue decreased by 6% year on year to 4,191.4 billion yen and operating profit fell by 11% year on year to 230.1 billion yen (operating profit ratio of 5.5%) in fiscal 2021. Going forward, we will work to further create value for achieving the financial targets for fiscal 2026 (April 1, 2025 - March 31, 2026) under the new medium-term management plan: consolidated revenue of 5,000 billion yen, operating profit ratio of 10%, return on equity (ROE) of 10%, and cash generation of 3,400 billion yen in five years. The Mitsubishi Electric Group will further promote initiatives to create value, such as "Realize a Sustainable Society" and "Provide Safety, Security, and Comfort." By providing unique, Integrated Solutions by combining our strong core components and a wealth of field knowledge and advanced digital technology in the four

fields of Life, Industry, Infrastructure and Mobility to address diversifying social challenges. For our sustainable growth, we aim to improve profitability by strengthening the business portfolio strategy. Specifically, we will strategically invest management resources in the five business areas—Factory Automation (FA) Control Systems Business, Air Conditioning & Refrigeration Systems Business, Building Systems Business, Automotive Equipment Business (xEV/ADAS*) and Power Semiconductor Devices Business—that we position as Key Growth Businesses and shift our resources to profitable and high-growth businesses. In addition, we will endeavor to create new businesses through promoting open innovation to meet changes in social structure and customer value, incorporating new areas and technologies and pursuing synergy as well as expanding solution businesses with an emphasis on high added-value data linkage and utilization businesses. We would like to ask for and appreciate the continued understanding and support of our shareholders in our business activities.

July 2021

T. Sugiyama

President & CEO Takeshi Sugiyama

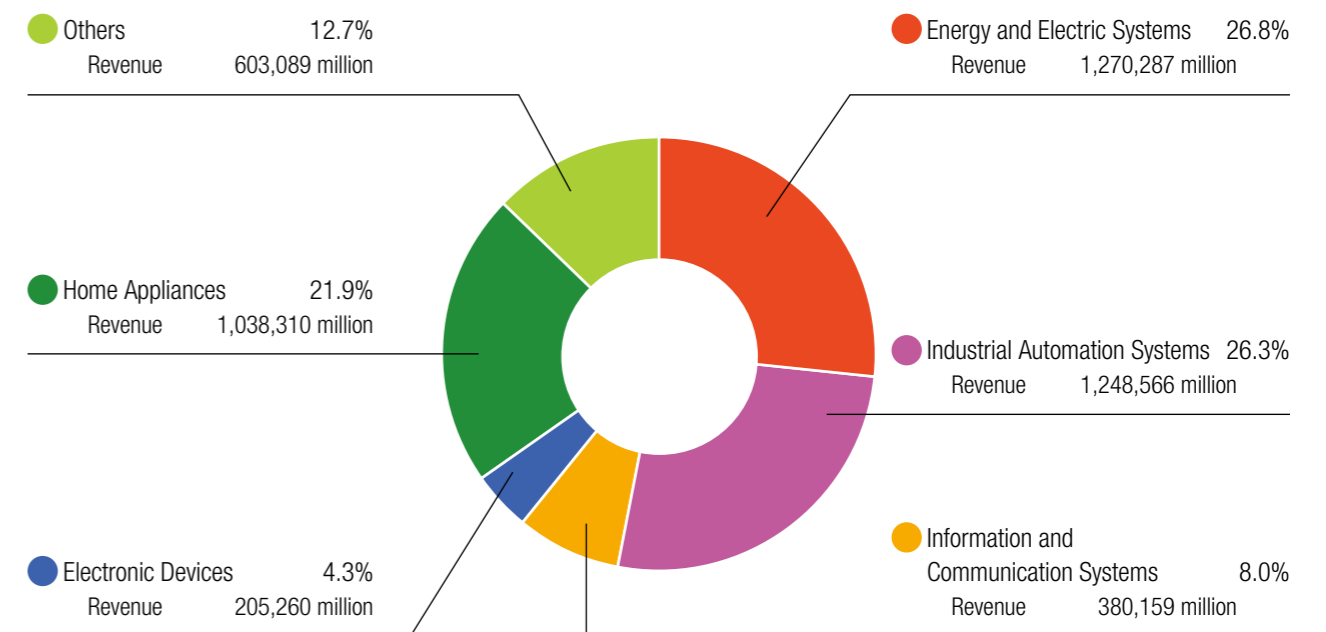
*1 Advanced Driver Assistance System

Performance for the Year Ended March 31, 2021

	2020	2021
Revenue	¥4,462,509	¥4,191,433
Operating profit	259,661	230,195
Net profit attributable to Mitsubishi Electric Corp. stockholders	221,834	193,132
Total assets	4,409,771	4,797,921
Bonds and borrowings	267,008	248,897
Mitsubishi Electric Corp. stockholders' equity	2,429,743	2,754,293
Capital expenditure (Based on the recognized value of property, plant and equipment)	227,450	180,033
R&D expenditures	206,846	190,574
Yen (millions)		
Per share Amounts:		
Earnings per share attributable to Mitsubishi Electric Corp. stockholders		
Basic	¥103.41	¥90.03
Diluted	103.41	90.03
Cash dividends declared	40	36
Yen		
Statistical Information		
Operating profit ratio	5.8%	5.5%
Return on equity (ROE)	9.2	7.5
Bonds and borrowings to total assets	6.1	5.2
%		

1. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards.
2. The balance of bonds and borrowings and the ratio of bonds and borrowings to total assets do not include lease liabilities.
3. R&D expenditures include elements spent on quality improvements which constitute manufacturing costs.
4. Diluted earnings per share attributable to Mitsubishi Electric Corp. stockholders is equal to Basic earnings per share attributable to Mitsubishi Electric Corp. stockholders, as no dilutive securities existed.

Revenue Breakdown by Business Segment



Note: Inter-segment sales are included in the amounts of the diagram above.

Main target initiatives in fiscal 2022

Realize a sustainable global environment

- Decrease the amount of CO₂ emitted when using the product compared to previous models
1% or more
- Reduce CO₂ emissions during production
by **9% or more** compared to FY2017 by the end of FY2024
- Percentage of recycled plastics used (amount of molding materials and packaging materials procured)
10% or more by the end of FY2024

Realize a safe, secure, and comfortable society

- Study goals and indicators that contribute to the resolution of social issues through business, including contribution to the SDGs/promotion of initiatives.
- Improve development and design quality by establishing company-wide design guidelines for individual component technologies.
- Determine the true causes of major defects, and develop company-wide measures to prevent recurrence.
Once a month

Respect for all people

Identify human rights issues by conducting human rights impact assessments, and grasp the statuses of initiatives at each office.
[Conduct assessments at 100% of relevant departments].

Employee awareness survey	Target	Promotion of diversity	Target
Percentage of employees who are proud and motivated to work for the Company	80% or more	Increase the percentage of newly hired woman	1.2times ^{*1}
Percentage of employees who responded that they had a good work-life balance	80% or more	Increase the percentage of woman in management	2times ^{*2}

*1 Compared to the average from FY2017 to FY2021
*2 Compared to FY2021

Strengthen corporate governance and compliance on a sustainable basis

- Carry out proper reporting and discussions at the appropriate time among the board of directors, and conduct regular analysis and evaluation of the board of directors' effectiveness
- Maintain a 100% attendance in e-learning programs on compliance.
Maintain rate of 100%
- Enhancement comprehensive cybersecurity countermeasures:
**1. Technical measures,
2. Through document management,
3. Framework upgrading**

Create a sustainability-oriented corporate culture

Promote sustainability on a management level.

- Add "Contribute to realizing sustainability through all of our activities" to the management policy.
- Establish a Sustainability Promotion Department. (April 2021)

For results of fiscal 2021, please refer to the following:

web Management Related to Materiality
https://www.MitsubishiElectric.com/en/sustainability/csr/management/management/materiality_progress/

Main initiatives and external evaluations related to ESG are as follows:

Initiatives

Participation in the UN Global Compact

In May 2018, the Mitsubishi Electric Group signed the UN Global Compact (UNGC) aimed at promoting sustainability activities based on international norms.

Expression of approval of the TCFD recommendations

The Mitsubishi Electric Group has expressed approval of the recommendations by TCFD (Task Force on Climate-related Financial Disclosures) and has been promoting initiatives and disclosing information according to its recommendations.



External Evaluation

CDP

Mitsubishi Electric was selected as the highest rating "A List company" from CDP for "Climate Change" and "Water Security." In the water category, it has been selected for five consecutive years. Mitsubishi Electric was also selected as a "Supplier Engagement Leader," acquiring the highest rating in each area.



SBT

It is recognized that the Mitsubishi Electric Group's greenhouse gas reduction targets for 2030 are based on scientific grounds to "Holding the increase in the global average temperature to well below 2°C above pre-industrial levels" as stipulated in the Paris Agreement. We have obtained certification from the SBT (Science Based Targets) initiative.



EcoVadis

Mitsubishi Electric has been awarded the top-rank Gold Rating in sustainability by EcoVadis, the global sustainability assessment agency. Mitsubishi Electric scored especially highly in the categories of environment and sustainable procurement. The Silver Rating places Mitsubishi Electric among the top 25 percent of all companies assessed by EcoVadis.



FTSE Index Series

FTSE Russell (UK) is a company that engages in the development of global investment indexes and the provision of financial data to investors. Mitsubishi Electric was selected as a constituent of the company's FTSE4Good Index Series. Additionally, Mitsubishi Electric was selected as a constituent of the FTSE Blossom Japan Index. The index has also been adopted as an investment outlet by the Government Pension Investment Fund (GPIF).



MSCI Indexes

MSCI (USA) is a company that calculates and announces various indexes of global constituents. Mitsubishi Electric was selected as a constituent for the MSCI Japan ESG Select Leaders Index, which consists of Japanese stock names ranked according to their ESG (environment, social, governance) performance, and also for the MSCI Japan Empowering Women Index (WIN), consisting of select companies in Japan displaying excellent gender diversity. The two indexes have also been adopted as an investment outlet by GPIF.



*THE INCLUSION OF Mitsubishi Electric Corporation IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF Mitsubishi Electric Corporation BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

S&P/JPX Carbon Efficient Index

Mitsubishi Electric was selected as a constituent of the S&P/JPX Carbon Efficient Index designed to measure the performance of companies by focusing on the level of carbon efficiency (carbon emissions per sales). The Index, which is constructed by S&P Dow Jones Indices, is based on carbon emission data by Trucost, which assesses risks relating to climate change, natural resource constraints, and broader environmental, social, and governance factors. The index has also been adopted as an investment outlet by GPIF.



Other External Evaluations

Eruboshi

Mitsubishi Electric has received Eruboshi (Grade 2) from the Ministry of Health, Labour and Welfare as an outstanding enterprise in promoting women's participation and career advancement.



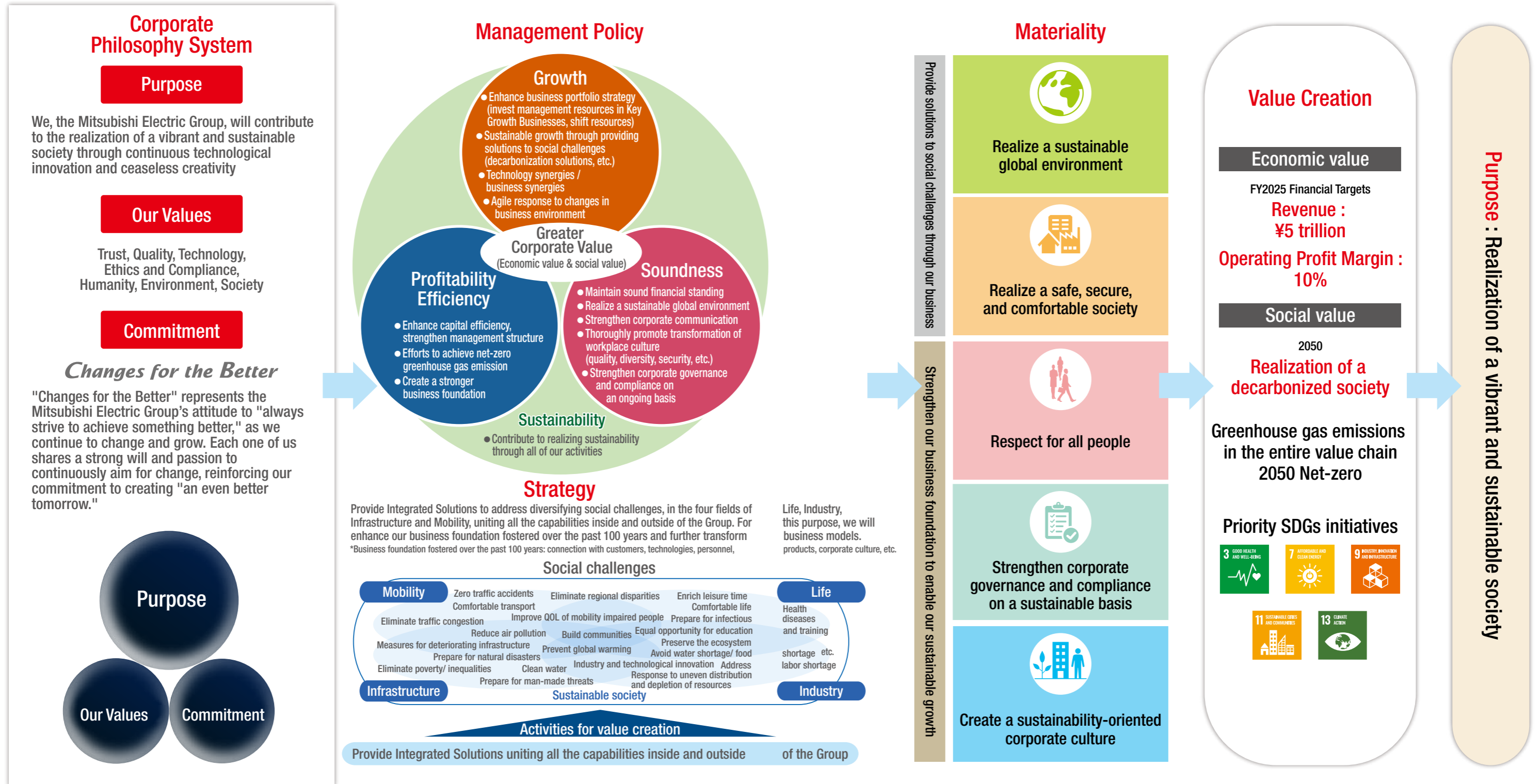
White500



The Mitsubishi Electric Group has described its commitment to achieve sustainability through all of its activities based on its corporate philosophy system, as part of its Management Policy. We have set priority items in our sustainability initiatives as our materiality, and we engage in initiatives in this regard. We offer integrated solutions

with a focus on the four fields of life, industry, infrastructure, and mobility to help solve social issues and achieve a decarbonized society. We seek to realize a vibrant and sustainable society through activities that create economic and social value.

The Mitsubishi Electric Group's Initiatives to Create Value



Corporate Principle

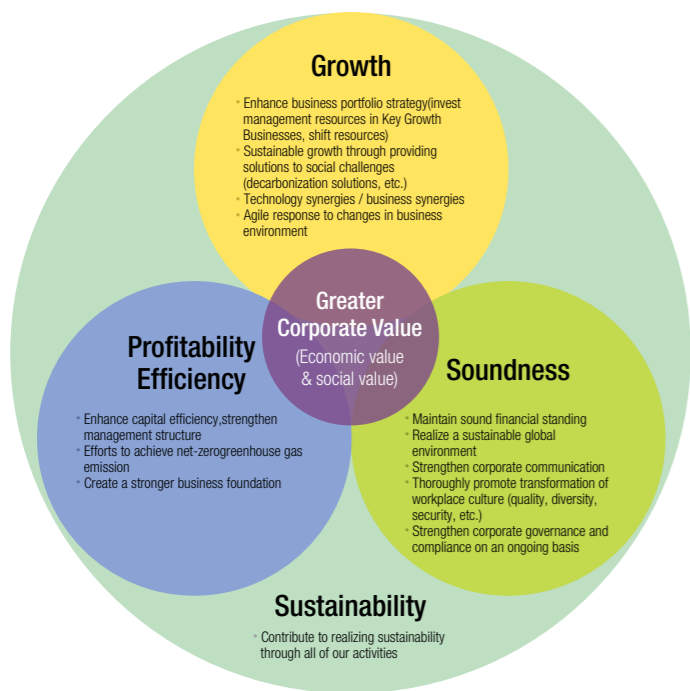
On the occasion of the Mitsubishi Electric Group's 100th anniversary, it has revised its corporate philosophy system to update the Group's reason for existence as well as the core values and attitude that all employees are asked to embrace and cherish in serving customers and society as a whole. This new system consists of three elements: Purpose, Our Values, and Commitment. We are resolved to become a group company that can meet the demands of the times and is trusted by our stakeholders over the next 100 years.

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



Management Policy

In addition to realizing corporate management that balances growth, profitability/efficiency, and soundness, we will contribute to realizing sustainability through all of our activities, and further enhance corporate value that emphasizes the creation of both economic and social value.



Pursue the Satisfaction of the four Stakeholder Categories

- Society**: Social Contributions
- Customers**: Excellent Products and Services
- Shareholders**: Increase Corporate Value
- Employees**: Rewarding Workplace

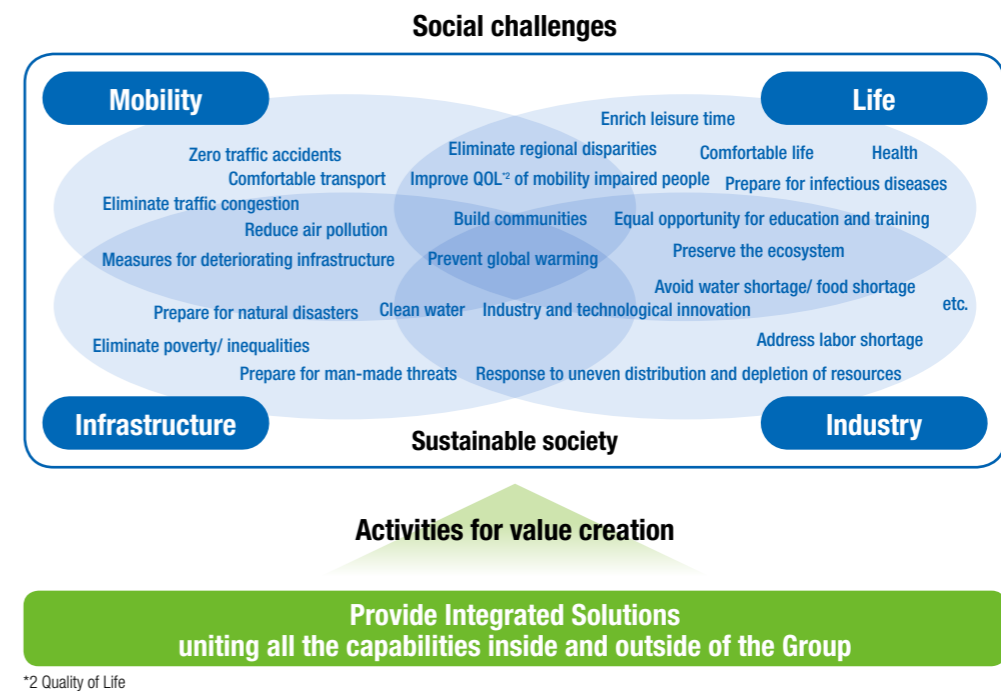
Materiality to realize sustainability

Provide solutions to social challenges through our business	Realize a sustainable global environment
	Realize a safe, secure, and comfortable society
Strengthen our business foundation to enable our sustainable growth	Respect for all people
	Strengthen corporate governance and compliance on a sustainable basis
	Create a sustainability-oriented corporate culture

Strategy

Provide Integrated Solutions to address diversifying social challenges, in the four fields of Life, Industry, Infrastructure and Mobility, uniting all the capabilities inside and outside of the Group. For this purpose, we will enhance our business foundation fostered over the past 100 years^{*1} and further transform business models.

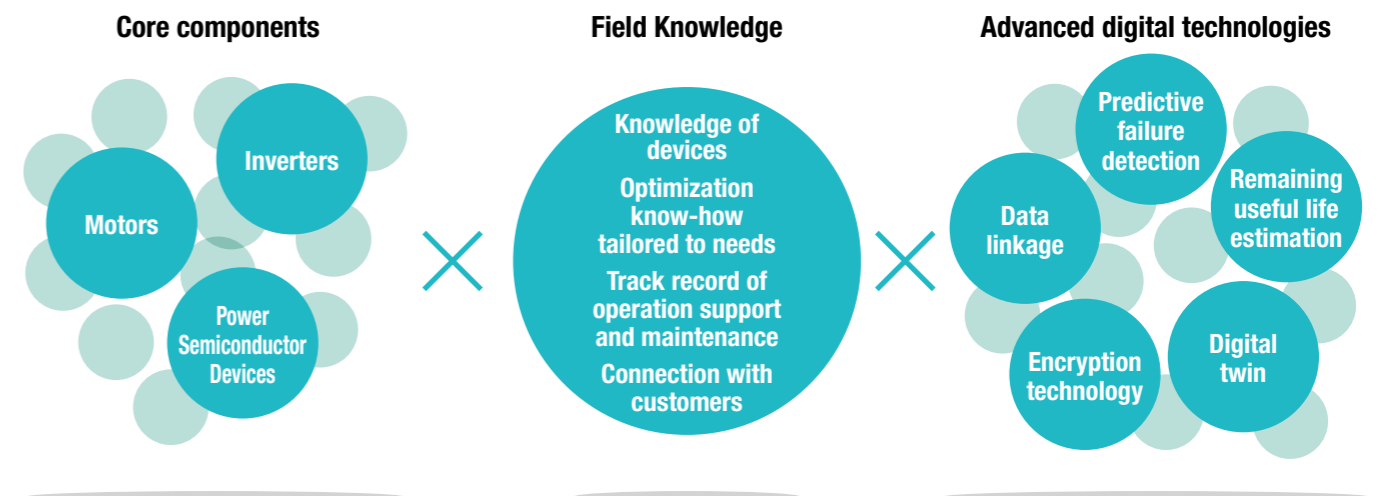
*1 connection with customers, technologies, personnel, products, corporate culture, etc.



*2 Quality of Life

Integrated Solutions

The Mitsubishi Electric Group's Integrated Solutions are offerings that only we can provide, and we do so by combining our strong core components with a wealth of Field Knowledge and advanced digital technologies.

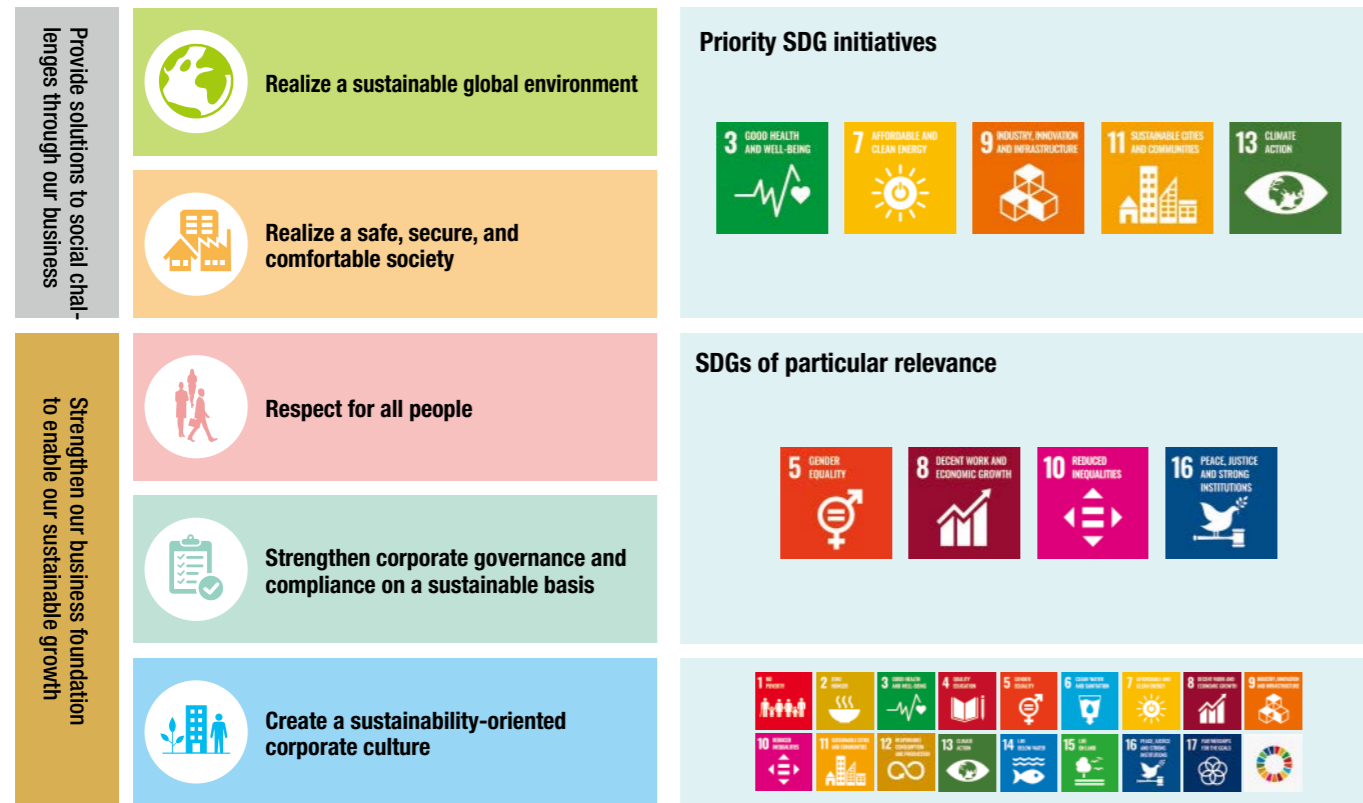


Corporate Strategy

Based on its strategy, Mitsubishi Electric Group will pursue value creation for addressing social challenges, and contribute to achieving the 17 goals of the SDGs³, through all corporate activities. With a view to realize a vibrant and sustainable society, we have set priority items in our sustainability initiatives as materiality. We will actively disclose information on the status of materiality efforts and promote engagement with stakeholders.

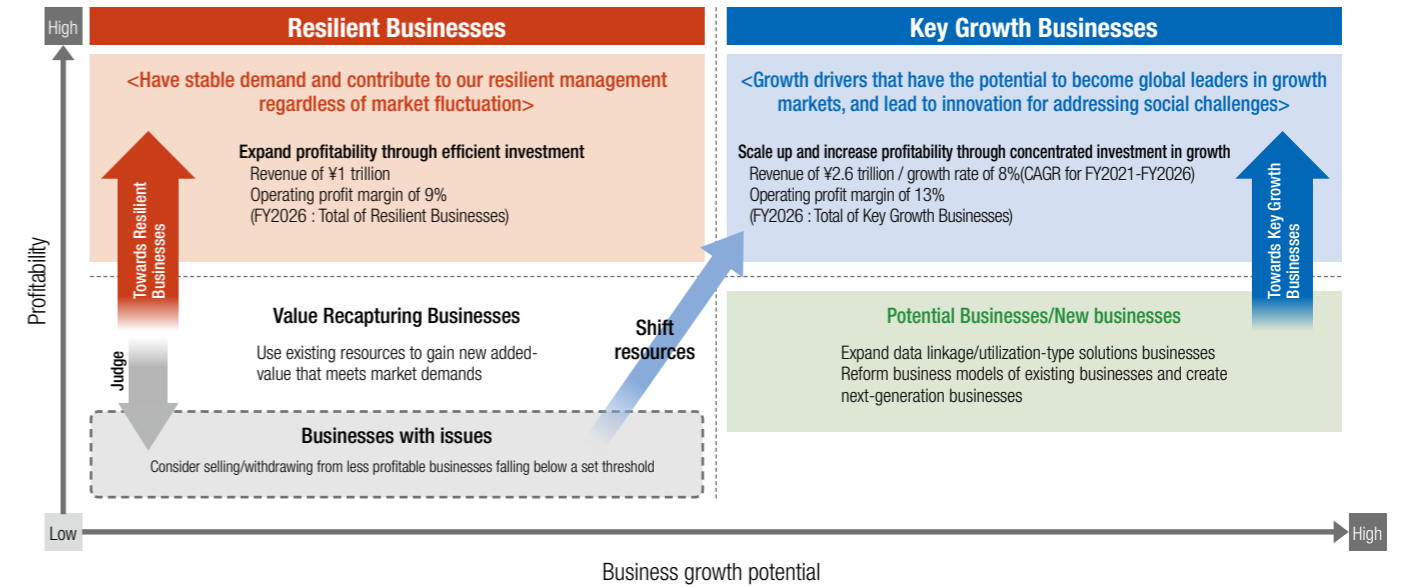
³ "Sustainable Development Goals" adopted by the United Nations as goals to achieve towards 2030

The Mitsubishi Electric Group's Materiality



Strengthening of Business Portfolio Strategy

To achieve sustainable growth, the Mitsubishi Electric Group will categorize its businesses based on their characteristics and invest management resources with priority placed on focus areas, thereby strengthening its business portfolio strategy and improving profitability. We will strategically invest our management resources into five Key Growth Businesses: Factory Automation (FA) Control Systems Business, Air Conditioning & Refrigeration Systems Business, Building Systems Business, Automotive Equipment Business (xEV/ADAS⁵), and Power Semiconductor Devices Business. In this way, we will shift resources to highly profitable businesses with strong growth. We will also engage in initiatives with development businesses and new areas of business, expanding our solutions business with data integration and utilization and transforming the business model in our existing businesses to create next-generation businesses.



⁵ Advanced Driver Assistance System

Expansion of Integrated Solutions

By promoting digital transformation throughout our businesses, we will coordinate and analyze data from our equipment and systems to offer optimal solutions that suit the needs of our customers. We will also expand our solution business in collaboration with our customers and through actively pursuing M&A.

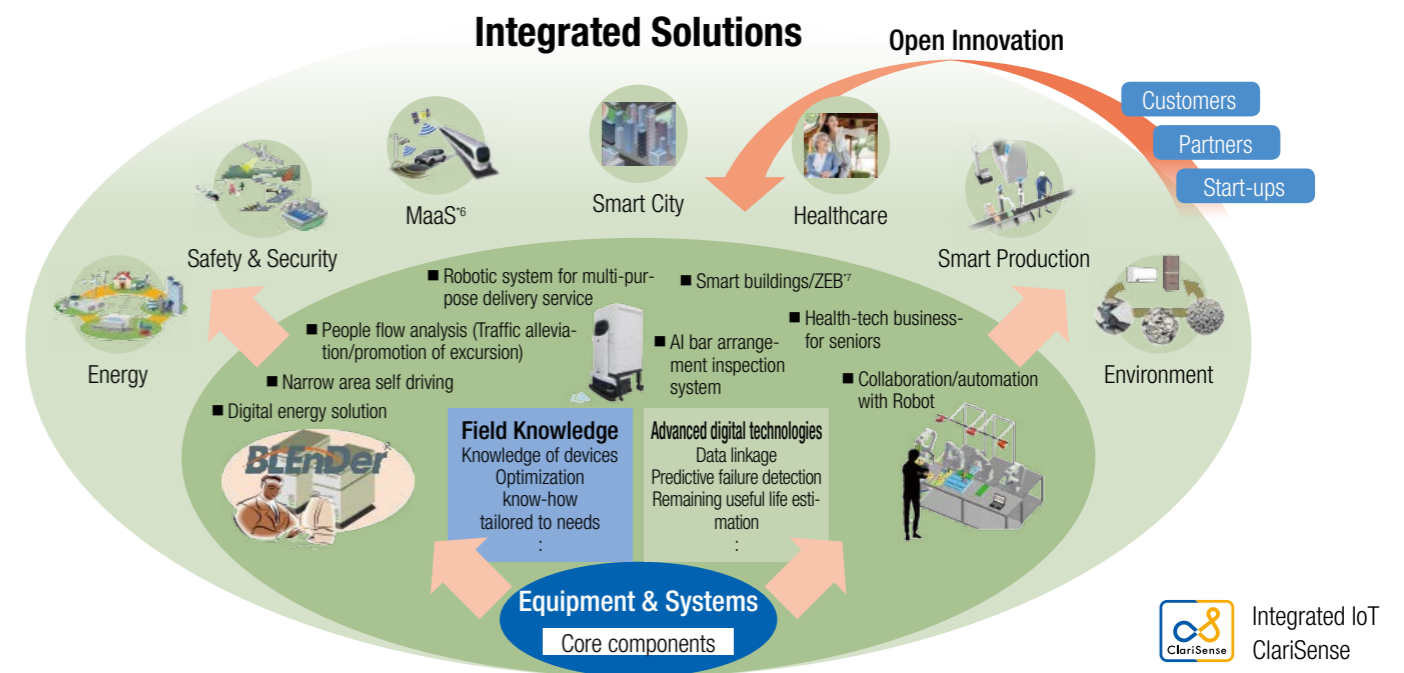
Medium-term Management Plan Towards FY2026

Financial Targets

The Mitsubishi Electric Group aims to achieve revenue of 5 trillion yen and an operating profit ratio of 10% by fiscal 2026. We also aim for an ROE of 10%, as well as to generate cash of 3.4 trillion yen over the five-year medium-term management plan period.

FY2026 Financial Targets	
Revenue	¥5 trillion
Operating Profit Margin	10%
ROE	10%
Cash Generation ⁴	¥3.4 trillion/5 years

⁴ Adjusted operating cash flow (CF)



⁶ Mobility as a Service
⁷ net Zero Energy Building



● Enhancement of Business Foundation

(1) Operation DX

In April 2021, Process & Operation Re-engineering Group has been established. It serves at the core of operations to optimize the Mitsubishi Electric Group as a whole by revamping operational processes, and promoting Operation DX through streamlining operations and improving productivity utilizing data and digital technologies.

(2) Global Response

Strengthen supply and engineering chains globally. Quickly detect and analyze changes in the global political and economic environment in order to respond with agility.

- Strengthen our global business structure
- Strengthen the launch of overseas business models
- Build a supply chain that can flexibly respond to various changes
- Establish Corporate Economic Security Div.

(3) Optimal Group Management System

Pursue an optimal group management system by strengthening the functions and reviewing the division of roles of affiliated companies in each value chain.

- Design** Develop structures and strengthen the development capability of S/W design companies that can accommodate the enhancement of Key Growth Businesses and the expansion of Integrated Solutions (improve productivity, increase personnel, incorporate new technology, etc.).
- Logistics** Develop a logistics system with the option of concluding strategic partnerships with global logistics companies, and rapidly respond to changes in the logistics environment and improve efficiency by introducing an advanced platform.
- Maintenance & Service** Enhance our recurring revenue business by taking advantage of connection with customers, establish a business structure that maximizes lifetime profits, and create new business opportunities by sharing and making effective use of information accumulated within the Group.
- Internal Operation Support** Focus on employee welfare and tasks essential for rolling out each of our businesses, and improve efficiency primarily through the use of outsourcing.

(4) R&D Strategy

Pursue the enhancement and reform of existing businesses as well as R&D for new value creation in a balanced manner. Aim to address social challenges at an early stage through the active use of open innovation.

- Strengthen core technologies**
—Driving force for profitability improvement— Strengthen our differentiated technologies for components and systems, including technology to realize small, high-efficiency motors, and high-speed, high-precision positioning technology, by fusing them with advanced base technologies such as AI and new materials.
- Continuously enhance base technologies**
—Foundation for business— Further enhance technologies that support quality of and build trust in our products, systems, and services, such as power electronics, control, modeling, material analysis, AI, security, and data analysis/linkage.
- Search for and create new technologies**
—New source of growth— Take on the challenge of developing technologies that meet the needs generated by social change, as well as next-generation technologies that transform existing businesses, in a discontinuous manner, based on future insights and analysis of technological trends. Also, focus on expanding our proprietary technologies to create new usages and develop new customers.

(5) Intellectual Property/Standardization Strategy

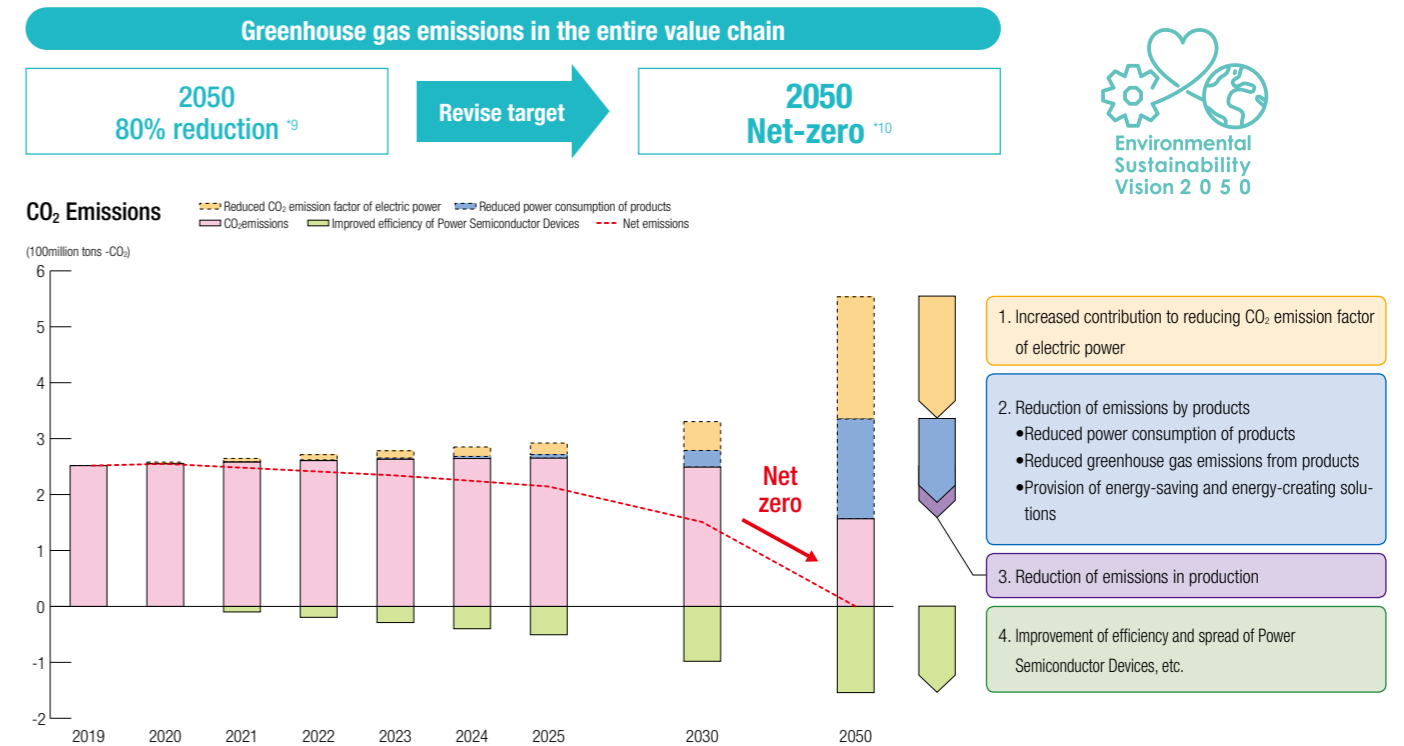
Focus on acquiring intellectual property rights related to AI and solutions that contribute to Business DX, and expand our business through stronger external collaboration based on our technological assets. In addition, promote a trinity management that aligns business strategy, R&D strategy, intellectual property/standardization strategy for addressing social challenges and expanding our businesses.

● Sustainability Initiatives

(1) Initiative to Realize a Decarbonized Society

In June 2019 we announced Environmental Sustainability Vision 2050^{*8}, proclaiming that we will aim to reduce greenhouse gas emissions from our entire value chain by more than 80%. However, given the acceleration of efforts toward a decarbonized society, we have reviewed the target, and we will further strengthen our endeavors to reduce greenhouse gas emissions. We aim to achieve net-zero emissions across the entire value chain by 2050.

^{*8} Positions environmental protection as an even greater corporate priority and stipulates increased initiatives to be taken by the Mitsubishi Electric group.



^{*9} Compared to FY2013.

^{*10} Achieve net-zero emission by increasing the proportion of contribution from improvement of efficiency and spread of Power Semiconductor Devices, etc. in reducing greenhouse gas emissions to a scale that outweighs the reduction in CO₂ emissions.

(2) Employee Engagement

Taking recent work-related issues seriously and making the prevention of recurring work-related issues key management priorities, the Mitsubishi Electric Group is promoting our Workplace Culture Innovation Program. With third-party verification by external experts, this program is creating a workplace where all employees cooperate to maintain sound mental and physical health and work with peace of mind.

(3) Human Rights and Diversity

With respect for human rights based on international regulations serving as a foundation, the Mitsubishi Electric Group will conduct human rights impact assessments, improve our response at contact points that receive complaints and consultations related to human rights, and strive to grasp and correct human rights violation risks in our supply chain right across the organization.

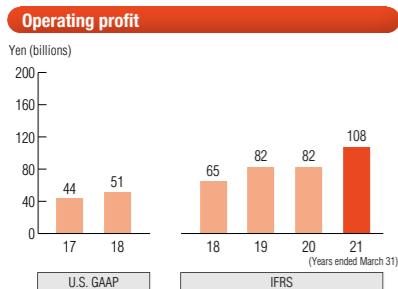
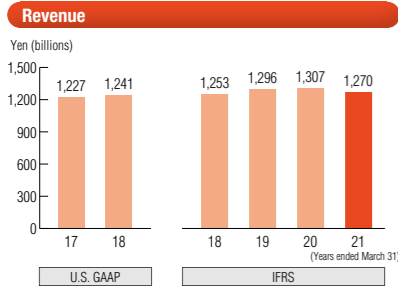
To promote diversity, we will strengthen activities aimed at creating workplaces where individuals can maximize their talents, such as by increasing the ratio of female managers, driving co-creation by fostering an understanding of LGBTQ^{*11} people and hiring a larger number of people with disabilities, as well as actively promoting local staff to managerial positions at overseas bases.

(4) Information Security, and Product and Service Quality

Based on past incidents of unauthorized access, we will reinforce our information security infrastructure and strengthen measures against the latest attack patterns, which are becoming increasingly sophisticated and elaborate. To prevent the recurrence of improper conduct in quality control, we will strengthen education to achieve a fundamental improvement in awareness and structures, and we will strengthen our quality control system so that our products and services conform with relevant laws, regulations and standards.

^{*11} Lesbian, Gay, Bisexual, Transgender, Queer(Questioning)

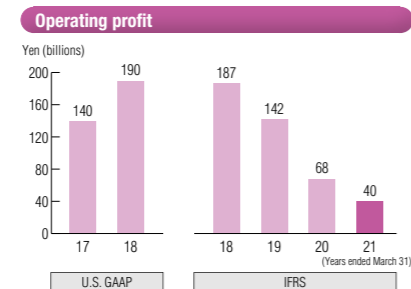
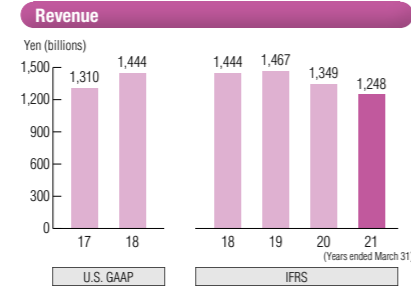
Energy and Electric Systems



MAIN PRODUCTS AND BUSINESS LINES

Turbine generators, hydraulic turbine generators, nuclear power plant equipment, motors, transformers, power electronics equipment, circuit breakers, gas insulated switchgears, switch control devices, surveillance-system control and security systems, transmission and distribution ICT systems, large display devices, electrical equipment for locomotives and rolling stock, wireless and wired communications systems, network camera systems, elevators, escalators, building security systems, building management systems, and others

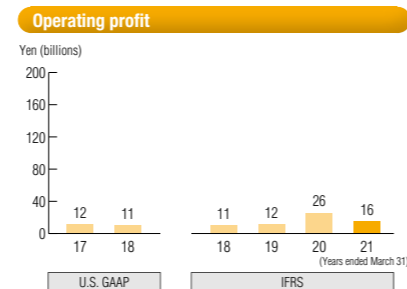
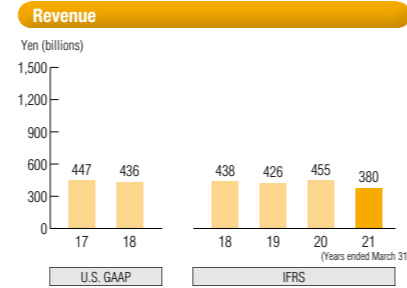
Industrial Automation Systems



MAIN PRODUCTS AND BUSINESS LINES

Programmable logic controllers, inverters, servomotors, human-machine interface, motors, hoists, magnetic switches, no-fuse circuit breakers, short circuit breakers, transformers for electricity distribution, time and power meters, uninterruptible power supply, industrial fans, computerized numerical controllers, electrical discharge machines, laser processing machines, industrial robots, clutches, automotive electrical equipment, electric powertrain system, car electronics and car mechatronics, car multimedia, and others

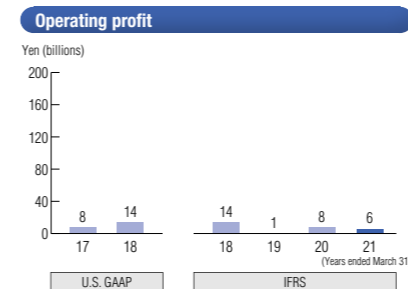
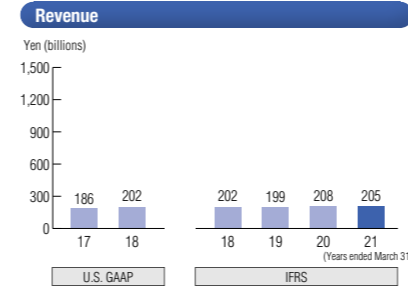
Information and Communication Systems



MAIN PRODUCTS AND BUSINESS LINES

Satellite communications equipment, satellites, radar equipment, antennas, missile systems, fire control systems, broadcasting equipment, network security systems, information systems equipment, systems integration, and others

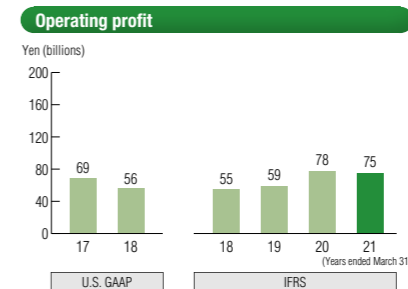
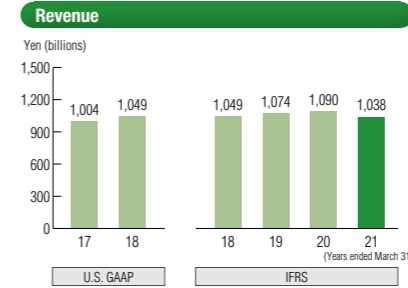
Electronic Devices



MAIN PRODUCTS AND BUSINESS LINES

Power modules, high-frequency devices, optical devices, LCD devices, and others

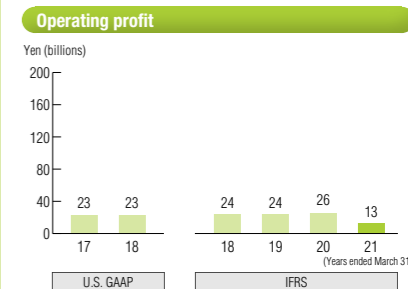
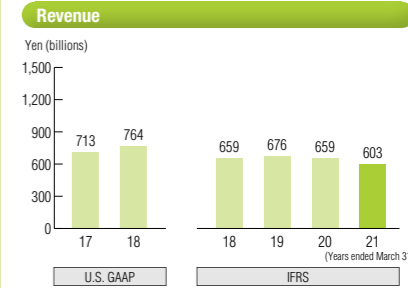
Home Appliances



MAIN PRODUCTS AND BUSINESS LINES

Room air conditioners, package air conditioners, chillers, showcases, compressors, refrigeration units, air-to-water heat pump boilers, ventilators, hot water supply systems, IH cooking heaters, LED bulbs, indoor lighting, LCD televisions, refrigerators, electric fans, dehumidifiers, air purifiers, vacuum cleaners, jar rice cookers, microwave ovens, and others

Others

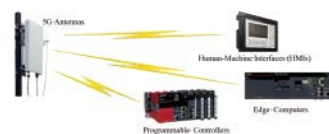


MAIN PRODUCTS AND BUSINESS LINES

Procurement, logistics, real estate, advertising, finance, and other services

Fiscal 2021 Topics

Mitsubishi Electric's Nagoya Works in Nagoya, Aichi Prefecture has begun a demonstration test of a local 5G system licensed by Japan's Ministry of Internal Affairs and Communications (MIC), aiming for the creation of new businesses and services.



Mitsubishi Electric acquired buildings and land from Sharp Fukuyama Semiconductor Co., Ltd., a wholly owned subsidiary of Sharp Corporation located in Fukuyama in Hiroshima Prefecture, Japan. The acquired properties will serve as a new site where Mitsubishi Electric's Power Device Works will process wafers for the manufacture of power semiconductors.



Mitsubishi Electric began its elevator and escalator business in 1935, and achieved its 500,000 units in Japan in September 2020. Shipments in China, which began in 1987, reached one million units in November 2020.



Mitsubishi Electric became the first in the world* to develop a highly efficient synchronous reluctance motor with the world's largest level of output for railway vehicles, and inverter control technology that achieves variable control for this motor.

* As of November 26, 2020, according to a survey by Mitsubishi Electric



In the Product and Business Model Category of the 2020 Energy Conservation Grand Prize awards hosted by the Energy Conservation Center, Japan, the Eco Cute P Series for household use received Director General Prize of Agency of Natural Resources and Energy The Lossnay® energy recovery ventilator for commercial use and the Zubakan clothes drier and dehumidifier received Chairman Prize of ECCJ (The Energy Conservation Center, Japan).



Mitsubishi Electric has developed an autonomous delivery robot for multi-purpose featuring robots with autonomous movement that can cater to many use cases using a detachable cart.



2020

Mitsubishi Electric has developed IoT Suite under ClariSense Brand. It centralizes development and expansion of IoT-related knowledge and technical assets for fast creation of customer value.



Mitsubishi Electric has delivered a large four-sided center hung Diamond Vision™ LED screen in the arena at Yokohama Budokan (located in Yokohama, Kanagawa Prefecture, Japan).



Mitsubishi Electric became the first Japanese company to be officially qualified as a supplier of communications-based train control (CBTC) systems for the Metropolitan Transportation Authority's (MTA) New York City Transit (NYCT) after successfully testing and verifying the interoperability of the company's solution with NYCT's existing CBTC systems.



2021

CDP, an international non-governmental organization, has given Mitsubishi Electric its highest A List rankings for climate-change (for the fourth time; last selected two years ago) and water activities (for the fifth year running). Mitsubishi Electric was also selected for the Supplier Engagement Leaderboard, the highest ranking in the CDP Supplier Engagement program operated by CDP.



On the occasion of its 100th anniversary this February 1, Mitsubishi Electric has revised its corporate philosophy statement to update the Group's reason for existence as well as the core values and attitude that all employees are asked to embrace and cherish serving customers and society as a whole.



Our subsidiary, Mitsubishi Elevator (Thailand) Co., Ltd. has secured an order from One Bangkok, Thailand's largest complex facility. The order consists of 250 elevators, including 12 double-deck elevators, the first of their kind in Thailand, one 540 m/s elevator, the fastest in Thailand, and 28 escalators, for a total of 278 units.



Energy and Electric Systems

Revenue Breakdown by Business Segment



Revenue

¥1,270.2 billion
down 3% year on year

Operating Profit

¥108.9 billion
up ¥26.6 billion year on year

The market of the social infrastructure systems business saw a decrease in demand relating to power generation worldwide and the reconsideration of the capital expenditure plans by railway companies in Japan due to the impact of COVID-19, while investment in public utilities for preventing and reducing disaster risks and demand relating to the electricity systems reform remained buoyant in Japan. In this environment, the business saw a decrease in orders from the previous fiscal year due primarily to decreases in the transportation systems and the power systems businesses in Japan, while revenue increased from the previous fiscal year due mainly to progress in orders already received for projects in the power systems business and an increase in the public utility systems business in Japan.

The market of the building systems business saw decreased demand in new installations and renewals of elevators and escalators worldwide due to delay in construction and the reconsideration of the capital expenditure plans that happened in stagnation caused by the impact of COVID-19. In this environment, the business saw decreases in both orders and revenue from the previous fiscal year due primarily to decreases in Asia and Japan.

As a result, revenue for this segment decreased by 3% from the previous fiscal year to 1,270.2 billion yen.

Operating profit increased by 26.6 billion yen from the previous fiscal year to 108.9 billion yen due mainly to a shift in project portfolios and cost improvement.

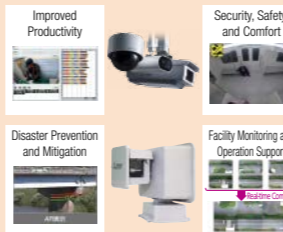
● Railway Lifecycle Management Solution (LMS)

Wirelessly collecting on-board equipment operation data in the cloud platform INFOPRISM[®], features such as remote condition monitoring and screen sharing from the driver's cab enable optimized maintenance of train. Information from train depot and other locations is also integrated to contribute to the improvement of operational efficiency across the railway system and the reliable train service.



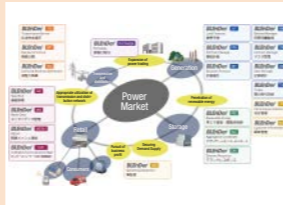
● Network Camera System

Camera image is more widely leveraged in combination with image analysis in addition to the monitoring application in stores in cities, factories, public facilities, railway, and road. Mitsubishi Electric's network camera system allows for a variety of image solutions with its high-quality image, rich lineup and scalability.



● Electricity ICT Solution Package BLEnDer[®]

Power ICT solution packages that comprehensively support electricity transaction, supply and demand control and communication. These packages support changing system and business environment, establish an optimal balance between cost efficiency and stability for customers, and contribute to a sustainable society.



● Natural Ester Oil Power Transformer MELCORE-NEO[™]

Natural Ester oil power transformer uses plant-derived insulating oil. This transformer features sustainable production and soil pollution control because the insulating oil is plant-derived. With flame retardant insulation oil, this transformer has high disaster prevention and is suitable for facilities required environmental consciousness and disaster prevention such as railroad and datacenter.



● NEXIEZ Machine-room-less Elevators

Compact, lightweight, and energy-saving, NEXIEZ machine-room-less elevators are the global flagship product. They are widely used throughout the world, mainly in low-to mid-rise buildings. Models designed with various functions and features for specific regions are also available to meet the preferences and customer needs of each region.



● Mitsubishi u series Escalators

Mitsubishi Electric's new u series escalators offer enhanced passenger safety and comfort, significant energy savings and reduced environmental impact. Extensive features enhance safety and comfort when stepping on or off, and the inverter control included as standard, along with LED lighting, achieve significant energy savings. With an industry-leading compact size, these escalators allow for more flexible building designs and weigh less.



Industrial Automation Systems

Revenue Breakdown by Business Segment



Revenue

¥1,248.5 billion
down 7% year on year

Operating Profit

¥40.5 billion
down ¥28.3 billion year on year

The market of the factory automation systems business saw an increase in demand relating to 5G and semiconductor outside Japan and demand relating to increased mask production in China, while there was continuing stagnation in automotive-related demand worldwide and machinery- and building-related demand in Japan. In this environment, the business saw an increase in orders due primarily to an increase in demand relating to semiconductor and lithium-ion battery, while revenue remained substantially unchanged from the previous fiscal year.

The market of the automotive equipment business saw a decrease in demand for new cars in all regions except for China due to the impact of COVID-19 primarily in the first half. In this environment, the business saw decreases in both orders and revenue from the previous fiscal year due mainly to a decrease in electrical components despite an increase in electric vehicle-related equipment such as motors and inverters.

As a result, revenue for this segment decreased by 7% from the previous fiscal year to 1,248.5 billion yen.

Operating profit decreased by 28.3 billion yen from the previous fiscal year to 40.5 billion yen due mainly to decreased revenue.

● Programmable Logic Controllers

Mitsubishi Electric's MELSEC series of programmable logic controllers supports a wide array of production and social infrastructure applications; solutions range from control and safety devices to information and instrumentation management. As a leading global brand, the MELSEC series contributes to the construction of cutting-edge control systems owing to its capabilities, performance, product variety, and high reliability.



● AC Servos

The MELSERVO Series enhances the total performance of manufacturing and production machines. From rotary servo motors to linear servo motors and direct drive motors, a wide range of products are available to meet any number of applications and to significantly improve the performance of all relevant equipment.



● Computerized Numerical Controllers-CNCs

A broad range of CNCs is available, including for example, the M800/80 Series, which increases productivity and precision. The Series optimizes machine tool operation through an independently developed dedicated CPU and offers abundant control functions. It is also compatible with the various field networks that are necessary for constructing automation systems.



● Electric Power Steering (Motors and Controllers)

Mitsubishi Electric was the first company in the world to mass produce motors and controllers for electric power steering to assist driver steering in line with driving conditions. Over the years, Mitsubishi Electric has helped to improve steering feel, response, and stability while delivering compact units and high-output performance, and contributing to reduced automobile CO₂ emissions.



● Car Navigation System

The DIATONE SOUND. NAVI car audio-navigation system eliminates the slight noise generated by audio devices and transmits sounds in full detail. In addition, it provides high-speed multi-task processing, fast responsiveness when searching and scrolling and beautiful images on the map screen and in video playback.



● Motors and Inverters for Electric Motor Vehicles

Motors for both driving/power-generating, as well as for inverters that control the motors, which are mounted in electric vehicles, such as hybrid cars. These products contribute to the improvement of vehicle fuel efficiency and comfort; for example, through idle stop and start, energy regeneration during deceleration, or torque assistance during acceleration.



Information and Communication Systems

Revenue Breakdown by Business Segment



Revenue

¥380.1 billion
down 17% year on year

Operating Profit

¥16.4 billion
down ¥10.0 billion year on year

The market of the information systems and service business saw delays and cancellations of system development projects, particularly in the manufacturing industry, due to the impact of COVID-19. In this environment, the business saw decreases in both orders and revenue from the previous fiscal year due mainly to a decrease in the system integrations business.

The electronic systems business saw decreases in both orders and revenue from the previous fiscal year due primarily to a decrease in large-scale projects for the defense systems business.

As a result, revenue for this segment decreased by 17% from the previous fiscal year to 380.1 billion yen. Operating profit decreased by 10.0 billion yen from the previous fiscal year to 16.4 billion yen due mainly to decreased revenue.

● Video analysis solution “kizkia”

Solution for analyzing security camera footage with AI and automatically detecting and reporting specific people, things or events in real time. We will start a new privacy-conscious nursing-care service to analyze temperature data from infrared sensors, “kizkia-Knight”. (Mitsubishi Electric Information Systems Corporation)



● Network Security Service

Corporate networks are exposed to many different threats such as unauthorized access or divulgence of personal or confidential information. Mitsubishi Electric builds an optimal security environment and provides a one-stop monitoring and operation service available 24/7 to address cyber attacks that are ever diversifying and evolving day by day. (Mitsubishi Electric Information Network Corporation)



● Operation-Specific Solutions

Mitsubishi Electric offers operation packages for working management, electronic application, sales management and other operations. These packages serve as a foundation to leverage our wealth of deployment experience as expertise on each type of business and support customer-specific culture. We also provide flexible customization and promptly address law and system revisions to contribute to improving operational efficiency. (Mitsubishi Electric IT Solutions Corporation)



● DS2000 Standard Satellite Platform

The DS2000 is a standard satellite platform modeled after JAXA's ETS-VIII. It meets the need for high-quality, low-cost satellites with shortened delivery times. It has already been adopted for use by Japan and other countries; more than ten satellites currently in orbit use it. It will eventually be incorporated into JAXA's Engineering Test Satellite 9, which is being launched in response to the need for high-throughput communications satellites.



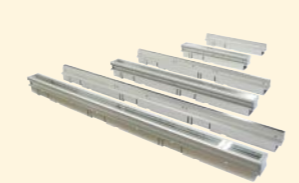
● Satellite Observation Solution

Our satellite observation solution processes and analyzes images from observation satellites to provide satellite data analysis information that can be applied to quickly understand the situation in case of disasters or to continue to widely monitor national land and infrastructure at ordinary times.



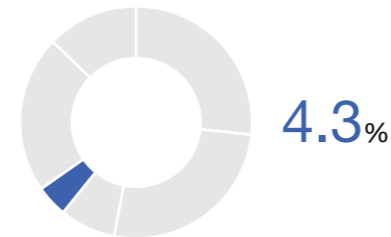
● CIS (Contact Image Sensor)

Mitsubishi Electric develops a variety of proprietary key parts from CMOS sensor ICs to light sources based on expertise we have accumulated through our long experience and provides high-definition images with high-speed digital output. Many customers in and outside Japan are using our high-quality and high-performance copy machines, financial devices, and Mitsubishi CIS for inspection.



Electronic Devices

Revenue Breakdown by Business Segment



Revenue

¥205.2 billion
down 2% year on year

Operating Profit

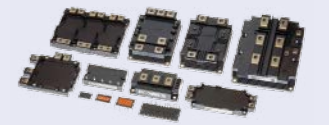
¥6.2 billion
down ¥2.4 billion year on year

The market of the electronic devices business saw a slowdown in demand for power modules used in railcar and industrial applications, while demand for high frequency and optical devices relating to next-generation data centers remained buoyant. In this environment, the business saw an increase in orders from the previous fiscal year due primarily to an increase in power modules used in automotive applications, while revenue decreased by 2% from the previous fiscal year to 205.2 billion yen due mainly to decreases in TFT-LCD modules and power modules used in industrial and railcar applications despite an increase in high frequency and optical devices, particularly in optical communication devices.

Operating profit decreased by 2.4 billion yen from the previous fiscal year to 6.2 billion yen due mainly to decreased revenue.

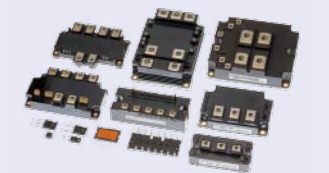
● Power Semiconductor Modules

Our power semiconductor modules help reduce the power consumption of power electronics equipment such as home appliances, motion control, renewable energy, power supplies, power transmission, traction, and automobiles. The product lineup includes DIPIPM, IGBT modules and IPM, and contributes to global environmental innovation.



● SiC* Power Semiconductor Devices

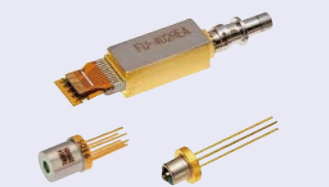
With significantly lower power loss than Si and capabilities that include the enabling of high-speed switching operations and high-temperature operation among others, the SiC power device significantly reduces the power consumption of every type of power electronics equipment such as home appliances, industrial equipment, traction, and automobiles and contributes to the realization of both a decarbonized society and an affluent lifestyle in a sustainable future.



*SiC: Silicon carbide, compound of silicon and carbon at a ratio of 1:1

● Optical Devices for Optical Communication

The product lineup is optimal for all types of optical fiber communication facilities which are used in base stations for 5G, the fifth-generation mobile communication system, and also used in large-scale datacenters and other equipment that support the transition to cloud computing. This lineup contributes to faster speeds, greater capacity and transmission distance, and equipment size reduction.



● GaN* High Frequency Devices

GaN promises to provide higher efficiency, higher output and wider bandwidth than Si. By employing GaN transistors, GaN high frequency devices contribute to faster communication speeds, increased information transmission volume, and smaller power amplifiers for base transceiver station networks in fifth generation mobile communication systems (5G) and earth stations in satellite communication systems (SATCOM).



*GaN: Gallium nitride

● Thermal Diode Infrared Sensor MeIDIR*

With a larger pixel count and higher temperature-resolution, MeIDIR obtains more detailed thermal images, distinguishes people from objects, and enables the identification of specific human behavior. MeIDIR can be implemented into a wide range of applications including security, air conditioning, temperature measuring, surveillance, head-counting solutions, and smart buildings.



*MeIDIR: Mitsubishi Electric Diode InfraRed sensor

● TFT-LCD Modules

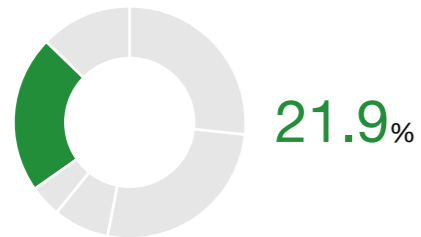
Being highly vibration-resistant and possessing a wide operating temperature range, and a high-level display performance including a super-wide viewing angle and super-high brightness and contrast, the TFT-LCD module supports a wide range of industrial instruments such as construction machines used in harsh environments and those for outdoor use. The product lineup includes high value added products such as a touch panel mounted, a transfective, with a NFC* antenna, and an automotive grade.



*NFC: Near Field Communication

Home Appliances

Revenue Breakdown by Business Segment



Revenue

¥1,038.3 billion
down 5% year on year

Operating Profit

¥75.7 billion
down ¥2.4 billion year on year

The market of the home appliances business saw a decrease in demand for a part of air conditioners globally due primarily to the impact of COVID-19 causing lockdowns and considerable limitation of economic activities outside Japan, particularly in the first half, and restrained capital expenditure worldwide. Meanwhile, there was demand for residential air conditioners due to increased time at home. In this environment, the business saw a decrease in revenue by 5% from the previous fiscal year to 1,038.3 billion yen due primarily to a decrease in a part of air conditioners.

Operating profit increased by 2.4 billion yen from the previous fiscal year to 75.7 billion yen due mainly to decreased revenue.

Air Conditioning & Refrigeration Systems

In addition to KIRIGAMINE room air conditioners, Mitsubishi Electric offers an extensive lineup of products with applications extending from stores, offices, and buildings to factories and industrial facilities while featuring environmentally compatible, energy-saving technologies. These qualities allow Mitsubishi Electric to meet air conditioning needs globally.



Home Equipment

Mitsubishi Electric offers energy-saving home environments using highly efficient air conditioners and ventilators, water heaters and cooking equipment. Create a comfortable living environment for the whole family.



Home Appliances

Mitsubishi Electric develops home appliances by incorporating its unique technologies and perspectives so that its products can be used in various scenes of daily life, such as the kitchen, living room, and bedroom. Efforts are made to develop products that contribute to making life more comfortable for users, meeting and even surpassing their expectations.



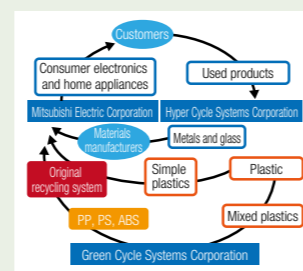
Lighting Fixtures and Light Bulbs

Mitsubishi Electric offers an extensive lineup of high-efficiency, long-lasting LED products that meet diverse needs for energy-saving light bulbs and equipment in households, stores, offices, and factories. The company's LED products make the future brighter for families and society as a whole.



Recycling Consumer Electronics and Home Appliances

Mitsubishi Electric has developed technologies for automatically sorting the three major types of plastic (polypropylene (PP), polystyrene (PS), and acrylonitrile-butadiene-styrene (ABS)) used in consumer electronics and home appliances. This original recycling system is being utilized to promote the reuse of plastics in the company's products by improving the physical properties of the sorted materials.



Basic Policy on Research and Development

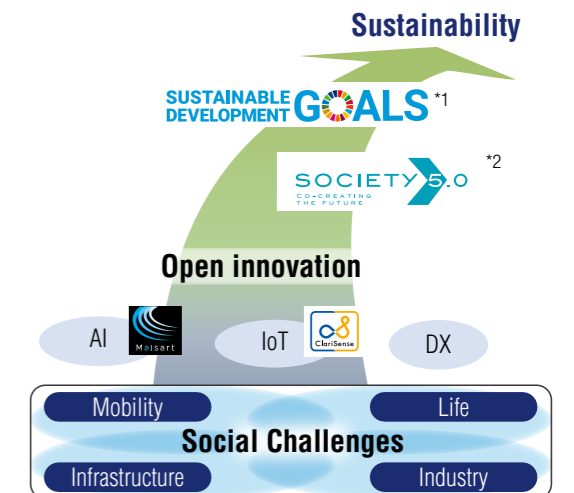
The Company advances the following research and development with a balanced approach. These R&D efforts reinforce and reform our existing businesses and promote the creation of new value, in order to solve a variety of social issues through advanced technologies and contribute to the realization of a sustainable society.

- (i) Thoroughly enhance core technologies that drive increased profitability
- (ii) Continuously deepen common fundamental technologies that form the foundation for the Company's businesses
- (iii) Investigate and create new technologies as the source of future growth

In fiscal 2022, the Company will particularly work to accelerate the application of AI technologies in its businesses, build out and enhance its IoT technology infrastructure, and reform development methods through DX. The Company will also accelerate development and create value through proactive utilization of open innovation with universities and other external R&D institutions.

During fiscal 2021, the total R&D expenses for the entire Group have amounted to 190.5 billion yen (8% decrease compared to the previous fiscal year). Representative achievements are as follows.

R&D policy



*1 SDGs : "Sustainable Development Goals" adopted by the United Nations as goals to achieve towards 2030

*2 Society 5.0 : Defined in the 5th Science and Technology Basic Plan.

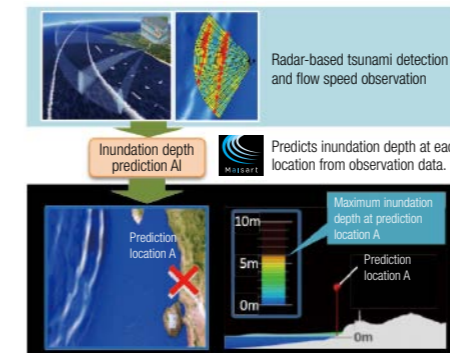
Major R&D Achievements in Fiscal 2021

Development of Radar-based Tsunami-flooding Prediction AI



Incorporating the AI technology "Maisart"^{*1}, the Company has developed an AI technology^{*2} that forecasts water inundation depths^{*3} nearly simultaneously with the detection of a tsunami with a high degree of accuracy. This development trains an AI on the relationship between flow speed and inundation depths using simulations of various earthquakes. When an earthquake occurs, the AI detects the tsunami and observes the flow speed via radar, and calculates the inundation depth at the prediction site. The new system is able to provide a more accurate prediction in just several seconds after the detection of the tsunami, while the conventional system took several minutes to make a prediction.

Through this development, the Company will support rapid formulation of evacuation plans and prevent or mitigate disasters in local inland areas.



Operation of radar-based tsunami-flooding prediction AI

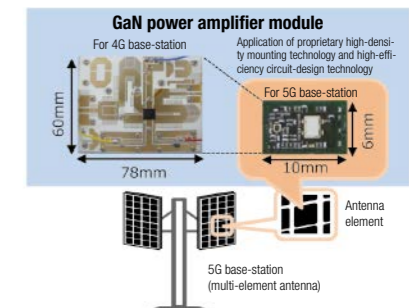
*1 Mitsubishi Electric's AI creates the State-of-the-ART in technology: Mitsubishi Electric's AI technology brand aimed at making every device smarter
 *2 Developed jointly with Society for the Promotion of Construction Engineering of the General Incorporated Foundation
 *3 Height of water level measured from the ground

Contributing to disaster prevention and reduction by predicting tsunami inundation depth with high accuracy immediately after the tsunami is detected

Development of New Technology to Realize Small, High-efficiency GaN Power Amplifier Module for 5G¹ Base-Stations

5G base-stations operate many multiple-element antennas in a coordinated manner. For this reason, the antenna elements must be mounted densely on the base-station, and there is demand to reduce the size of each component as well as their power consumption. The Company has developed a new technology to realize a gallium nitride (GaN) power amplifier module for 5G base-stations. This module offers a combination of compact footprint and extra-high power-efficiency exceeding an unprecedented rating^{*2} through proprietary high-density mounting technology and high-efficiency circuit-design technology. This technology reduces footprint by blocking interference between chip components based on advanced electromagnetic field analysis. It also uses GaN transistors capable of highly efficient operation, which reduce power loss by minimizing the number of chip components.

The module will help to improve installability due to the compact footprint and to reduce the power consumption of 5G base-stations.



Installation of the GaN power amplifier module at a 5G base-station

*1 5G: Fifth-generation mobile communication system
 *2 According to internal research as of July 14, 2020.

Contributing to easier installation and lower power consumption for 5G base-stations applying proprietary high-density mounting technology and high-efficiency circuit-design technology

● Protection of Intellectual Property Rights

Basic Policy

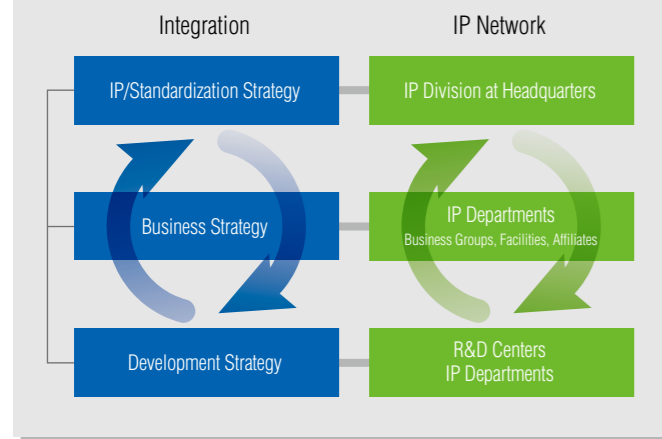
The proper protection of intellectual property (IP) rights promotes technological progress and sound competition, and also contributes to realizing affluent lifestyles and the development of society.

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

Structure of the Intellectual Property Division

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

● Integrating Business, R&D and IP Activities



● Global IP Strategy

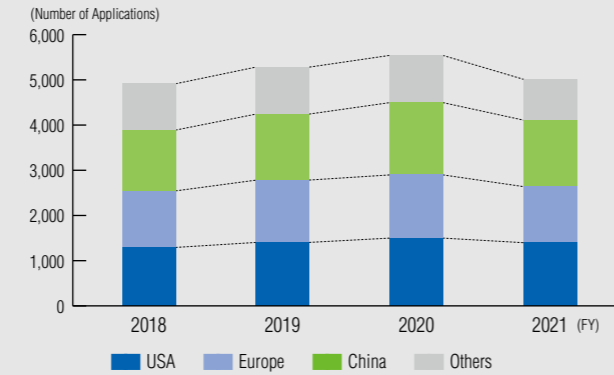
The Mitsubishi Electric Group identifies critical IP-related themes based on its mainstay businesses and important R&D projects, and is accelerating the globalization of IP activities also by filing patents prior to undertaking business development in emerging countries where an expansion of business 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 2020) announced by the Japan Patent Office (JPO), and No.3 in the world in terms of Patent Cooperation Treaty (PCT) applications by

businesses (in 2020) 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.

● Annual Trends in Overseas Patent Applications by the Mitsubishi Electric^{*1}



^{*1} Starting in FY2019, we began using the number of overseas patent applications of Mitsubishi Electric as a single entity.

● 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.

Sustainability at Mitsubishi Electric Group

- 24 Sustainability Management
- 26 G:Governance
- 33 E:Environment
- 37 S:Social
- 45 ESG Information Disclosure List

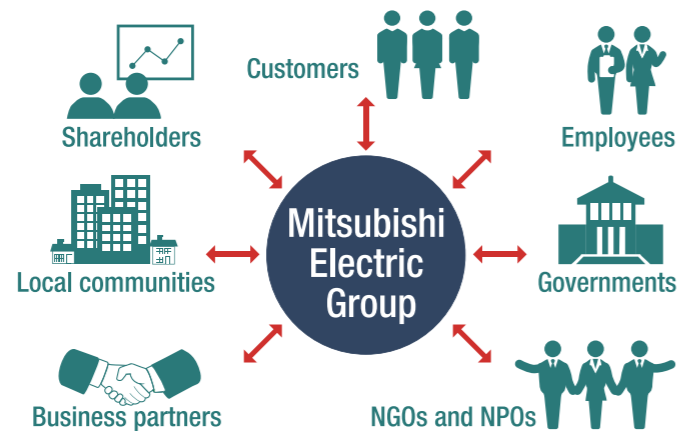
Sustainability Management

Basic policy of Sustainability

The Mitsubishi Electric Group regards its sustainability initiatives as the foundation of its corporate management, and implements sustainability-oriented initiatives in all corporate activities in accordance with its "Purpose," "Our Values," and "Commitment."

It is crucial to maintain communication with various stakeholders to pursue initiatives for achieving a sustainable society, as well as to incorporate the expectations, requests, and opinions from society into activities and to avoid acts that will inconvenience society.

By ensuring transparent disclosure of information on sustainability, the Mitsubishi Electric Group aims to obtain a favorable response from stakeholders, and to realize a vibrant and sustainable society together with its stakeholders.



Stakeholders of the Mitsubishi Electric Group

Promotional System for Sustainability

The policies and planning for the sustainability activities of the Mitsubishi Electric Group are decided by a Sustainability Committee appointed by Mitsubishi Electric's executive officers. The Committee is composed of the heads of Mitsubishi Electric's management departments (23 members in charge of environmental, social and governance aspects from divisions such as Corporate Strategic Planning and Corporate Human Resources), and discusses the results of activities performed during the previous fiscal year, decisions on future activity plans, and responses to law amendments, from a perspective that spans the entire Mitsubishi Electric Group. The details of Sustainability Committee meetings are reported to the senior executives through the Executive Officers' Meeting and the Audit Committee.

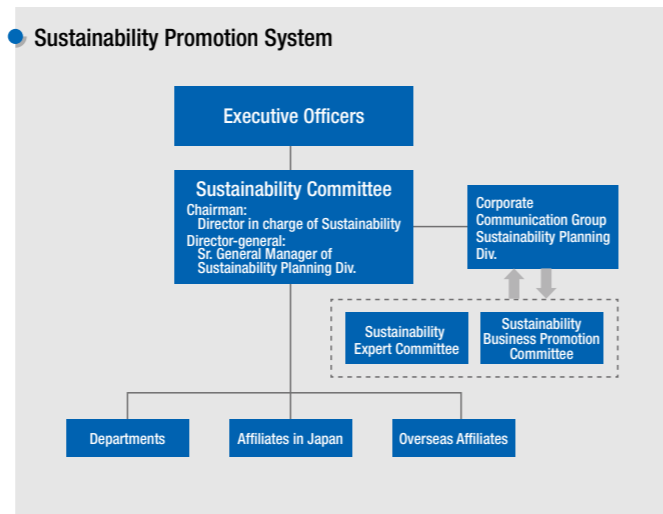
Knowing that sustainability activities are directly linked to corporate management, each department responsible for ethics and legal compliance, quality assurance and improvement, environmental conservation and philanthropy activities, and communication with stakeholders implements their own initiatives, based on the sustainability policy of the Mitsubishi Electric Group.

In addition to the Sustainability Committee that is generally held at least twice a year, various activities are also promoted and implemented in communication with the Sustainability Expert Committee and Sustainability Business Promotion Committee, which are convened as a forum for sharing and executing the policies and plans established by the Sustainability Committee.

Main agenda of the Sustainability Committee (held in April 2021)

- Report on achievements made in the previous fiscal year and activities planned in the current fiscal year
- Sustainability initiatives at the management level
- Review of materiality
- Responses to the sustainable development goals (SDGs)
- Further enhanced information disclosure that takes into account ESG (environment, social, governance) investment
- Human rights initiatives

Sustainability Promotion System



Materiality

The Mitsubishi Electric Group places more focus than ever on sustainability initiatives at the management level to realize the "vibrant and sustainable society" that we have committed to in our corporate philosophy. We have identified five areas as materiality (important challenges) to "solve social challenges through our businesses" and as part of our "management foundation that supports sustainable growth." Through these materiality initiatives, we will create economic and social value and will contribute to solving social challenges starting with contributing to achieving the SDGs. We will actively disclose information on the status of our materiality efforts and promote engagement with stakeholders.

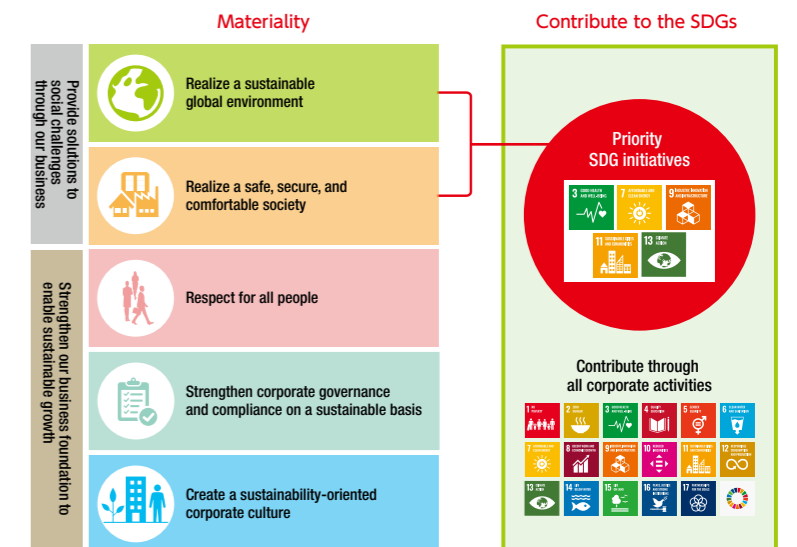
	Materiality	Reasons why it is important
Provide solutions to social challenges through our business	Realize a sustainable global environment	Environmental issues such as climate change and resource/energy issues are global issues. The Mitsubishi Electric Group will contribute to solving these issues with the aim of realizing a sustainable global environment.
	Realize a safe, secure, and comfortable society	The Mitsubishi Electric Group will supply integrated solutions that combine the strengths of the Group and other parties in the areas of life, industry, infrastructure, and mobility to solve diversifying social challenges and to contribute to the realization of a safe, secure, and comfortable society.
Strengthen our business foundation to enable sustainable growth	Respect for all people	Protection of human rights is a global issue. Everyone's rights as individuals must be respected. The Mitsubishi Electric Group will respect human rights in all of our activities and create a workplace environment in which all employees can thrive.
	Strengthen corporate governance and compliance on a sustainable basis	Corporate governance and compliance are fundamental preconditions for a company's continued existence. The Mitsubishi Electric Group will continue to strengthen these areas.
	Create a sustainability-oriented corporate culture	The Mitsubishi Electric Group will contribute to realizing sustainability through all of our activities. To that end, we will proactively communicate with stakeholders and foster a corporate culture that encourages employees to pursue initiatives from a mid-to-long-term perspective.

Focusing on the SDGs

In line with the materiality identified for fiscal 2022, we reviewed the SDGs to address on a priority basis that we determined in fiscal 2019. In the course of reviewing our goals, we conducted an internal and external survey. As a result of it, we found that Mitsubishi Electric is expected to contribute to resolving social challenges through its business activities. Based on a study within the company, we set SDGs 3, 7, 9, 11, and 13 as the Priority SDG initiatives, which correspond to "realize a decarbonized society" and "solve social challenges in the four areas of Life, Industry, Infrastructure, and Mobility," the areas that the Group will focus on going forward. By further promoting initiatives to create value for these goals to which we can contribute significantly as a comprehensive electrical and electronics manufacturer, we will make a specific contribution to achieving the SDGs.

- Goal 3: Good Health and Well-being Life and Mobility fields
- Goal 7: Affordable and Clean Energy Energy savings in production and products and services, etc. for realizing a decarbonized society
- Goal 9: Industry, Innovation, and Infrastructure Industry field
- Goal 11: Sustainable Cities and Communities Infrastructure and Mobility fields
- Goal 13: Climate Action Realization of a decarbonized society

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



G: Governance

Corporate Governance

Basic Corporate Governance Policy

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

Corporate Management and Governance Structure

Corporate Management Structure

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

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

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

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

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

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

Internal Control System

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

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

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

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

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

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

Audit Committee

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

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

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

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

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

In fiscal 2021, Mitsubishi Electric held a regular Audit Committee meeting once a month in principle (and two special meetings). Each meeting would take about two hours. The attendance of each Audit Committee member is as shown below.

Title	Name	Attendance/meetings	Attendance rate
Outside Director (Chairman)	Hiroshi Obayashi	14/14	100%
Director (full-time)	Masahiko Sagawa	14/14	100%
Director (full-time)	Takashi Sakamoto	11/11	100%
Outside Director	Kazunori Watanabe	14/14	100%
Outside Director	Takashi Oyamada	14/14	100%

Notes: 1. Out of the above members, Masahiko Sagawa and Takashi Sakamoto are responsible for investigation.
2. Because Takashi Sakamoto was appointed as a Director on June 26, 2020, his attendance after his appointment is shown.

3. Activities of the Audit Committee members

The Audit Committee members—mainly those responsible for investigation (full-time Audit Committee members)—attend Executive Officers' meetings and other such important conferences, and conduct interviews and surveys of Executive Officers and the executive staff of Mitsubishi Electric offices and affiliates in accordance with the policies and assignments agreed upon the Committee.

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

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

4. Agenda of the Audit Committee

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

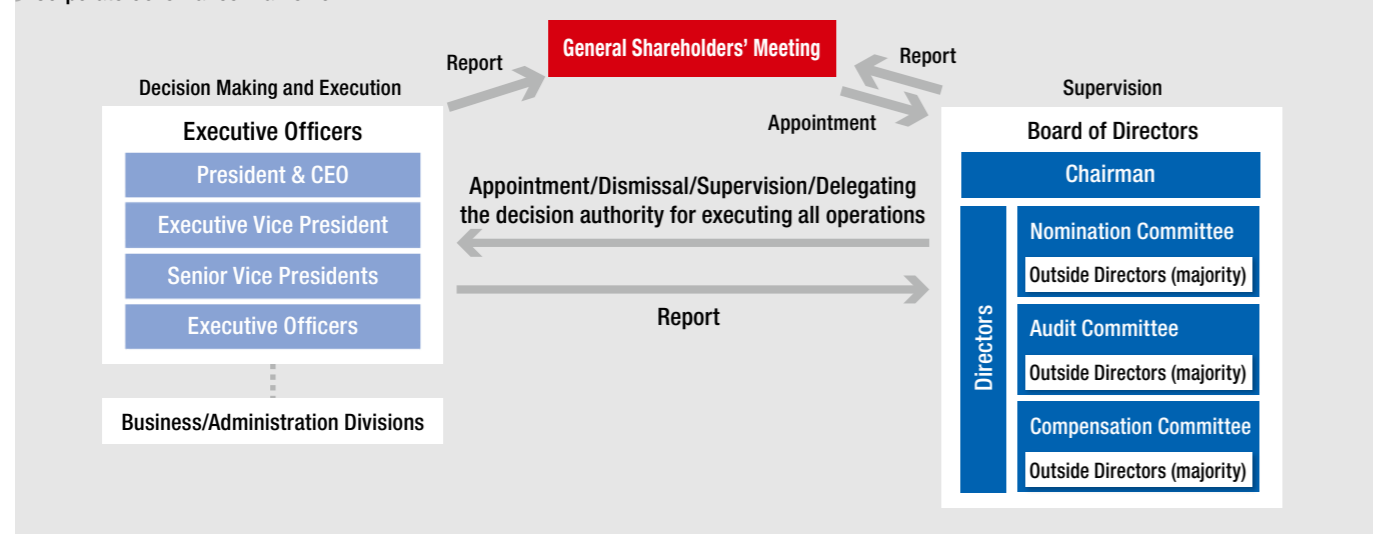
Especially in fiscal 2021, the Audit Committee focused on checking and verifying how the Mitsubishi Electric Group has strengthened its business foundation including the internal control and compliance systems, improved its profitability toward better performance, lifted cash flow through streamlining its assets, developed new businesses, taken measures against problematic businesses—as well as the monitoring the progress of various initiatives such as contributions to achieve SDGs targets. This has been done to improve the Group's mid- and long-term corporate value.

In recent years, the Mitsubishi Electric Group has identified issues of work-related, information security, and product and service quality. The Audit Committee asked questions and stated opinions after each responsible Executive Officer explained the following: with regard to work-related issues, the Company is promoting the Mitsubishi Electric Workplace Reform Program and working to prevent recurrence; with regard to information security issues, the Company is working to reinforce information security measures based on the analysis of the cause of each issue; and with regard to improper quality-related conduct, the Company is enhancing education to fundamentally reform quality awareness and culture, and strengthening its quality control system with the aim of ensuring compliance with relevant laws, regulations, and contractual specifications. The Audit Committee will continue to closely monitor the progress of these measures to prevent recurrence, in order to ensure their steady implementation.

5. Effectiveness evaluation of the Audit Committee

The Audit Committee conducts evaluation to improve performance every year. In the Audit Committee review in fiscal 2021, outside Audit Committee members concluded that the members responsible for investigation (full-time Audit Committee members) periodically report their activity results and that management information is properly shared in a timely manner in the Audit Committee. Although we believe that this evaluation in effect endorses the performance of the Audit Committee, we will continue to make efforts to improve performance.

Corporate Governance Framework



Status of Internal Audit

1. Organization, members, and procedures for internal audit

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

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

2. Relationship with the divisions in charge of internal control

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

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

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

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

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

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

In fiscal 2021 we held eight Board of Directors meetings (six ordinary meetings and two extraordinary meetings) to make decisions about important matters such as basic management policy, appointment of Executive Officers, and internal control systems. In addition, we had Executive Officers report on the details and progress of the fiscal year's management plan, progress of the response to management issues in each business, and important issues deliberated on at Executive Officers' Meetings, and discussed them. This year in particular, the Board held a discussion on devising the medium-term management plan that the Company announced in June 2021. It also deliberated and reported on causes and ways to prevent the reoccurrence of recent issues of work-related, information security, and product and service quality.

Every year, we hold a Board of Directors review to further enhance the functioning of the Board of Directors, based on progress of the matters discussed at the meetings. This year we surveyed the Directors, and the Board of Directors administrative office interviewed the Outside Directors. We then had all Board members discuss, analyze and evaluate the survey results as follows.

- Frequency, scheduling, and time spent on the meetings
- The information supplied in relation to discussions at the meetings (quality and quantity), and how it was provided.
- The status of questioning and discussions at the Board
- The configuration, size, etc. of the Board

As a result, there were many positive reviews about the status of questioning and discussion at the Board of Directors meetings. Specifically, replanning has

been properly carried out based on past reviews, and the Board of Directors meetings entailed more liberal discussions and exchanges from many angles than ever before.

The configuration and size of the Board of Directors has been evaluated as being appropriate for monitoring management at this point: Outside Directors consist of individuals with a diverse skills, Non-executive Directors comprise the majority of the Board, and each committee is chaired by Outside Directors, providing independence and objectivity.

Given these evaluations, we judge our Board of Directors as being appropriately managed, and that its functioning is sufficiently secure.

Meanwhile, other views emerged. Namely, Executive Officers' reports are becoming more detailed and discussions are deepening, prolonging meeting times, and it would be preferable to further enhance reporting from corporate divisions to the Board of Directors. As such, it may be worthwhile to hold the Board of Directors meetings more frequently. There were also views calling for better reporting on the progress of initiatives such as those on sustainability and human resource policies, and for continued progress reporting on recent issues regarding work-related, information security, and product and service quality. With these in mind, we are planning to hold ordinary Board of Directors meetings more frequently from fiscal 2022 and have more comprehensive reporting from the Executive Officers and discussions based on their reports.

Going forward, we will continue to hold the Board of Directors reviews to further improve the Board's functioning.

Policies Regarding Decisions on Compensation, etc.

1. Basic Policies

- (1) As a Company with a Three-committee System, the Company segregates the supervisory function and the execution function of management. The supervisory function of management is assigned to the Board of Directors and the execution function of management is assigned to the Executive Officers. The compensation scheme for Directors and the compensation scheme for the Executive Officers will be set differently, corresponding to the contents and responsibilities of each of the duty and position.
- (2) Directors give advice to and supervise the Company's management from an objective point of view, and therefore, the basic policy of the compensation scheme for Directors is the payment of fixed-amount compensation.
- (3) The compensation scheme for the Executive Officers focuses on incentives for the realization of management policies and the improvement of business performance, and performance-based compensation will be paid in addition to the payment of fixed-amount compensation, based on the following basic policies:
 - a. The compensation scheme should raise awareness of the contribution to the improvement of the mid- and long-term business performance, and to the enhancement of the Group's corporate value.
 - b. The compensation scheme should be closely linked with the company's performance and be highly transparent and objective.
 - c. The compensation scheme should mainly aim at sharing of interest with shareholders and raising management awareness which places importance on the interest of shareholders.
- (4) In order to introduce from the outside objective points of view and specialized knowledge about the executive compensation scheme, the Company will employ external compensation consultants, and deliberate the compensation level, compensation scheme, etc. with the support of such consultants, taking into consideration external data concerning compensation in major Japanese corporations developing their businesses globally, the domestic economic environment, industry trends, management conditions, etc.

2. The System and the Policy for Determining Compensation for Directors and Executive Officers

- (1) Compensation for Directors:

The fixed-amount compensation shall be a monthly fixed amount set at a level considered reasonable, while taking into account the contents of the Directors' duties and the Company's conditions, etc.
- (2) Compensation for Executive Officers:
 - a. The fixed-amount compensation shall be a monthly fixed amount set at a level considered reasonable, while taking into account the contents of the Executive Officers' duties and the Company's conditions, etc.
 - b. Performance-based compensation shall be paid as indicated below, at a certain period each year.
 - The Group strives to achieve sustainable growth and further improvement of corporate value through its threefold balanced management policy of "Growth," "Profitability & Efficiency" and "Soundness." The Group has defined consolidated revenue of ¥5 trillion or more and an operating profit ratio of 8% or more as fiscal 2021 targets. The payment reference amount for performance-based

compensation is based on the consolidated business performance such as net profit attributable to Mitsubishi Electric Corp. stockholders, in line with this policy and these targets.


- Compensation for Executive Officers are set within a range of ±20% the payment reference amount, reflecting business performance in their respective business segments.
- With the purposes of meshing the interest of shareholders with the Executive Officers and further raising management awareness that places importance on the interest of shareholders, and increasing the incentives for the improvement of business performance from the mid- and long-term perspectives, 50% of performance-based compensation will be paid in the form of shares. Share-based compensation consists of Company stocks issued after a three-year deferral period. The Company sets a rule that the Executive Officers are required to continue to hold the Company stocks issued until 1 year has passed from resignation, in principle.
- c. If the Company achieves the consolidated revenue of ¥5 trillion or more and the operating profit ratio of 8% or more, which are the growth targets for fiscal 2021, the basic composition of the compensation will be as follows: basic compensation 30%, and performance-based compensation 70%, of which the ratio of mid- and long-term incentives (share-based compensation in the performance-based compensation) is 35% of the total compensation. If the consolidated business performance is within the growth targets for fiscal 2021, the percentage of performance-based compensation shall fluctuate between the range of 0% to 70%.

(3) Other important matters regarding the decision on details of compensation given to individual Directors, etc.:

Regarding the stock compensation of the performance-based compensation of Executive Officers, if there has been any serious breach of responsibilities by the Executive Officer, or if the Executive Officer has resigned for personal reasons against the will of the Company, the Company may confiscate the rights to receive the granting of shares or demand the refund of cash equivalent to the value of the granted shares, etc., from such Executive Officer by resolution of the Compensation Committee. Additionally, if certain grounds arise that materially impact the management of the Company, the Company may reduce the fixed-amount compensation of Executive Officers by resolution of the Compensation Committee.

(4) Decision-making process, etc.:

The Company decides on compensation decision policies for Directors and Executive Officers, and the compensation given to individuals based on these policies, through the Compensation Committee, a majority of which is comprised of Outside Directors. The details of the activities of the Compensation Committee are reported to the Board of Directors on a case-by-case basis. The Compensation Committee meeting was held four times in fiscal 2021.

 * For the amount of compensation given to Directors and Executive Officers, please refer to the Annual Security Report. https://www.MitsubishiElectric.com/en/investors/library/securities_report/

Outside Directors

Outside Directors

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

Outside Directors are expected to supervise management from a high-level

perspective based on their abundant experience. Those who are comprehensively judged to possess the character, acumen, and business and professional experience suited to fulfill that role, and who satisfy the requirements of independent executives specified by the Tokyo Stock Exchange and the requirements specified in Mitsubishi Electric's Guidelines on the Independence of Outside Directors (see next page) and thus possess no risk of giving rise to any conflict of interest with the general shareholders of the company, are selected as Outside Director candidates by the Nomination Committee.

Independency Guideline for Outside Directors






Mitsubishi Electric Corporation nominates persons with experience in company management in the business world, attorneys and academics, among other specialists, who are appropriate to oversee the Company's business operations and not falling under any of the following cases, as candidates for Outside Directors. Each of the following 1), 2), 4) and 5) includes a case in any fiscal year during the past three fiscal years.

- Persons who serve as Executive Directors, Executive Officers, managers or other employees (hereinafter "business executers") at a company whose amount of transactions with the Company accounts for more than 2% of the consolidated sales of the Company or the counterparty
- Persons who serve as business executers at a company to which the

- Company has borrowings that exceed 2% of the consolidated total assets
- Persons who are related parties of the Company's independent auditor
- Persons who receive more than ¥10 million of compensation from the Company as specialists or consultants
- 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
- Persons who are the Company's major shareholders (holding more than 10% of voting rights) or who serve as their business executers
- Persons who are related parties of a person or company that have material conflict of interest with the Company

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

Outside Directors (as of June 29, 2021)

Title	Name	Positions Held	Reasons for Nomination	Board Attendance Rate (FY2021)
Outside Director	 Mitoji Yabunaka	Chairman of the Nomination Committee Member of the Compensation Committee	Mr. Yabunaka's experience and insights as an expert in international affairs cultivated through the course of his career are highly beneficial to Mitsubishi Electric. Serving as Outside Director of the Company since June 2012, he has overseen the Company's business operations, and has also served as Chairman of the Nomination Committee and Member of the Compensation Committee. The Company expects him to oversee the Company's business operations, by using a wide range of experience and insights especially in the fields of internal control and governance, human resources and human resources development, and global affairs at the Board of Directors and each Committee. Thus, Mitsubishi Electric continues to appoint Mr. Yabunaka as an Outside Director.	100% (8/8)
Outside Director	 Hiroshi Obayashi	Chairman of the Audit Committee Member of the Nomination Committee	Mr. Obayashi's experience and insights cultivated through the course of his career as a lawyer (public prosecutor, attorney-at-law) are highly beneficial to Mitsubishi Electric. Serving as Outside Director of the Company since June 2013, he has overseen the Company's business operations, and has also served as Chairman of the Audit Committee and Member of the Nomination Committee. The Company expects him to oversee the Company's business operations, by using a wide range of experience and insights especially in the fields of internal control and governance, legal affairs and compliance, and human resources and human resources development at the Board of Directors and each Committee. Thus, Mitsubishi Electric continues to appoint Mr. Obayashi as an Outside Director.	100% (8/8)
Outside Director	 Kazunori Watanabe	Chairman of the Compensation Committee Member of the Audit Committee	Mr. Watanabe's experience and insights as a certified public accountant cultivated over the course of his career are highly beneficial to Mitsubishi Electric. Serving as Outside Director of the Company since June 2015, he has overseen the Company's business operations, and has also served as Chairman of the Compensation Committee and Member of the Audit Committee. The Company expects him to oversee the Company's business operations, by using a wide range of experience and insights especially in the fields of internal control and governance, finance and accounting, and human resources and human resources development at the Board of Directors and each Committee. Thus, Mitsubishi Electric continues to appoint Mr. Watanabe as an Outside Director.	100% (8/8)
Outside Director	 Hiroko Koide	Member of the Nomination Committee Member of the Compensation Committee	Ms. Koide's experience and insights as a business specialist cultivated over the course of her career in international corporate management are highly beneficial to Mitsubishi Electric. Serving as Outside Director of the Company since June 2016, she has overseen the Company's business operations, and has also served as Member of the Nomination Committee and the Compensation Committee. The Company expects her to oversee the Company's business operations, by using a wide range of experience and insights especially in the fields of corporate management and corporate strategies, internal control and governance, human resources and human resources development, and global affairs at the Board of Directors and each Committee. Thus, Mitsubishi Electric continues to appoint Ms. Koide as an Outside Director.	100% (8/8)
Outside Director	 Takashi Oyamada	Member of the Nomination Committee Member of the Audit Committee	Mr. Oyamada's experience and insights as a business specialist cultivated over the course of his career in bank management are highly beneficial to Mitsubishi Electric. Serving as Outside Director of the Company since June 2019, he has overseen the Company's business operations, and has also served as Member of the Nomination Committee and the Audit Committee. The Company expects him to oversee the Company's business operations, by using a wide range of experience and insights especially in the fields of corporate management and corporate strategies, internal control and governance, finance and accounting, and human resources and human resources development at the Board of Directors and each Committee. Thus, Mitsubishi Electric continues to appoint Mr. Oyamada as an Outside Director.	100% (8/8)

Note: Mitsubishi Electric Corporation held eight Board of Directors meetings during fiscal 2021.

Status of Stocks Held

Status of Stocks Held

- Criteria and Approach on Classification of Stocks for Investment
With regard to the classification of stocks for investment held for pure investment purposes and stocks for investment held for purposes other than pure investment, the Company classifies stocks held solely for profit purposes from changes in the stock value or dividends on stock as pure investment. There are no stocks held solely for pure investment.
- Stocks for Investment Held for Purposes Other Than Pure Investment Purposes
The Company holds stocks that are determined to be necessary for business operations, taking into consideration maintaining and strengthening relationships with business partners. The Company comprehensively judges whether or not stocks held are significant, from the viewpoint of their profitability, business feasibility, holding risks, and other aspects are verified and confirmed yearly in the Executive Officers' meeting and in the Board of Directors' meet-

ing. Furthermore, the Company performs verifications with regard to profitability, as to whether the income gained from related businesses and total dividends received are reaching a level above the capital cost, with regard to business feasibility, whether there are not any significant changes in business relationships or amounts of transactions, etc., and with regard to holding risks, whether the corporate value of the investee has fallen or not. When stocks are thus judged to have a low holding significance, the Company considers the reduction thereof such as by selling them, taking into consideration the situation of the company concerned.

 *For the Status of Stocks Held, please refer to the Annual Security Report. https://www.MitsubishiElectric.com/en/investors/library/securities_report/

Compliance

Our Concept of Compliance

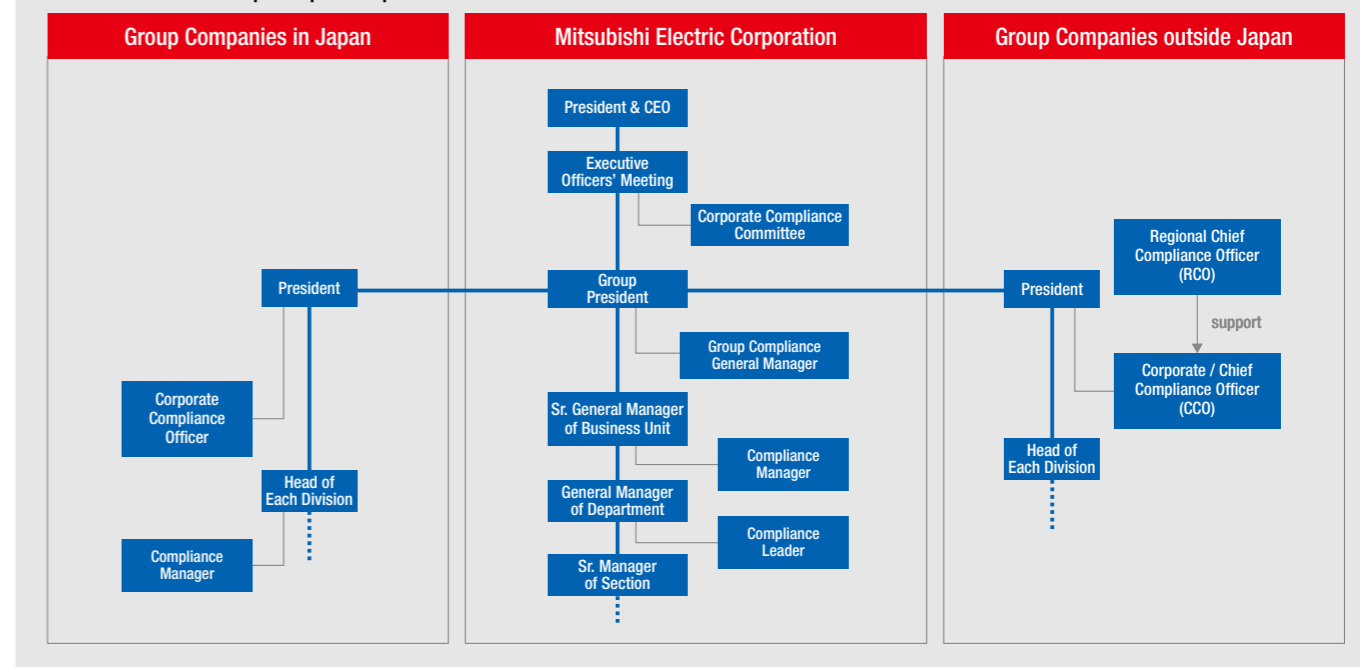
The Mitsubishi Electric Group recognizes Compliance means always upholding high ethical standards and complying with laws and social norms in order to gain the trust of our stakeholders, which include customers, consumers, business partners, shareholders, employees and society.

Compliance Motto – "Always Act with Integrity"

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."

Always Act with Integrity

Mitsubishi Electric Group compliance promotion structure



Risk Management Framework

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

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

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

Risk management framework (Mitsubishi Electric Group)



Our approach to information security

Basic Policy

In fiscal 2020, the Mitsubishi Electric Group encountered another data leak incident caused by unauthorized system access, which has resulted in inconvenience and concern for customers and society. We will continue to strengthen information security measures* to prevent such a situation from occurring again.

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

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

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.

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

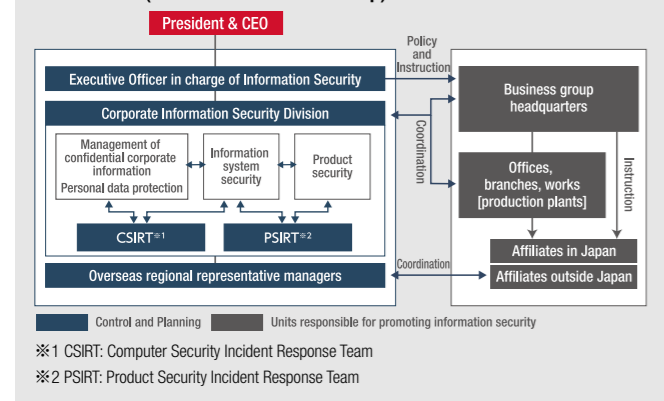
As other companies suffered cyberattacks that affected their factory productivity, Mitsubishi Electric also formed a section to ensure factory security, thereby bolstering preparedness.

In addition, as part of PSIRT activities¹ to promote product security measures, we were accredited as a CNA² in November 2020 and we now assign CVE IDs³ 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.

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

Business groups and offices (offices, branches, works [production plants])

Framework (Mitsubishi Electric Group)



※1 CSIRT: Computer Security Incident Response Team
 ※2 PSIRT: Product Security Incident Response Team

issue instructions and guidance on information security to affiliates in and outside Japan. Paying special attention to the circumstances and special characteristics of overseas affiliates, the Corporate Information Security Division places overseas regional representative managers at sites in the Americas, Europe, China, and other Asian countries and coordinates with them to ensure information security.

*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

Personal Information Protection

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

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

Cyber-Attack Countermeasures

Cyber-attacks have become a major threat for businesses. As they are growing increasingly sophisticated and diverse year-by-year, it is becoming difficult to prevent them. The Mitsubishi Electric Group is implementing two major countermeasures. Along with the wider use of cloud services and the wider adoption of teleworking, we are accelerating the implementation of zero-trust security* measures. For existing IT environments, we are deploying cyber-attack countermeasures through a multilayered defense consisting of a number of different defense measures stacked on top of each other. Furthermore, there are cyber-attacks that cannot be prevented entirely with a multilayered defense alone. Accordingly, we monitor cyber-attacks and have put in place a system to respond immediately should a case occur, in an effort to prevent or minimize damage.

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

* Concept of always authenticating devices before granting them access to resources regardless of whether they are inside or outside the network

Leaks of data due to unauthorized system access

On November 16, 2020, a newly deployed cloud monitoring system detected suspicious access to one of the cloud services to which Mitsubishi Electric subscribes and it was confirmed that the bank account information of our domestic suppliers was leaked. This unauthorized access to the cloud was performed at a related company in China by intruding to the network and stealing the credentials of some Mitsubishi Electric Group employees to access the cloud.

To prevent recurrence, Mitsubishi Electric strengthens the monitoring of the cloud service that was accessed illicitly and accelerates the implementation of zero-trust security measures. In addition, the Mitsubishi Electric Group as a whole strengthens security measures through comprehensive multilayered protection, such as the strengthening of domestic and overseas network access controls, endpoint security measures, and monitoring and authentication platforms. Going forward, we will continuously work to strengthen security in coordination with relevant authorities.

E: Environment

Environmental Sustainability Vision 2050

The Mitsubishi Electric Group adopted its Environmental Vision 2021, which aims to create a low-carbon, recycling-based society that functions in harmony with nature, in 2007. The Group also has promoted its 9th Environmental Plan created from a medium- and long-term perspective in light of the Paris Agreement since fiscal 2019. In this plan, future water shortage measures are considered as well. In June 2019, the Group announced its Environmental Sustainability Vision 2050 to show its new long-term environmental management vision.

Having developed its business through interaction with many stakeholders including customers, business partners and employees and being deeply rooted in society, the Mitsubishi Electric Group is expected to assume responsibility for contributing to the environment. With this recognition, the Environmental Sustainability Vision 2050 is intended to aim for the future together with stakeholders.

"Protect the air, land, and water with our hearts and technologies to sustain a better future for all" has been adopted as an environmental declaration in the Environmental Sustainability Vision 2050. The air, land, and water are vital for the survival of every creature on Earth. Bearing these three elements in mind, we will continue considering to which element we will contribute in what business area of the Mitsubishi Electric Group and put ideas into practice. In addition, we share our commitment to the environment and technologies not only with those who work for the Mitsubishi Electric Group but also with all other stakeholders and contribute to the realization of a sustainable future under three action guidelines shown in the Environmental Sustainability Vision 2050, while striving to further improve our technological prowess.

Environmental Sustainability Vision 2050

Environmental Declaration

Protect the air, land, and water with our hearts and technologies to sustain a better future for all.

To solve various factors that lead to environment issues, the Mitsubishi Electric Group shall unite the wishes of each and every person, and strive to create new value for a sustainable future.

Three Environmental Action Guidelines

1

Apply diverse technologies in wide-ranging business areas to solve environmental issues

2

Challenge to develop business innovations for future generations

3

Publicize and share new values and lifestyles

Key Initiatives

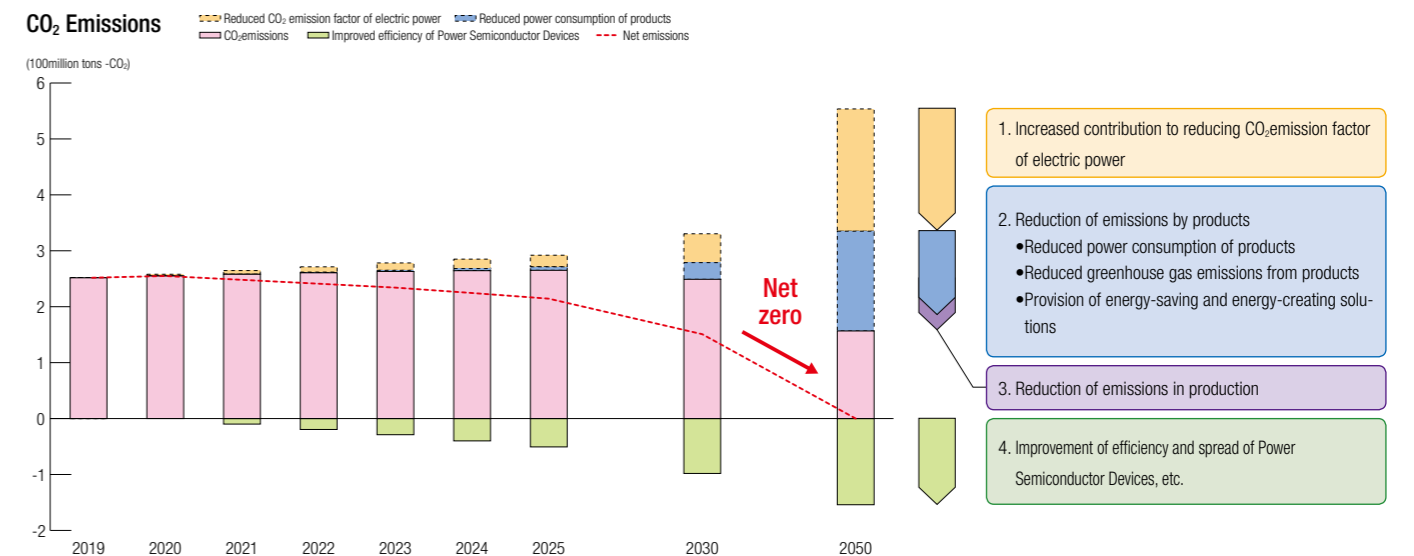
- Climate Change Measures
- Resource Circulation
- Live in Harmony with Nature

- Long-term Activities
- Innovation
- Nurturing Human Resources

- Understanding Needs
- Co-create and Disseminate New Values
- Live in Harmony with the Region

Initiative to Realize a Decarbonized Society

The Mitsubishi Electric Group will further enhance our initiatives to reduce greenhouse gas emissions toward the realization of a decarbonized society, aiming for virtually zero greenhouse gas emissions¹ in 2050.



¹ Achieve net-zero emission by increasing the proportion of contribution from improvement of efficiency and spread of Power Semiconductor Devices, etc. in reducing greenhouse gas emissions to a scale that outweighs the reduction in CO₂ emissions

Greenhouse Gas Reduction Targets Based on Scientific Grounds

It is recognized that the Mitsubishi Electric Group's greenhouse gas reduction targets for 2030 are based on scientific grounds to "Holding the increase in the global average temperature to well below 2°C above preindustrial levels" as stipulated in the Paris Agreement. We have obtained certification from the SBT (Science Based Targets)¹ initiative.

We will continue to promote the reduction of greenhouse gases through a variety of business areas in the Mitsubishi Electric Group.

¹ International initiative by the United Nations Global Compact (UNGC), the World Wildlife Fund (WWF), the Carbon Disclosure Project (CDP), and the World Resources Institute (WRI). The SBT initiative propels companies to set reduction targets that are consistent with insights of climate science with an aim to control the rise in the global average temperature due to climate change at most under 2°C compared with the temperature before the Industrial Revolution.



Reduction Targets of the Mitsubishi Electric Group

Scope 1 and 2	Mitsubishi Electric commits to reduce total scope 1 and 2 GHG emissions by 18% by 2030, compared to the base year of 2016.	Scope 3	Mitsubishi Electric commits to reduce total scope 3 GHG emissions by 15% by 2030, compared to the base year of 2018.
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- Scope 1** Direct emissions resulting from fuel use within the company.
- Scope 2** Indirect emissions associated with the use of externally purchased electricity and heat.
- Scope 3** Indirect emissions from the entire value chain other than Scope 1 and 2 emissions. (Category 11 (use of sold products) applies to our target.)

Financial information based on recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

The Mitsubishi Electric Group has expressed its support for the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures). In line with these recommendations, the Group discloses relevant information on climate change.



Strategy for Climate Change

The Group formulates a three-year Environmental Plan as an integral goal based on the corporate strategy and environmental vision for initiatives toward environmental issues including climate change. The plan sets out quantitative targets to be achieved, and the Executive Officer in charge of Corporate Total Productivity Management & Environmental Programs, who is responsible for environmental management, formulates the plan and shares it with each group organization. Each organization implements its own Environmental Action Plan (annual plan) based on the Environmental Plan.

The results of business execution are reviewed by the Executive Officer in charge of Corporate Total Productivity Management & Environmental Programs, and each organization reviews the Environmental Plan (three-year plan) and its Environmental Action Plan (annual plan) as necessary.

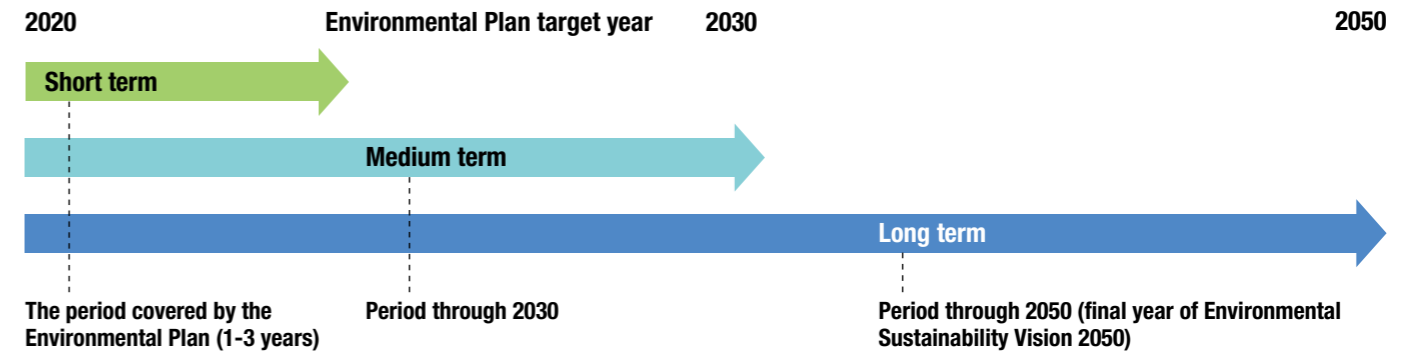


Overview of risk and opportunity assessment through scenario analysis

Through scenario analysis, we assess the corporate activities of the Group in terms of risks and opportunities.

The assessment is made based on two scenarios: a scenario to keep the increase in the global average temperature to below 2°C above pre-industrial levels (2°C scenario¹) and a scenario in case the temperature rises nearly 4°C as a result of continuing the conventional global warming countermeasures (4°C scenario²).

The period covered by the scenario analysis is up to 2050, and the periods are classified as shown below.



¹ Applied the IEA 450 scenario, etc.
² Applied the IPCC RCP 8.5 scenario, etc.

Examples of climate-related risks and responses by the Mitsubishi Electric Group

Risks	Examples of the Group's initiatives
Transition risks	
Policy and legal risks (short to long-term) <ul style="list-style-type: none"> Increase in carbon pricing Strengthened obligation of emission reports Orders and regulations for existing products and services by relevant authorities Litigation 	<ul style="list-style-type: none"> Reduction of GHG³ emissions through promotion of environmental plans and setting and taking initiative on science based targets, Promotion of environmentally conscious design (global warming, resource conservation, recyclability, hazardous substances, packaging) Capital investment related to environmental activities, including energy saving and global warming countermeasures Implementation of supply chain management (formulation and implementation of green procurement standards) Reporting of Scope 1, 2 and 3 emissions and implementation of third-party certification Acquisition and maintenance of ISO 14001 certification Confirmation of legal compliance through environmental audits Disclosure of initiatives related to climate change and other environmental issues
Technology risks (medium to long-term) <ul style="list-style-type: none"> Replacement of existing products and services with low-emission alternatives Failed investment in new technologies Cost of transition to low-emission technologies 	<ul style="list-style-type: none"> Development of new technologies through R&D investment Implementation of intellectual property activities Mobile capital investment mainly in growth driving businesses Capital investment related to environmental activities, including energy saving and global warming countermeasures
Market risks (medium to long-term) <ul style="list-style-type: none"> Changes in customer behavior Uncertainty in market signals Rise in raw material costs 	<ul style="list-style-type: none"> Promotion of environmentally conscious design Capital investment related to environmental activities, including energy saving and global warming countermeasures Market research and feedback on product development
Reputation risks (medium to long-term) <ul style="list-style-type: none"> Changes in consumer preferences Criticisms of the industrial sector Increased concerns among stakeholders, or negative feedback from them 	<ul style="list-style-type: none"> Reduction of GHG emissions through promotion of environmental plans and setting and taking initiative on science based targets, Capital investment related to environmental activities, including energy saving and global warming countermeasures Promotion of environmentally conscious design Response to environmental risk management Implementation of natural environment conservation activities, including the protection of local biodiversity Disclosure of initiatives related to climate change and other environmental issues
Physical risks	
Acute risks (short to long-term) <ul style="list-style-type: none"> Increased severity of extreme weather such as heavy rains and floods 	<ul style="list-style-type: none"> Formulation and periodic review of BCPs⁴ Implementation of supply chain management (formulation and implementation of green procurement standards, decentralization of production sites by purchasing from multiple companies, etc.)
Chronic risks (medium to long-term) <ul style="list-style-type: none"> Changes in precipitation patterns and extreme variations in weather patterns 	<ul style="list-style-type: none"> A certain amount of investment every year in environmental activities, including initiatives against climate change Reduction of GHG emissions through promotion of environmental plans and setting and taking initiative on science based targets,

³ Greenhouse gas
⁴ Business continuity plan

Examples of climate-related opportunities and initiatives by the Mitsubishi Electric Group

Social issues (opportunities)	Examples of the Group's initiatives
<p>Resource efficiency</p> <ul style="list-style-type: none"> Use of more efficient modes of transport (modal shift) Use of more efficient and resource-saving production and distribution processes Promotion of recycling Relocation to a more efficient building Reduction in water usage and consumption 	<ul style="list-style-type: none"> Development of products suitable for resource conservation, such as thinner materials and smaller tubes Promotion of plastic recycling Energy conservation and reduction of operation costs for buildings as a whole through ZEB (net Zero Energy Building), etc. Development of coordinated control technology for in-building mobility and facilities Provision of systems for water distribution management, water storage and discharge through dam management, and water intake management for agricultural water Promotion of reclaimed water use by ozonizers Strengthening of products and solutions that support e-F@ctory* Promotion of a modal shift through the transportation systems business Development of products and technologies that contribute to autonomous driving Localization of production and sales bases
<p>Energy source</p> <ul style="list-style-type: none"> Use of lower-emission energy sources Use of new technologies Shift toward decentralized energy generation 	<ul style="list-style-type: none"> Effective use of electricity and response to needs for system stabilization accompanying the expansion of renewable energy and decentralization of power sources <ul style="list-style-type: none"> Large energy storage systems Smart medium voltage DC distribution network system D-SMiree* Distributed power supply system/VPP system
<p>Products and services</p> <ul style="list-style-type: none"> Development and/or expansion of low emission goods and services Development of new products or services through R&D and innovation Ability to diversify business activities Shift in consumer preferences 	<ul style="list-style-type: none"> Development of energy-saving products optimized for local climate conditions and needs Development of innovative new products such as the Misola[®], a lighting fixture that creates the illusion of a deep blue sky and natural light in indoor spaces. Improvement of the energy efficiency of railway vehicles and effective utilization of regenerative electric power from braking Demonstration of ZEB-related technologies, including the construction of demonstration facilities Development of the EcoMBR[™] filtration membrane cleaning system for water treatment Provision of smart meters Development and supply of energy conservation equipment that facilitates the measurement of energy consumption and the collection and analysis of energy consumption data Global supply of high-efficiency equipment, including electric power train systems Development and supply of low-loss SiC devices Establishment of the Business Innovation Group Localization of production and sales sites Balanced promotion of short-, medium- and long-term research and development
<p>Resilience</p> <ul style="list-style-type: none"> Participation in renewable energy programs and adoption of energy efficiency measures Resource substitutes/diversification 	<ul style="list-style-type: none"> Effective use of electricity and response to needs for system stabilization accompanying the expansion of renewable energy and decentralization of power sources Contribution to preventing global warming by using observation satellites, strengthening the monitoring of meteorological phenomena and the global environment, understanding of disaster situations, and promoting disaster prevention Meteorological radar system Field Edge[®] image-based water level measurement device Provision of BCP solutions, such as data centers, teleworking, and video conferencing services

As a result of this assessment of climate-related risks and opportunities and our initiatives toward them, the Mitsubishi Electric Group can be said to have resilience against such risks under both the 2°C and the 4°C scenarios and the opportunity for sustainable growth through the solving of social issues arising from climate change¹.

*1 This conclusion is based on the scenario, and the future outlook may differ.

Climate change indicators and goals

The Mitsubishi Electric Group's Environmental Plan

The Mitsubishi Electric Group has formulated an Environmental Plan every three years since 1993, setting specific action targets. The current 9th Environmental Plan (fiscal year 2018 to 2020 (1st April 2018 through 31st March 2021)) sets forth indexes and targets for reduction of CO₂ emissions from production, reduction of CO₂ emissions from product usage, effective utilization of resources, effective use of water, continuation of the "Mitsubishi Electric Outdoor Classroom" and "Satoyama Woodland Preservation Project," and biodiversity conservation at business sites, in line with the goals of "Creating a Low-Carbon Society," "Creating a Recycling- Based Society" and "Ensuring Harmony with Nature" that are specified in Environmental Vision 2021.

S: Social

Human rights

Mitsubishi Electric Group Human Rights Policy

Protection of human rights and support for internationally agreed human rights are imperatives for the Mitsubishi Electric Group's business activities. Accordingly, as members of the Group, we recognize our duty to prevent any complicity with human rights violations. On that basis, the Mitsubishi Electric Group enacted its Corporate Ethics and Compliance Statement in 2001 and pledged that all executives and members of the Group "will conduct ourselves always with a respect for human rights, will not discriminate based on nationality, race, religion, gender, or any other reason."

As the Mitsubishi Electric Group continues to expand its business globally, in accordance with the spirit of the Mitsubishi Electric Group's "Purpose" and "Our Values," it has established this Human Rights Policy and shall raise awareness of human rights among its members and make sure to properly deal with related incidents in order to ensure that its business activities do not have a negative impact on human rights.

Management System Related to Respecting Human Rights

The Mitsubishi Electric Group established a Human Rights Policy in September 2017 and has been undertaking human rights due diligence and other measures based on the United Nations Guiding Principles on Business and Human Rights, etc. In this initiative, we promote continuous improvement activities by implementing the Plan-Do-Check-Action (PDCA) cycle, in which the Human Rights working group composed of the people in charge in divisions concerned (Corporate Human Resources Div., Corporate Legal Div., Corporate Purchasing Div., etc.) discuss policies and measures for dealing with human rights issues, and results of initiatives are confirmed and policies and plans are considered and approved in a meeting of the Sustainability Committee held every year.

Human Rights Impact Assessment

The Mitsubishi Electric Group periodically carries out "Human Rights Impact Assessments" in order to identify and assess the impact of the Group's business activities on human rights.

In fiscal 2019, we conducted the first "Human Rights Impact Assessment" and discovered that such issues as "preventing harassment," "controlling long work hours," and "giving consideration toward women and people with disabilities" were high risks at a total of 336 sites, including Mitsubishi Electric, its offices, domestic family companies and overseas family companies. We then provided feedback of the results to relevant departments and requested them to promote improvement activities.

With the understanding that it is important to continuously strive to perceive current circumstances accurately and take on the issues, we will carry out the second "Human Rights Impact Assessment" in fiscal 2022. To carry out the assessment, we will also devise an assessment method to further define issues that the Mitsubishi Electric Group has.

Grievance Handling Mechanism

The Mitsubishi Electric Group has established multiple points of contact to respond to inquiries from various stakeholders, of which main points of contact are listed in the table below. We also receive consultation requests on human rights through them.

For each whistleblowing case on human rights risk, the responsible division quickly confirm facts according to the content of consultation. If a violation of human rights, etc. in business activities of the Mitsubishi Electric Group is confirmed, we appropriately respond to the instance by dealing with the victim and considering the punishment of those who engaged in the case in question, etc. as well as promptly making a correction and improvement. However, please understand that the Mitsubishi Electric Group may not deal with an instance for which facts cannot be confirmed as a result of confirmation and investigation or with a case which is determined as difficult to investigate due to being groundless, slander, and so on.

Mitsubishi Electric's main points of contact for whistleblowing/consultation

Service available to	Name of point of contact for whistleblowing/consultation	Matters to be consulted	Contact
Various stakeholders (customers, people in the community)	"Inquiries on sustainability" and "Other Inquiries" on the Mitsubishi Electric Group official website	<ul style="list-style-type: none"> Inquiries regarding the Mitsubishi Electric Group's sustainability Other various inquiries regarding the Mitsubishi Electric Group's business activities 	<p><Japanese> Inquiries on sustainability Other Inquiries</p> <p><Global (English)> Inquiries on sustainability Other Inquiries</p>
Mitsubishi Electric employees, family companies employees ¹ , suppliers to Mitsubishi Electric ¹	Ethics observance hotline	Whistleblowing or consultation regarding organized or individual employees' fraud, legal violation, act of breach of ethics	Internal points of contact/external points of contact (lawyers) ^{2,3}
Mitsubishi Electric employees	Points of contact for consultation on sexual harassment, power harassment, etc.	Whistleblowing/consultation on various types of harassment in Mitsubishi Electric's workplace	Human Resource Div. at each office of Mitsubishi Electric

*1 Limited to whistleblowing that is relevant to Mitsubishi Electric in personal and business aspects.

*2 The points of contact are listed on Mitsubishi Electric's intranet, internal posters, "Code of Corporate Ethics and Compliance," etc.

*3 A whistleblowing system has been established at each domestic and overseas family companies of the Mitsubishi Electric Group.

Labor practices

Basic Policy on Diversity Promotion

As the business environment around Mitsubishi Electric Group is rapidly changing, providing a workplace where employees can work to their full potential regardless of gender or age is essential to business development. Furthermore, it

Diversity Promotion Framework

To enrich the personal lives and build the careers of women employees and employees who are raising children, Mitsubishi Electric established the CP-Plan* Promotion Center within its Corporate Human Resources Division in April 2006. In April 2021, the Center's name was changed to the Diversity Promotion Office. Various initiatives are being strengthened to create workplaces where employees respect diversity, which includes age, nationality, disabilities, LGBTQ, workstyles, and gender as well as work vibrantly, thereby maximizing their potential at work.

Women's Participation

In 2016, with the aim of realizing a society in which women can fully embody their individuality and abilities, the Act on Advancement of Women's Activities, which stipulates the responsibilities of the national government, local governments, and general employers in promoting female participation, was enacted. Mitsubishi Electric formulated an action plan based on this law and set the following targets. To achieve these targets under the current action plan, measures such as systematic training of young employees and proactive dissemination of information regarding various support systems for balancing work and family life have been created.

Mitsubishi Electric's Action Plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace (Target: FY2026)

Initiatives	Target
Percentage of women in management	2 times (Compared to FY2021)
Percentage of newly hired women	1.2 times (Compared to the average from FY2017 to FY2021)
Percentage of men on childcare leave*	70%

*Includes those who obtained special leave for childcare purposes.

Create a Work Environment Where All the Employees can Work Actively with a Sense of Security

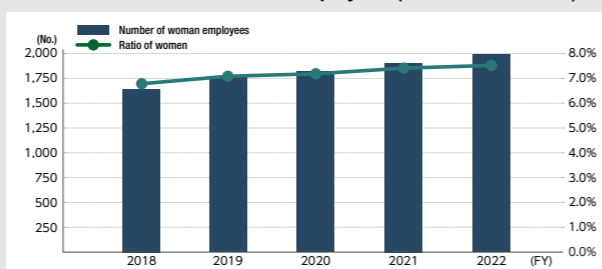
The Mitsubishi Electric Group is taking the following measures under the Mitsubishi Electric Workplace Reform Program, aiming at creating a workplace where employees can openly communicate with one another, thorough and appropriate care of employees with mental health issues, and other goals. The measures to be implemented and applied in FY2021 have been completed, and this program will continue to be strongly promoted in FY2022 and beyond as a project directly overseen by the President, and each measure will be implemented continuously.

We are implementing a variety of measures especially with regard to creating a workplace with zero tolerance for power harassment. In addition to implement-

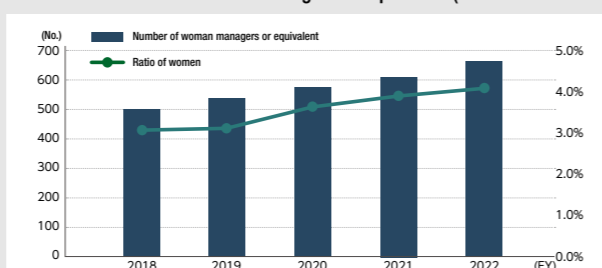
ing anti-harassment education for all employees, we conduct a monthly employee awareness survey of all employees to check for workplace harassment and whether employees have any problems with their interpersonal relationships in the workplace in order to identify, respond, and improve upon problems at an early stage. If an employee reports harassment, the employee is invited to an interview and measures are taken to correct the situation. We aim to create a better workplace culture and environment by steadily implementing these measures.

has become more vital than ever before to employ an even greater diversity of people, given the increasingly aging and diminishing population in Japan. Based on this awareness, Mitsubishi Electric promotes employee diversity through the following measures.

Trend in the number of woman employees (Mitsubishi Electric)



Trend in the number of woman managers or equivalent (Mitsubishi Electric)



ing anti-harassment education for all employees, we conduct a monthly employee awareness survey of all employees to check for workplace harassment and whether employees have any problems with their interpersonal relationships in the workplace in order to identify, respond, and improve upon problems at an early stage. If an employee reports harassment, the employee is invited to an interview and measures are taken to correct the situation. We aim to create a better workplace culture and environment by steadily implementing these measures.

Furthermore, in February 2020, we introduced a service that allows employees to talk with external counselors to expand their options to ask for help. This service has been used 163 times as of March 2021, thus contributing to the creation of an environment in which employees can easily seek assistance.

Progress of the Mitsubishi Electric Workplace Reform Program

Item	Initiatives	Performance for FY2021
1. Enhance education on harassment such as power harassment, and strengthen evaluation when assigning leaders including managers	1) Enhance education on harassment and make it obligatory for all employees to attend the seminar.	100% participation rate (including affiliated companies). Education will continue to be conducted in FY2022.
	2) Shed light on harassment when training managers and staff in charge of education when assigning new employees and thoroughly implement more appropriate development and guidance.	Implemented in workplaces to which new employees were assigned in FY2021. Education will continue to be conducted in FY2022.
	3) Sufficiently evaluate candidates to see if they have basic ideas of labor management (such as understanding which actions constitute harassment actions) before assigning a manager or leader.	Implemented.(January 2020)
	4) Remind all employees that perpetrators of power harassment will be subject to severe measures.	Revised the Work Regulations. (March 2020)
2. Engage in quantitative workplace analysis through attitude surveys and ongoing improvement based on analysis results	1) Conduct attitude surveys on the workplace targeting all employees and an organization diagnosis in light of the survey every year.	Survey completed in June 2020. Improvement measures based on the survey results are in progress. Research will be conducted again in June 2021.
	2) Endeavor to solve the challenges recognized during the survey, taking opinions of outside experts into consideration, and continue to improve the workplace through the PDCA cycle.	
3. Enhance measures to identify and address the workload and mental condition of individuals at an early stage	1) Conduct a questionnaire survey to check the workload, workplace human relationships, stress status, and other problems of individuals every month to identify and address changes in feeling at an early stage. (This survey currently targets new employees but will target all employees in the future.)	Ongoing for all employees since July 2020.
	2) Increase periodic interviews with the human resources division after assigning new employees to the workplace.	The number of follow-up interviews has been increased since FY2020.
4. Engage in thorough and appropriate care of employees with mental health issues	Work-related issues tend to occur after an employee with mental health issues comes back to work. Therefore, we will inspect the operation of the existing Mitsubishi Electric Return to Work Support Guidelines ^{*1} and thoroughly re-implement the guidelines to especially focus on the care of those with mental health issues. 1) During leave of absence - The supervisor and the human resources division will carefully explain how the employee in question will be treated during a leave of absence to the relevant employee so that he or she can concentrate on medical treatment. - For example, the supervisor and the human resources division periodically interview the relevant employee to track the situation to the extent that the treatment is not hindered. 2) When the employee comes back to work after leave of absence - Follow considerations at return to work (such as limitations on work) based on the opinions of the company medical advisor. - For example, all employees across the workplace may also share how to accept the employee who comes back.	In operation since July 2020.
	5. Enhance consultation channels (establishment of multiple channels), etc.	1) Start a new counseling service by an outside counselor in cases where an employee wants to consult an outside specialist face to face. 2) Start a mentor system for troubled employees to consult someone at the workplace with whom they do not have a supervisor-subordinate relationship in order to create an environment where they can easily talk about their problems. 3) Assign multiple training supporters to receive consultations from new employees, so that each employee can select someone whom he or she is comfortable with consulting. 4) Further enhance training courses that contribute to the improvement of the employees' stress management capability such as resilience education ^{*2} .

*1 Created with reference to "Guidance for Supporting Workers Who Return to Work after Taking a Leave due to Mental Health Issues," published by the Ministry of Health, Labour and Welfare.

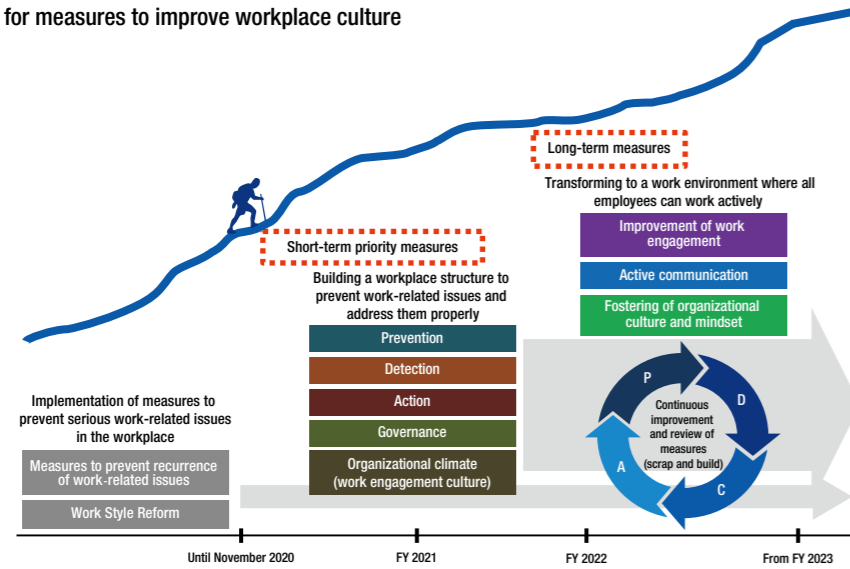
*2 Training program to enhance people's capabilities to successfully address stress and adverse circumstances and recover.

Based on the results of a third-party evaluation of recurrence prevention measures implemented in FY2021 and Assessment Committee discussions, we have summarized the short-term priority measures to address the issues to be resolved in FY2022, starting with the recurrence prevention measures that have been implemented to date, and long-term measures for realizing a work environment in which all employees can work actively and engage more easily. Following the newly established roadmap, we will steadily implement each measure in order to further improve the workplace environment over both the short and long terms.

In addition, key performance indicators (KPIs) for job satisfaction and work-life balance will be set and monitored regularly to ensure they are reflected in our activities. These activities will be continuously improved and reviewed through the PDCA cycle in order to realize a workplace environment in which employees can thrive.

With regard to preventing problems, we will clearly communicate the company's stance of "never tolerating harassment" and "realizing a harassment-free workplace" based on the Joint Statements of Labor and Management adopted in November 2020. To encourage specific behavioral changes, we have also introduced 360-degree feedback to provide managers with an opportunity to evaluate their own behavior and the behavior of others daily. In FY2021, 360-degree feedback was conducted for all executive members and some offices; this will be expanded to all offices starting in FY2022.

● Roadmap for measures to improve workplace culture



● Short-term priority measures and long-term measures

Category	Item	Measure
Short-term priority measures	Prevention of problems	<ul style="list-style-type: none"> Further clarification of the Company's stance on harassment prevention (Adoption of Five Joint Statements of Labor and Management [November 2020], submission by all Directors, Executive Officers, and employees of a declaration to refrain from harassment [December 2020], and revision of Work Regulations that clearly indicate service provisions [December 2020]) Assignment of managers and educators on the basis of multi-faceted evaluations (Introduction of 360-degree feedback for managers) [April 2021]
	Detection of problems	<ul style="list-style-type: none"> Enhanced analysis of employee attitude surveys and stress checks [December 2020] Improvement of the utilization of the results in the workplace (Formulation and enhancement of guidelines for utilization) [April 2021]
	Action against problems	<ul style="list-style-type: none"> Enhanced support for the return to work by employees with mental health issues (Creating guidelines to welcome employees back to work) [March 2021] Establishment of a process and system for dealing with work-related issues when they occur (Development of guidelines for measures to address work-related issues and information disclosure to employees, such as information on cases of power harassment) [December 2020]
	Prevention of problems	<ul style="list-style-type: none"> Further clarification of the Company's stance on harassment prevention (Adoption of Five Joint Statements of Labor and Management [November 2020], submission by all Directors, Executive Officers, and employees of a declaration to refrain from harassment [December 2020], and revision of Work Regulations that clearly indicate service provisions [December 2020]) Assignment of managers and educators on the basis of multi-faceted evaluations (Introduction of 360-degree feedback for managers) [April 2021]
	Detection of problems	<ul style="list-style-type: none"> Enhanced analysis of employee attitude surveys and stress checks [December 2020] Improvement of the utilization of the results in the workplace (Formulation and enhancement of guidelines for utilization) [April 2021]
	Action against problems	<ul style="list-style-type: none"> Enhanced support for the return to work by employees with mental health issues (Creating guidelines to welcome employees back to work) [March 2021] Establishment of a process and system for dealing with work-related issues when they occur (Development of guidelines for measures to address work-related issues and information disclosure to employees, such as information on cases of power harassment) [December 2020]
Long-term measures	Prevention of problems	<ul style="list-style-type: none"> Further clarification of the Company's stance on harassment prevention (Adoption of Five Joint Statements of Labor and Management [November 2020], submission by all Directors, Executive Officers, and employees of a declaration to refrain from harassment [December 2020], and revision of Work Regulations that clearly indicate service provisions [December 2020]) Assignment of managers and educators on the basis of multi-faceted evaluations (Introduction of 360-degree feedback for managers) [April 2021]
	Detection of problems	<ul style="list-style-type: none"> Enhanced analysis of employee attitude surveys and stress checks [December 2020] Improvement of the utilization of the results in the workplace (Formulation and enhancement of guidelines for utilization) [April 2021]

● Evaluation indicators

KPI	Current (FY 2021)	Target for FY 2023	Goal
"Employee Engagement Score (Percentage of employees who are proud and motivated to work for the Company)"**3	63%	70%	Always 80%
"Percentage of employees who responded that they had a good work-life balance"	66%	70%	Always 80%

**3 Average percentage of positive responses to the five questions in the annual employee attitude survey: "Pride in working for the Company", "Willingness to contribute", "Desire to change jobs", "Encouraging others to join the Company", and "Sense of achievement through work"

"Work Style Reforms"

■ "Work Style Reforms" - To the Next Stage -

Since fiscal 2017, Mitsubishi Electric has driven "Work Style Reforms" as one of its management policies. This reform aims to transform the corporate culture to more focus on results and efficiency and to reform the job attitude to stop praising excessively long working hours and create a work environment where everyone can work actively. In fiscal 2021, we will move to the next stage and deepen the initiatives, especially focusing on work style reform and work quality improvement, with the slogan, "Kaeru! MELCO (Kaeru is a Japanese word that, depending on how it is written, means both to make changes and to go home)."

Our slogan from fiscal 2021, "Kaeru! MELCO" means that Mitsubishi Electric will change (kaeru) the work style and the way of business operations to create new value and reduce working hours so that employees can go home (kaeru) early to enrich both

their business and private lives with an ultimate goal of creating a workplace where all the employees can work actively.

The activity policies under "Kaeru! MELCO" are to repeat a virtuous cycle of enriching both business and private lives by deepening workplace communication and by streamlining business operations and enhancing their quality.

The Mitsubishi Electric Group promotes creating a workplace with open communication where each employee can vigorously work, maintaining mental and physical health. The whole Group makes every effort toward this goal.



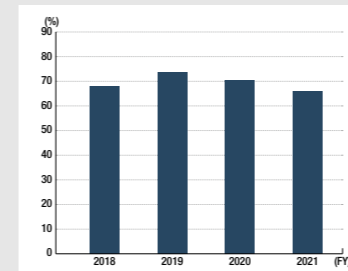
"Work Style Reforms" internal poster

■ Outcome of previous activities

We started the Work Style Reforms in fiscal 2017 and have promoted a variety of measures that contribute to reductions in working hours, proper working hours management, and work quality improvement.

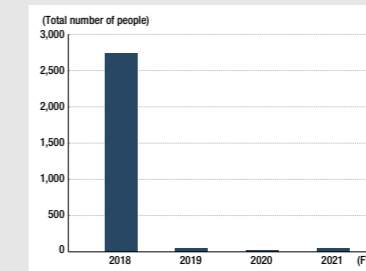
As a result, we reduced monthly overtime hours per employee by 14% from fiscal 2018, and the number of employees whose working hours exceeded 80 hours and were thus subject to health management was reduced by 99%. According to the employee attitude survey in fiscal 2021, the percentage of employees who responded that they had a good work-life balance has remained stable in the range of 60 to 70%. Mitsubishi Electric will continue to reduce working hours and to strive to realize better work-life balance.

● Percentage of employees who responded that they had a good work-life balance (Employee Attitude Survey)

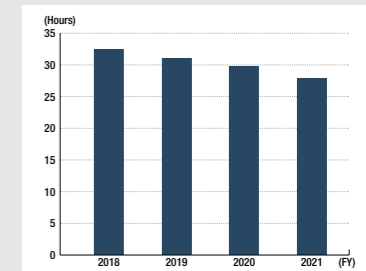


*Starting in FY2021, the rating scale was changed to a five-point scale to better assess the current state. Employees who responded that they had a good work-life balance are defined as people who rated their work-life balance as four or five on the five-point scale. (Until FY2020, this was defined as people who rated their work-life balance as three or four on a four-point scale.)

● Changes in the number of employees subject to health management due to working more than 80 hours of overtime a month (including managers)



● Changes in monthly overtime hours per employee (including managers)



● Initiatives to Prevent Recurrence of Work-Related Issues

The Mitsubishi Electric Group has experienced work-related issues that affected employees' lives or mental and physical health. Although the Group implemented prevention measures on each occasion, another work-related issue occurred in fiscal 2020. We took this seriously, deeply regretted that our past initiatives had not been sufficient, and are implementing preventive measures, including new initiatives.

After implementing all measures in the program, their impacts were verified through third-party assessments by experts. A Verification Committee comprised of representatives from the company, labor union, and external experts was consulted regarding the assessment results. Based on the recommendations, short-term priority measures (e.g., the adoption of the Five Joint Statements on Labor and Management and the introduction of 360-degree feedback) and long-term measures were implemented. To verify the effectiveness of these measures, assessment indicators and indicator monitoring will be implemented.

The Group continues to consider the prevention of recurrence of work-related issues as its top management priority, and as a whole, makes every effort to create a work environment where all the employees can maintain mental and physical health and work actively with a sense of security.

Supply Chain Management (Procurement)

Procurement Policy and Supplier Criteria

The Mitsubishi Electric Group ensures fair and impartial selection and evaluation of business partners in Japan and overseas by providing an explanation of the Group's Purchasing Policy and CSR Procurement Policy (Sustainability Procurement Policy), and requesting business partners' understanding of these policies. By ensuring proper evaluation of suppliers based on selection and evaluation criteria established by the Group, procurement risks are also mitigated along the supply chain.

The Group's criteria for evaluating business partners include not only quality, cost, delivery schedules and services, but also initiatives in response to environmental regulations and sustainability initiatives. As a basic policy, the Group preferentially procures materials from suppliers who rank high in a comprehensive evaluation.

Framework for Promotion of Procurement Supply Chain Management

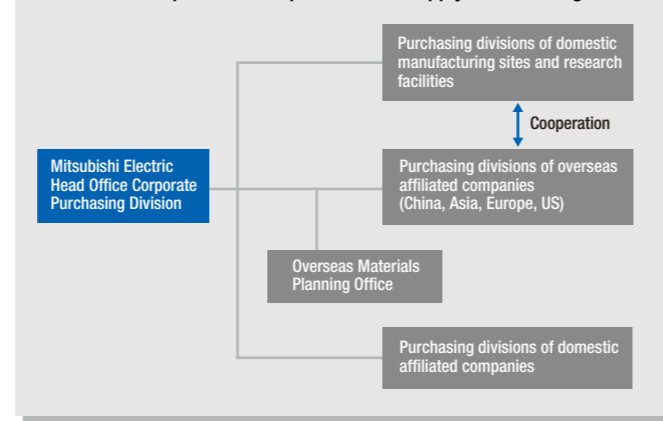
Under globally sustainable procurement, target costing and cost co-creation by enhancement of partnership (G-STEP) strategy toward strengthening the purchasing structure, the Mitsubishi Electric Group aims to achieve the lowest cost ratio ever starting in fiscal 2021. In this effort, we will develop and promote the following measures with the following aim: "We will contribute to the realization of sustainability through all corporate activities. By doing so, we will make further efforts to enhance economic and social value so as to raise our corporate value," which is the Group's business goal, through sustainable and stable procurement. In cooperation with the Materials Planning Office in regional corporate offices in China, Asia, Europe and the Americas, we implement purchasing strategies through conferences of procurement officers and other such meetings to promote optimal procurement activities suited to each region.

Priority activities

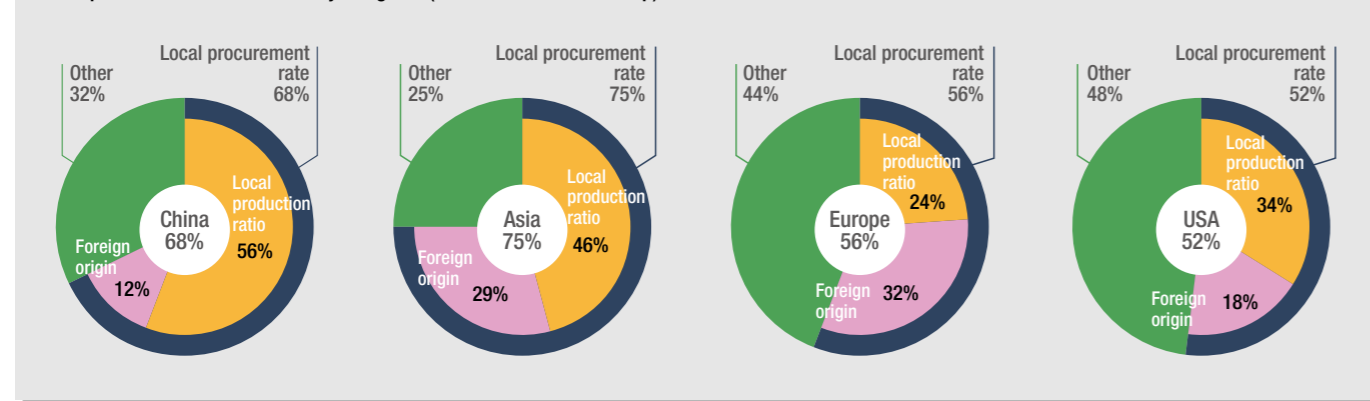
1. Establishing a framework for strengthening stable procurement
2. Further strengthening the cost planning activity
3. Expanding centralized purchasing
4. Strengthening procurement quality control
5. Strengthening a procurement platform for supporting relevant activities and measures
6. Strengthening global optimal procurement

In addition to this initiative, we will also promote activities to mitigate any perceived risks regarding a range of issues related to labor practices and environmental problems in the procurement supply chain and thereby strengthen our business continuity plan (BCP).

Framework for promotion of procurement supply chain management



Local procurement rate in the major regions (Mitsubishi Electric Group)



*1 Local procurement rate: Materials, parts, etc. (regardless of country of origin) that are procured by overseas production sites at their own discretion
 *2 Local production ratio: Among all locally procured items, the procurement ratio of items produced in the country of the overseas site
 *3 Foreign origin: Among all locally procured items, the procurement ratio of items produced in countries other than the country of the overseas site

Mitsubishi Electric Group Policies for Responsible Minerals Procurement

The Mitsubishi Electric Group aims for transparency in its procurement supply chain to avoid any affiliation with armed groups that trade in conflict minerals¹ as their source of funding. We also recognize the possibilities of human rights violations occurring in the severe labor conditions in cobalt mining sites as a major problem. The Group adheres to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas², and removes certain minerals from the procurement supply chain in situations where their procurement encourages or contributes to serious human rights violations or environmental destruction.

*1 Conflict minerals refers to gold, tin, tantalum, tungsten, and other minerals that have been determined by the U.S. State Department to be a source of support for armed groups when mined in the countries referred to above.

*2 OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (PDF:1.6MB)
<https://www.oecd.org/daf/inv/mne/OECD-Due-Diligence-Guidance-Minerals-Edition3.pdf>

Quality

Basic Policy

The Mitsubishi Electric Group conducts business under the Purpose, "We, the Mitsubishi Electric Group, will contribute to the realization of a vibrant and sustainable society through continuous technological innovation and ceaseless creativity." This Purpose inherits the principles outlined in the Keys to Management (in Japanese, Keiei no Yotei) set out when Mitsubishi Electric was established with regard to "our contribution to social prosperity," "quality improvement," and "customer satisfaction," and forms the basic spirit of our relationship with society and our customers.

To give concrete shape to this basic spirit, employees perform their work according to "Our Values," which teach us to develop relationships based on strong mutual trust, ensure the satisfaction of society and customers by providing products and services of the best quality, and provide society with new value by enhancing our technology and onsite capabilities.

Based on these values, we constantly strive to increase customer satisfaction and contribute to social prosperity in all aspects of our business, from the production of high-quality, easy-to-use products to our after-purchase support, response to major issues, and product disposal.

Product Safety-related Principles

Based on the "Purpose" and "Our Values," the Mitsubishi Electric Group promotes initiatives to ensure product safety under the following principles:

Product Safety-related Principles

1. We will not only comply with the laws related to product safety, but also work on offering safe and reliable products to our customers.
2. We will prevent product-related accidents by indicating cautions and warnings to help customers use our products safely.
3. We will work actively to collect information about product-related problems, disclose them appropriately to our customers, and report them quickly to the government and other bodies as required under the law.
4. If any serious accidents occur resulting from product-related problems, we will take appropriate measures to avoid further damage.
5. We will investigate the cause of product-related accidents and work to prevent any recurrence.
6. We will make continuous efforts to improve our product safety promotion system.

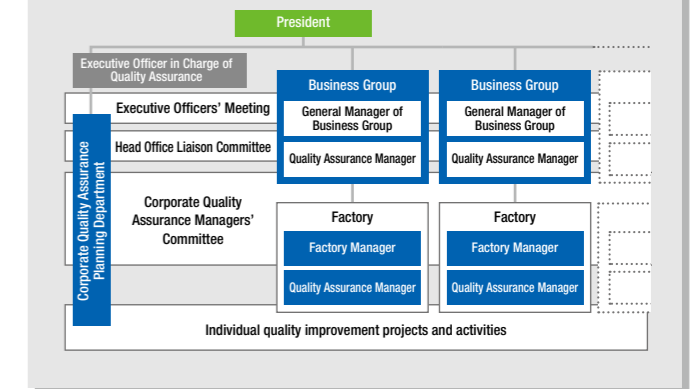
Particularly in regard to consumer products, Mitsubishi Electric is committed to preventing serious hazards that could result in death, injury, fire, or other damage, by subjecting all products to a quantitative risk assessment at the development stage, while also designing and developing products in consideration of their end-of-life management (to ensure safety even at the stage where products are prone to break or be discarded).

At the same time, our Service Call Center and Customer Relations Center in Japan operates 24 hours a day, 365 days a year to gather information on product-related issues and enable prompt response. Furthermore, we disclose accident information, including information on the status of ongoing investigations, on our Japanese official website.

System for Quality Assurance and Improvement Activities

Based on the Four Basic Quality Assurance Principles, we ensure compliance with quality assurance legislation and standards, and we have established a system for quality assurance and improvement throughout the entire Group, including the appointment of a quality assurance manager at all business group headquarters. We have also formulated quality assurance guidelines and are further developing our quality improvement activities. Moreover, at the Executive Officers Meetings, we regularly report our quality status to senior executives.

Promotion of Quality Assurance and Improvement Activities (Mitsubishi Electric)



Worldwide manufacturing bases take responsibility for the quality assurance of each product and are implementing concrete improvement initiatives in relation to quality assurance measures for business processes, from market surveys through to development and design, manufacturing, distribution, maintenance and servicing after shipping and product disposal.

In addition, in operating our Quality Management System (QMS), we regularly check our PDCA cycle with reference to ISO and other international certification standards, seeking to realize ever higher quality by process improvement.

Response to Inappropriate Conduct Related to Quality

1. Information concerning Mitsubishi Electric's car audio for the European Union market

Mitsubishi Electric found that a part of its car audio products manufactured at the company's Sanda Works and a Mitsubishi Electric subsidiary were shipped to the EU market with specifications that did not comply with the European Radio Equipment Directive (RED). The products in question are only sold to certain car manufacturers, not consumers, and Mitsubishi Electric has already reported the situation to the car manufacturers who purchased the affected products. Although the receivers may cause noise when receiving AM radio in Europe, Mitsubishi Electric has confirmed that there is no safety problem and the receivers will not cause any peripheral equipment to malfunction. Mitsubishi Electric took this matter of shipping non-conforming products seriously and investigated the cause and announced recurrence prevention measures. At Sanda Works, where the products are designed, the Quality Assurance Department now manages declarations of compliance and compliance assessment tests, and multiple departments now participate in joint reviews whenever relevant laws or regulations are enacted or revised.

2. Recurrence prevention measures for inappropriate conduct, etc. in quality control

In addition to item 1 above, in order to realize a culture that gives top priority to quality and that does not cause or allow inappropriate conduct, we continue to provide ethics education for engineers to all employees and managers as well as to provide quality lectures at Quality Assurance Managers' Committee meetings as recurrence prevention measures for the inappropriate conduct in quality control that has been identified. We have also strengthened the quality control system at each site, and on-site inspections of quality data are conducted during internal audits to ensure effective checks and balances.

Philanthropic Activities

Philosophy and Policies

The Mitsubishi Electric Group shares a common Philosophy and Policies based on its Purpose and Our Values, and carries out a variety of activities accordingly.

Philosophy

As a corporate citizen committed to meeting societal needs and expectations, the Mitsubishi Electric Group will make full use of the resources it has at hand to contribute to creating an affluent society in partnership with its employees.

Policies

- We shall carry out community-based activities in response to societal needs in the fields of social welfare and global environmental conservation.
- We shall contribute to developing the next generation through activities that support the promotion of science and technology, culture and arts, and sports.

Community Contributions and Human Resource Development Activities

The Mitsubishi Electric SOCIO-ROOTS Fund matching-gift program supports such beneficiaries as social welfare facilities through donations, with the Company making contributions equivalent in value to the donations of employees. The "Satoyama" Woodland Preservation Project focuses on restoring the natural environment in the vicinity of operational sites with the help of employee volunteers.

The Mitsubishi Electric Science Workshop invites children to experience the fun of science with the aim of nurturing future engineers. In the Mitsubishi Electric Outdoor Workshop, employees lead children in discovering more about ecology and the relationships between different kinds of life through hands-on experiences in nature along with local residents. In addition to these key activities undertaken by Mitsubishi Electric, employees at Group affiliates in Japan and overseas are strongly committed to philanthropic activities, participating in various volunteer activities and supporting local social welfare organizations and sports teams.

Foundations

The Mitsubishi Electric America Foundation and Mitsubishi Electric Thai Foundation, both founded in 1991, also carry out various activities in the spirit of the Mitsubishi Electric Group's Philosophy and Policies. The Mitsubishi Electric America Foundation, with the cooperation of its branches in the United States, helps young people with disabilities to become employed and participate more fully in society. The Mitsubishi Electric Thai Foundation, in addition to providing scholarships to university students and supporting a school lunch program for grade school students, has been promoting employee-involved volunteer activities that support education and environmental protection.



Supporting social welfare facilities through the Mitsubishi Electric SOCIO-ROOTS Fund



Supporting facilities that provide job opportunities for people with disabilities (the United States)



"Satoyama" Woodland Preservation Project



Science workshop held by a local Group company (Thailand)



Mitsubishi Electric Outdoor Workshop



Supporting the Special Olympics (Mitsubishi Electric Europe B.V. Italian Branch)

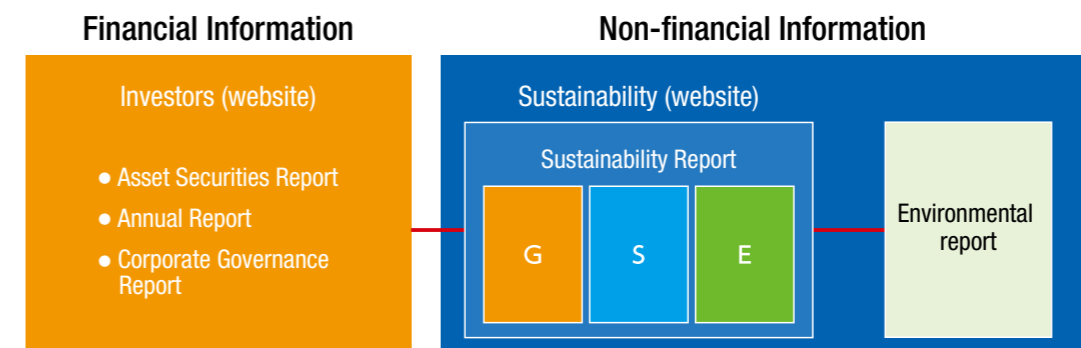
ESG Information Disclosure List (Sustainability website)

President's Message	
Sustainability at Mitsubishi Electric	Corporate Strategy Mitsubishi Electric's business segments Initiatives that contribute to addressing social issues Sustainability Management Initiatives to create value Management Materiality Materiality and SDGs management Process of identification and review of the materiality Management of the materiality Initiatives related to the value chain Management of the Sustainability materiality
Governance	Materiality Initiatives to Address the SDGs Communication with stakeholders Status of communication Results of reader surveys Interviews with experts Dialogues with experts Measures for internal dissemination
Environment	Corporate governance Compliance Tax policy Risk management Our approach to information security R&D / technology Intellectual property Communication with shareholders and investors Environmental Sustainability Vision 2050 Environmental report Fiscal 2020 environmental topics Creating a society in tune with nature Recycling technologies Environmental sitemap
Social	Quality Human rights Labor practices Supply chain management Philanthropic activities
About the Report	
Guideline comparison tables	ISO26000 GRI Standards Japan MOE Guideline Comparison Table
ESG survey index	

More information related to sustainability at Mitsubishi Electric Group is published on our website

- web Sustainability <https://www.MitsubishiElectric.com/en/sustainability>
- About <https://www.MitsubishiElectric.com/en/about>

Overview of Sustainability Information disclosure

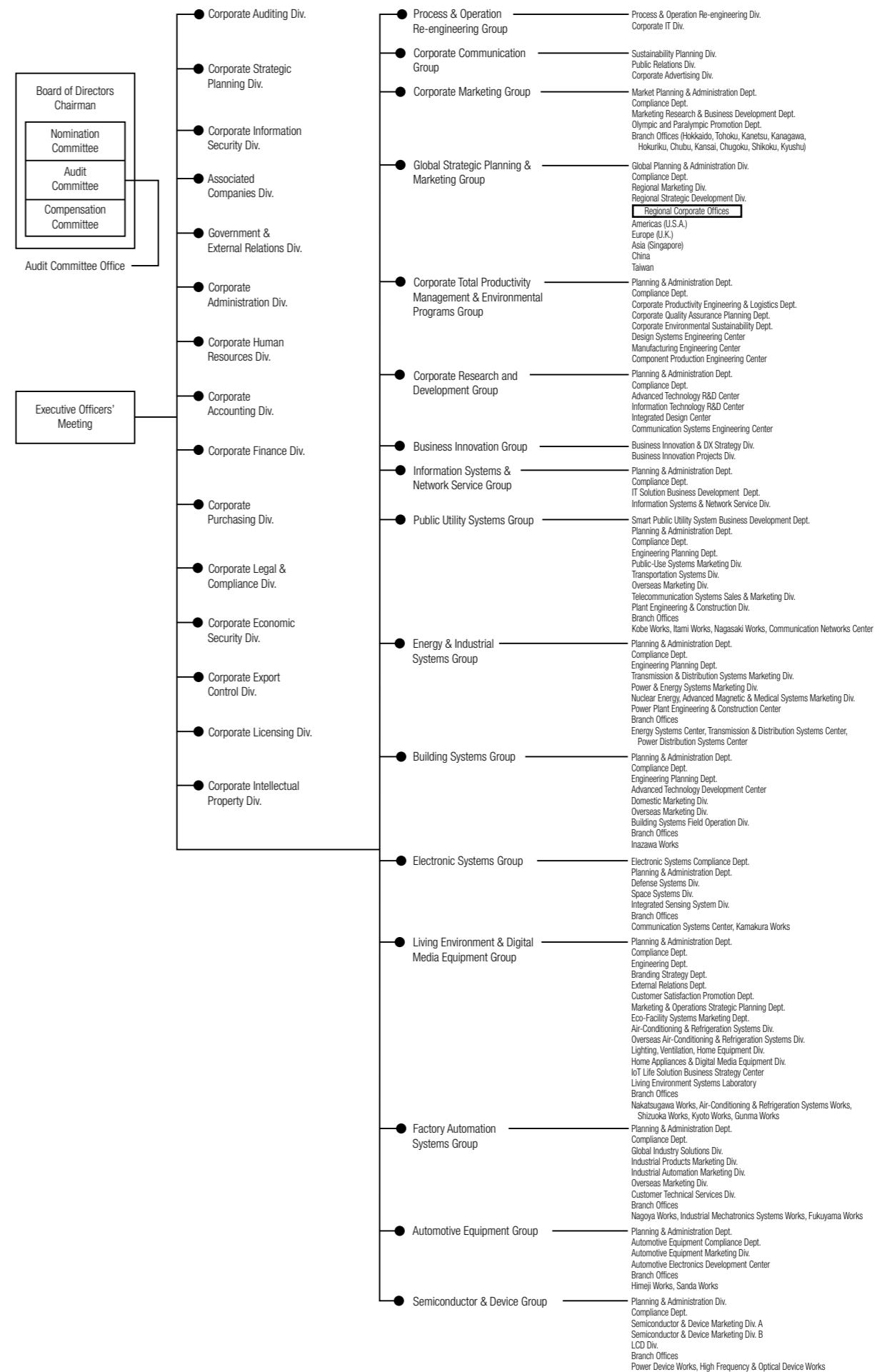


Directors (AS of June 29, 2021)

Masaki Sakuyama	Chairman
Takeshi Sugiyama	
Masahiko Sagawa	Member of the Audit Committee
Tadashi Kawagoishi	Member of the Compensation Committee
Takashi Sakamoto	Member of the Audit Committee
Kei Uruma	
Kuniaki Masuda	Member of the Nomination Committee Member of the Compensation Committee
Mitoji Yabunaka	Chairman of the Nomination Committee Member of the Compensation Committee
Hiroshi Obayashi	Chairman of the Audit Committee Member of the Nomination Committee Attorney-at-Law
Kazunori Watanabe	Chairman of the Compensation Committee Member of the Audit Committee Certified Public Accountant Registered Tax Accountant
Hiroko Koide	Member of the Nomination Committee Member of the Compensation Committee
Takashi Oyamada	Member of the Nomination Committee Member of the Audit Committee Senior Advisor, MUFG Bank, Ltd.

Executive Officers (AS of April 1, 2021)

Takeshi Sugiyama	Representative Executive Officer President & CEO CEO
Kei Uruma	Representative Executive Officer Senior Vice President In charge of Export Control, Corporate Strategic Planning and Operations of Associated Companies, CSO
Tadashi Matsumoto	Representative Executive Officer Senior Vice President In charge of Building Systems
Satoshi Matsushita	Senior Vice President In charge of Business Innovation, Chief Business DX Officer
Yoshikazu Miyata	Senior Vice President In charge of Factory Automation Systems
Jun Nagasawa	Senior Vice President In charge of Auditing, Legal Affairs & Compliance and Corporate Communication (Sustainability, Public Relations and Advertising), CCO
Koichi Orito	Senior Vice President In charge of Information Systems & Network Service
Tadashi Kawagoishi	Executive Officer In charge of Accounting and Finance, CFO
Juichi Shikata	Executive Officer In charge of Purchasing
Yoshihisa Hara	Executive Officer In charge of Electronic Systems
Atsuhiko Yabu	Executive Officer In charge of Automotive Equipment
Satoshi Kusakabe	Executive Officer In charge of Government & External Relations, Economic Security, Export Control and Intellectual Property
Yoji Saito	Executive Officer In charge of Global Strategic Planning & Marketing
Hideki Fukushima	Executive Officer In charge of Public Utility Systems
Noriyuki Takazawa	Executive Officer In charge of Energy & Industrial Systems
Yuzuru Saito	Executive Officer In charge of Semiconductor & Device
So Suzuki	Executive Officer In charge of Living Environment & Digital Media Equipment
Eiichiro Mitani	Executive Officer In charge of Process & Operation Reform and IT, Chief Operation DX Officer, CIO
Shozui Takeno	Executive Officer In charge of Information Security and Total Productivity Management & Environmental Programs, CISO
Kunihiko Kaga	Executive Officer In charge of Research & Development, CTO
Katsuya Furuta	Executive Officer In charge of Domestic Marketing
Kuniaki Masuda	Executive Officer In charge of General Affairs and Human Resources



	Manufacturing	Sales/Installation/Services	Comprehensive Sales Companies
Energy and Electric Systems	<p>Mitsubishi Electric Public Utility Equipment Corporation Mitsubishi Electric Control Panel Corporation Tada Electric Co., Ltd. Mitsubishi Electric Power Products, Inc. Mitsubishi Electric Shanghai Electric Elevator Co., Ltd. Mitsubishi Elevator Asia Co., Ltd. Mitsubishi Elevator Korea Co., Ltd. Taiwan Mitsubishi Elevator Co., Ltd.</p> <p>Toshiba Mitsubishi-Electric Industrial Systems Corporation Shanghai Mitsubishi Elevator Co., Ltd.</p>	<p>Mitsubishi Electric Building Techno-Service Co., Ltd. Mitsubishi Electric Plant Engineering Corporation Mitsubishi Electric Control Software Corporation Ryoden Elevator Construction, Ltd. Ryoko Co., Ltd. RYO-SA BUILWARE Co., Ltd. Mitsubishi Elevator Hong Kong Co., Ltd. Mitsubishi Elevator (Thailand) Co., Ltd.</p> <p>Hitachi Mitsubishi Hydro Corporation AG MELCO Elevator Co. L.L.C.</p>	
Industrial Automation Systems	<p>DB Seiko Co., Ltd. Mitsubishi Electric Automotive America, Inc. Mitsubishi Electric Thai Auto-Parts Co., Ltd. Mitsubishi Electric Automotive (China) Co., Ltd. Mitsubishi Electric Automotiv de Mexico, S.A. de C.V. Mitsubishi Electric Automotive Czech s.r.o. Mitsubishi Electric Automation Manufacturing (Changshu) Co., Ltd. Mitsubishi Electric Dalian Industrial Products Co., Ltd.</p> <p>Shizuki Electric Co., Inc. Shihlin Electric & Engineering Corporation</p>	<p>Setsumo Astec Corporation Ryowa Corporation Mitsubishi Electric Mechatronics Engineering Corporation Meldas System Engineering Corporation Mitsubishi Electric Mechatronics Software Corporation Mitsubishi Electric Automation (Hong Kong) Ltd. Mitsubishi Electric Automation Korea Co., Ltd. SETSUYO ENTERPRISE CO., LTD.</p>	
Information and Communication Systems	<p>Mitsubishi Electric TOKKI Systems Corporation Mitsubishi Precision Co., Ltd. SPC Electronics Corporation</p> <p>Seiryu Electric Co., Ltd. Miyoshi Electronics Corporation</p>	<p>Mitsubishi Electric Information Network Corporation Mitsubishi Electric Information Systems Corporation Mitsubishi Space Software Co., Ltd. Mitsubishi Electric IT Solutions Corporation Mitsubishi Electric Micro-Computer Application Software Co., Ltd.</p> <p>Itec Hankyu Hanshin Co., Ltd.</p>	<p>Chiyoda Mitsubishi Electric Co., Ltd. and other regional comprehensive sales companies (9 companies) Mitsubishi Electric Europe B.V. Mitsubishi Electric US, Inc. Mitsubishi Electric & Electronics (Shanghai) Co., Ltd. Mitsubishi Electric (H.K.) Ltd. Mitsubishi Electric Taiwan Co., Ltd. Mitsubishi Electric Asia Pte. Ltd. Mitsubishi Electric Australia Pty. Ltd.</p>
Electronic Devices	<p>Melco Display Technology Inc. Melco Power Device Corporation Vincotech Holdings S.à r.l.</p>	<p>Melco Semiconductor Engineering Corporation</p>	<p>Ryoden Corporation Kanaden Corporation Mansel Corporation</p>
Home Appliances	<p>Mitsubishi Electric Lighting Corporation Mitsubishi Electric Home Appliance Co., Ltd. Mitsubishi Electric Consumer Products (Thailand) Co., Ltd. Shanghai Mitsubishi Electric & Shangling Air-Conditioner and Electric Appliance Co., Ltd. Mitsubishi Electric (Guangzhou) Compressor Co., Ltd. Mitsubishi Electric Hydronics & IT Cooling Systems S.p.A. Siam Compressor Industry Co., Ltd. Mitsubishi Electric Air Conditioning Systems Europe Ltd. Mitsubishi Electric Air Conditioning Systems Manufacturing Turkey Joint Stock Company</p> <p>Kang Yong Electric Public Co., Ltd.</p>	<p>Mitsubishi Electric Living Environment Systems Corporation Mitsubishi Electric Life Network Co., Ltd. Mitsubishi Electric Air Conditioning & Refrigeration Equipment Sales Co., Ltd. Mitsubishi Electric Air Conditioning & Refrigeration Systems Co., Ltd. Melco Facilities Corporation Mitsubishi Electric Kang Yong Watana Co., Ltd. Mitsubishi Electric Air-Conditioning & Visual Information Systems (Shanghai) Ltd.</p>	
Others		<p>Mitsubishi Electric Trading Corporation Mitsubishi Electric Engineering Co., Ltd. Mitsubishi Electric Logistics Corporation Mitsubishi Electric System & Service Co., Ltd. Mitsubishi Electric Life Service Corporation The Kodensha Co., Ltd. iPLANET Inc. Melco Trading (Thailand) Co., Ltd.</p> <p>Mitsubishi Electric Credit Corporation KITA KOUDENSHA Corporation</p>	

Notes:
 1. Comprehensive sales companies include several companies that are responsible for selling products from a number of businesses, and therefore these are placed into their own separate category rather than grouped by business segment.
 2. Consolidated subsidiaries are shaded in , while equity method companies are shaded in .
 3. As of the end of March 2021, the numbers of consolidated subsidiaries and equity method companies are 205 and 38, respectively.

Financial Section

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- 64 Consolidated Statement of Cash Flows

Mitsubishi Electric Corporation and Subsidiaries

Yen (millions)

Years ended March 31	U.S. GAAP		IFRS			
	2017	2018	2018	2019	2020	2021
Revenue	¥ 4,238,666	¥ 4,431,198	¥ 4,444,424	¥ 4,519,921	¥ 4,462,509	¥ 4,191,433
Operating profit	270,104	318,637	327,444	290,477	259,661	230,195
Profit before income taxes	296,249	364,578	353,206	315,958	281,986	258,754
Net profit attributable to Mitsubishi Electric Corp. stockholders	210,493	271,880	255,755	226,648	221,834	193,132
Total assets	4,172,270	4,264,559	4,305,580	4,356,211	4,409,771	4,797,921
Cash and cash equivalents	662,469	599,199	599,199	514,224	537,559	767,406
Bonds and borrowings	352,124	311,485	311,950	298,438	267,008	248,897
Mitsubishi Electric Corp. stockholders' equity	2,039,627	2,259,355	2,294,174	2,399,946	2,429,743	2,754,293
Cash flows from operating activities	365,950	240,450	265,768	239,817	395,834	542,119
Cash flows from investing activities	(148,632)	(178,219)	(182,015)	(210,668)	(203,997)	(176,552)
Free cash flows	217,318	62,231	83,753	29,149	191,837	365,567
Cash flows from financing activities	(123,495)	(128,291)	(149,813)	(112,067)	(156,454)	(157,352)
Dividends paid	57,963	68,696	68,696	85,871	85,871	77,283
R&D expenditures	201,330	210,308	210,308	212,794	206,846	190,574
Capital expenditures (Based on the recognized value of property, plant and equipment)	175,542	181,513	181,513	198,442	227,450	180,033
Depreciation	¥ 141,584	¥ 154,559	¥ 153,161	¥ 152,315	¥ 184,842	¥ 186,983
Per Share Amounts:						
Earnings per share attributable to Mitsubishi Electric Corp. stockholders (Yen)						
Basic	¥ 98.07	¥ 126.70	¥ 119.19	¥ 105.65	¥ 103.41	¥ 90.03
Diluted	—	—	119.19	105.65	103.41	90.03
Cash dividends declared (Yen)	27	40	40	40	40	36
Mitsubishi Electric Corp. stockholders' equity (Yen)	¥ 950.37	¥ 1,052.96	¥ 1,069.19	¥ 1,118.83	¥ 1,132.69	¥ 1,283.88
Financial Ratios:						
Operating profit ratio (%)	6.4	7.2	7.4	6.4	5.8	5.5
Return on revenue (%)	5.0	6.1	5.8	5.0	5.0	4.6
Return on equity (ROE) (%)	10.9	12.6	11.7	9.7	9.2	7.5
Return on assets (ROA) (%)	5.1	6.4	6.0	5.2	5.1	4.2
Mitsubishi Electric Corp. stockholders' equity ratio (%)	48.9	53.0	53.3	55.1	55.1	57.4
Bonds and borrowings to total assets (%)	8.4	7.3	7.2	6.9	6.1	5.2
Employees (persons)	138,700	142,340	142,340	145,817	146,518	145,653
Total Shareholder Return (%)	137.7	149.9	149.9	129.7	125.6	158.5
(Comparison Index : Nikkei stock average) (%)	112.8	128.0	128.0	126.5	112.9	174.1

- The consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRS) from the year ended March 31, 2019 and also for the fiscal year ended March 31, 2018 as comparative information.
- The balance of bonds and borrowings and the ratio of bonds and borrowings to total assets include lease liabilities until the fiscal year ended March 31, 2019.
- R&D expenditures include elements spent on quality improvements which constitute manufacturing costs.
- Diluted earnings per share attributable to Mitsubishi Electric Corp. stockholders is equal to Basic earnings per share attributable to Mitsubishi Electric Corp. stockholders under IFRS, as no dilutive securities existed.
- Total shareholder return is calculated based on the stock price as of March 31, 2016.

Overview of Business Performance

The economy in the fiscal year ended March 31, 2021 continued to see recovery in China mainly owing to an increase in capital expenditures for fixed assets, particularly in public investment, as an effect of political measures. Japan, the U.S. and Europe experienced a significant economic slowdown due to the serious impact of the novel coronavirus diseases (COVID-19) in the three months ended June 30, 2021, but saw recovery in the corporate sector in general, while the paces of recovery in the household sector varied depending on the situation of the expansion of COVID-19.

Under these circumstances, the Mitsubishi Electric Group has been working even harder than before to promote growth strategies rooted in its advantages, while continuously implementing initiatives to strengthen its competitiveness and business structure.

As a result, the business performance for the fiscal year ended March 31, 2021 is as follows.

<Consolidated Performance>	Yen(billions)		
	2020	2021	year on year
Revenue	4,462.5	4,191.4	down 271.0
Operating profit	259.6	230.1	down 29.4
Profit before income taxes	281.9	258.7	down 23.2
Net profit attributable to Mitsubishi Electric Corp. stockholders	221.8	193.1	down 28.7

Revenue

Revenue increased for the second half of fiscal 2021 but decreased in the annual results by 271.0 billion yen from the previous fiscal year to 4,191.4 billion yen as revenue decreased in all segments due to the serious impact of COVID-19 primarily in the first half. Industrial Automation Systems segment saw a decrease in the automotive equipment business due to decreased demand for new cars in all regions except for China. The factory automation systems business remained substantially unchanged from the previous fiscal year due to an increase in demand relating to 5G and semiconductor despite stagnation in automotive-related demand worldwide and machinery- and building-related demand in Japan. Home Appliances segment saw a decrease in a part of air conditioners due to limited economic activities outside Japan and restrained capital expenditures worldwide. Meanwhile, there was some demand for residential air conditioners during stay-at-home period.

<Impact of Exchange Rate Fluctuations on Revenue>

	2020	2021	Impact of exchange rate fluctuations on revenue
	Average exchange rate	Average exchange rate	
Consolidated total	—	—	About ¥13.0 billion decrease
US\$	¥109	¥106	About ¥13.0 billion decrease
EURO	¥121	¥124	About ¥8.0 billion increase
CNY	¥15.6	¥15.7	About ¥1.0 billion increase

Operating Profit

Operating profit increased for the second half but decreased in the annual results by 29.4 billion yen from the previous fiscal year to 230.1 billion yen as operating profit decreased in all segments except for Energy and Electric Systems segment. Operating profit ratio decreased by 0.3% from the previous fiscal year to 5.5% due primarily to decreased revenue.

The cost ratio increased by 0.3% from the previous fiscal year due primarily to lowered operation caused by decreased revenue of Industrial Automation Systems segment despite an improvement in Energy and Electric Systems segment due to a shift in project portfolios. Selling, general and administrative expenses decreased by 63.4 billion yen from the previous fiscal year due mainly to reduced cost, while selling, general and administrative expenses to revenue ratio remained substantially unchanged from the previous fiscal year. Other profit (loss) decreased by 4.9 billion yen from the previous fiscal year due primarily to increased loss on impairment of fixed assets, while other profit (loss) to revenue ratio remained substantially unchanged from the previous fiscal year.

Profit Before Income Taxes

Profit before income taxes decreased by 23.2 billion yen from the previous fiscal year to 258.7 billion yen due mainly to a decrease in operating profit despite an improvement in non-operating expenses owing to improved gain/loss on foreign exchange. Profit before income taxes to revenue ratio was 6.2%.

Net Profit Attributable to Mitsubishi Electric Corp. Stockholders

Net profit attributable to Mitsubishi Electric Corporation stockholders decreased by 28.7 billion yen from the previous fiscal year to 193.1 billion yen due primarily to decreased profit before income taxes and the impact of reduced income taxes as a result of the reorganization of its affiliated company outside Japan in the previous fiscal year. Net profit attributable to Mitsubishi Electric Corporation stockholders to revenue ratio was 4.6%.

ROE decreased by 1.7% from the previous fiscal year to 7.5%.

Results by Business Segment

Revenue by Business Segment

Years ended March 31	U.S. GAAP		IFRS				Yen (millions)
	2017	2018	2018	2019	2020	2021	
Energy and Electric Systems	¥ 1,227,906	¥ 1,241,952	¥ 1,253,062	¥ 1,296,745	¥ 1,307,389	¥ 1,270,287	
Industrial Automation Systems	1,310,136	1,444,928	1,444,928	1,467,633	1,349,429	1,248,566	
Information and Communication Systems	447,754	436,068	438,184	426,269	455,596	380,159	
Electronic Devices	186,554	202,294	202,294	199,908	208,750	205,260	
Home Appliances	1,004,415	1,049,369	1,049,369	1,074,044	1,090,248	1,038,310	
Others	713,603	764,346	659,059	676,736	659,636	603,089	
Subtotal	4,890,368	5,138,957	5,046,896	5,141,335	5,071,048	4,745,671	
Eliminations	(651,702)	(707,759)	(602,472)	(621,414)	(608,539)	(554,238)	
Consolidated total	¥ 4,238,666	¥ 4,431,198	¥ 4,444,424	¥ 4,519,921	¥ 4,462,509	¥ 4,191,433	

Operating Profit by Business Segment

Years ended March 31	U.S. GAAP		IFRS				Yen (millions)
	2017	2018	2018	2019	2020	2021	
Energy and Electric Systems	¥ 44,319	¥ 51,710	¥ 65,457	¥ 82,501	¥ 82,309	¥ 108,944	
Industrial Automation Systems	140,073	190,826	187,350	142,563	68,962	40,582	
Information and Communication Systems	12,700	11,987	11,340	12,247	26,457	16,437	
Electronic Devices	8,382	14,554	14,164	1,442	8,701	6,292	
Home Appliances	69,696	56,057	55,496	59,451	78,206	75,760	
Others	23,214	23,900	24,034	24,172	26,050	13,628	
Subtotal	298,384	349,034	357,841	322,376	290,685	261,643	
Eliminations and Corporate	(28,280)	(30,397)	(30,397)	(31,899)	(31,024)	(31,448)	
Consolidated total	¥ 270,104	¥ 318,637	¥ 327,444	¥ 290,477	¥ 259,661	¥ 230,195	

Energy and Electric Systems

The market of the social infrastructure systems business saw a decrease in demand relating to power generation worldwide and the reconsideration of the capital expenditure plans by railway companies in Japan due to the impact of COVID-19, while investment in public utilities for preventing and reducing disaster risks and demand relating to the electricity systems reform remained buoyant in Japan. In this environment, the business saw a decrease in orders from the previous fiscal year due primarily to decreases in the transportation systems and the power systems businesses in Japan, while revenue increased from the previous fiscal year due mainly to progress in orders already received for projects in the power systems business and an increase in the public utility systems business in Japan.

The market of the building systems business saw decreased demand in new installations and renewals of elevators and escalators worldwide due to delay in construction and the reconsideration of the capital expenditure plans that happened in stagnation caused by the impact of COVID-19. In this environment, the business saw decreases in both orders and revenue from the previous fiscal year due primarily to decreases in Asia and Japan.

As a result, revenue for this segment decreased by 3% from the previous fiscal year to 1,270.2 billion yen.

Operating profit increased by 26.6 billion yen from the previous fiscal year to 108.9 billion yen due mainly to a shift in project portfolios and cost improvement.

Industrial Automation Systems

The market of the factory automation systems business saw an increase in demand relating to 5G and semiconductor outside Japan and demand relating to increased mask production in China, while there was continuing stagnation in automotive-related demand worldwide and machinery- and building-related demand in Japan. In this environment, the business saw an increase in orders due primarily to an increase in demand relating to semiconductor and lithium-ion battery, while revenue remained substantially unchanged from the previous fiscal year.

The market of the automotive equipment business saw a decrease in demand for new cars in all regions except for China due to the impact of COVID-19 primarily in the first half. In this environment, the business saw decreases in both orders and revenue from the previous fiscal year due mainly to a decrease in electrical components despite an increase in electric vehicle-related equipment such as motors and inverters.

As a result, revenue for this segment decreased by 7% from the previous fiscal year to 1,248.5 billion yen.

Operating profit decreased by 28.3 billion yen from the previous fiscal year to 40.5 billion yen due mainly to decreased revenue.

Information and Communication Systems

The market of the information systems and service business saw delays and cancellations of system development projects, particularly in the manufacturing industry, due to the impact of COVID-19. In this environment, the business saw decreases in both orders and revenue from the previous fiscal year due mainly to a decrease in the system integrations business.

The electronic systems business saw decreases in both orders and revenue from the previous fiscal year due primarily to a decrease in large-scale projects for the defense systems business.

As a result, revenue for this segment decreased by 17% from the previous fiscal year to 380.1 billion yen.

Operating profit decreased by 10.0 billion yen from the previous fiscal year to 16.4 billion yen due mainly to decreased revenue.

Electronic Devices

The market of the electronic devices business saw a slowdown in demand for power modules used in railcar and industrial applications, while demand for high frequency and optical devices relating to next-generation data centers remained buoyant. In this environment, the business saw an increase in orders from the previous fiscal year due primarily to an increase in power modules used in automotive applications, while revenue decreased by 2% from the previous fiscal year to 205.2 billion yen due mainly to decreases in TFT-LCD modules and power modules used in industrial and railcar applications despite an increase in high frequency and optical devices, particularly in optical communication devices.

Operating profit decreased by 2.4 billion yen from the previous fiscal year to 6.2 billion yen due mainly to decreased revenue.

Home Appliances

The market of the home appliances business saw a decrease in demand for a part of air conditioners globally due primarily to the impact of COVID-19 causing lockdowns and considerable limitation of economic activities outside Japan, particularly in the first half, and restrained capital expenditure worldwide. Meanwhile, there was demand for residential air conditioners due to increased time at home. In this environment, the business saw a decrease in revenue by 5% from the previous fiscal year to 1,038.3 billion yen due primarily to a decrease in a part of air conditioners.

Operating profit decreased by 2.4 billion yen from the previous fiscal year to 75.7 billion yen due mainly to decreased revenue.

Others

Revenue decreased by 9% from the previous fiscal year to 603.0 billion yen due primarily to decreases in services and engineering at affiliated companies.

Operating profit decreased by 12.4 billion yen from the previous fiscal year to 13.6 billion yen due mainly to decreased revenue.

Results by Geographic Segment

Revenue from Customers by Geographic Segment

Years ended March 31	U.S. GAAP		IFRS				Yen (millions)
	2017	2018	2018	2019	2020	2021	
Japan	¥ 2,405,552	¥ 2,423,626	¥ 2,438,942	¥ 2,556,644	¥ 2,610,322	¥ 2,430,839	
North America	422,259	417,423	419,121	429,451	432,096	379,253	
Asia (excluding Japan)	940,150	1,075,683	1,089,176	1,013,883	919,973	926,540	
Europe	384,075	431,316	431,316	453,748	437,214	391,618	
Others	86,630	83,150	65,869	66,195	62,904	63,183	
Consolidated total	¥ 4,238,666	¥ 4,431,198	¥ 4,444,424	¥ 4,519,921	¥ 4,462,509	¥ 4,191,433	

Japan

Revenue decreased by 7% year on year to 2,430.8 billion yen primarily due to decreases in all businesses except the social infrastructure systems business.

North America

Revenue decreased by 12% year on year to 379.2 billion yen primarily due to a decrease in the automotive equipment business.

Asia (excluding Japan)

Revenue increased by 1% year on year to 926.5 billion yen primarily due to an increase in the factory automation systems, despite decreases in the building systems and air conditioner businesses.

In China, revenue increased by 15% year on year to 481.8 billion yen primarily due to increases in the factory automation systems and automotive equipment businesses.

Europe

Revenue decreased by 10% year on year to 391.6 billion yen due to decrease in the automotive equipment businesses.

Others

Revenue in other regions, including Oceania, remained substantially unchanged from the previous fiscal year to 63.1 billion yen.

Analysis of Financial Position

Total assets as of the end of this fiscal year increased from the end of the previous fiscal year by 388.1 billion yen to 4,797.9 billion yen. The change in balance of total assets was mainly attributable to increases in cash and cash equivalents by 229.8 billion yen, other non-current assets by 124.9 billion yen and other financial assets by 86.1 billion yen. Working capital saw a decrease in the sum of trade receivables and contract assets by 63.0 billion yen, while inventories increased by 49.8 billion yen.

Cash and cash equivalents increased due to reduced use of materials and cost which exceeds a decrease in trade receivables reflecting decreased revenue for fiscal 2021. Other non-current assets increased due primarily to an increase in net defined benefit assets mainly reflecting a rise in stock prices. Other financial assets increased due primarily to an increase in investment securities mainly reflecting a rise in stock prices.

Total liabilities increased from the end of the previous fiscal year by 56.3 billion yen to 1,927.3 billion yen due primarily to increases in accrued expenses by 37.3 billion yen and contract liabilities by 26.8 billion yen, while balances of bonds, borrowings and lease liabilities decreased by 11.5 billion yen. Bonds and borrowings decreased by 18.1 billion yen from the end of the previous fiscal year to 248.8 billion yen, with the ratio of bonds and borrowings to total assets recording 5.2%, representing a 0.9 point decrease compared to the end of the previous fiscal year.

Mitsubishi Electric Corporation stockholders' equity increased by 324.5 billion yen compared to the end of the previous fiscal year to 2,754.2 billion yen. The stockholders' equity ratio was recorded at 57.4%, representing a 2.3 point increase compared to the end of the previous fiscal year. These changes mainly result from increases from recording a net profit attributable to Mitsubishi Electric Corporation stockholders of 193.1 billion yen and accumulated other comprehensive income by 129.6 billion yen mainly reflecting a rise in stock prices and the yen depreciating against other currencies, despite a decrease due to dividend payment of 77.2 billion yen.

<Indices related to the Statement of Financial Position>

	As of Mar. 31, 2020	As of Mar. 31, 2021	YoY changes
Trade receivables turnover (times)	3.59	3.55	(0.04)
Inventory turnover (times)	6.43	5.64	(0.79)
Bonds and borrowings to total assets (%)	6.1	5.2	(0.9)
Mitsubishi Electric Corp. stockholders' equity ratio (%)	55.1	57.4	2.3

Note: 1. Trade receivables turnover is calculated based on the sum of trade receivables and contract assets.

2. Bonds and borrowings to total assets is calculated based on the balance of borrowings and bonds, excluding lease liabilities.

Capital Resources and Funding Liquidity

Basic Policies Regarding Financial Strategies

In order to maintain a solid balance sheet, the Mitsubishi Electric Group continuously strives to improve its cash flow by enhancing its business performance, achieve greater asset efficiency through inventory reduction initiatives and promotion of the collection of trade receivables, and improve fund efficiency through more effective use of Group funds.

In addition, the Group will further increase capital efficiency under its capital allocation policy stated in the new Medium-Term Management Plan towards fiscal 2026, by implementing its capital measures, including the enhancement of shareholder returns through profit growth while giving the top priority to investment in growth.

In order to secure funds needed to implement its growth strategies, including those for capital investment, research and development, and M&As, the Group will flexibly raise funds from financial institutions as necessary while using cash on hand generated from cash flows from operating activities with a focus on Key Growth Businesses.

Status of Cash Flows

Cash flows from operating activities for fiscal 2021 was 542.1 billion yen (cash in), while cash flows from investing activities was 176.5 billion yen (cash out). As a result, free cash flow was 365.5 billion yen (cash in). Cash flows from financing activities was 157.3 billion yen (cash out), and cash and cash equivalents at end of period increased from the end of the previous fiscal year by 229.8 billion yen to 767.4 billion yen.

Net cash provided by operating activities increased by 146.2 billion yen from the previous fiscal year due primarily to reduced use of materials and cost throughout fiscal 2021 and increased trade payables to deal with increased orders in the fourth quarter, despite decreased profit.

Net cash used in investing activities decreased by 27.4 billion yen from the previous fiscal year due mainly to a decrease in purchase of property, plant and equipment.

Net cash used in financing activities increased by 0.8 billion yen from the previous fiscal year.

Status of Funding and Liquidity

The main component within the need for working funds is operating expenses such as costs for purchasing necessary materials for production, manufacturing costs and selling, general and administrative expenses. The need for funds for investment is due to components such as capital expenditure and M&As.

Short-term working funds are derived from cash on hand and short-term borrowings from financial institutions. Capital expenditure and long-term working funds are derived from long-term borrowings from financial institutions and issuance of corporate bonds while utilizing cash on hand.

The balance of cash and cash equivalents is 767.4 billion yen and the balance of bonds, borrowings and lease liabilities totaled 365.4 billion yen as of the end of fiscal 2021. Of these, short-term borrowings totaled 72.0 billion yen, bonds and long-term borrowings totaled 176.8 billion yen, and lease liabilities totaled 116.5 billion yen.

Steadily executing the strategies above, the Group will work to further enhance its corporate value.

Research and Development Expenditures

Years ended March 31	U.S. GAAP		IFRS			
	2017	2018	2018	2019	2020	2021
	Yen (billions)					
Energy and Electric Systems	¥ 35.5	¥ 35.4	¥ 35.4	¥ 34.7	¥ 35.1	¥ 34.7
Industrial Automation Systems	66.4	69.5	69.5	70.8	67.4	60.4
Information and Communication Systems	18.2	17.9	17.9	15.3	13.4	8.8
Electronic Devices	10.0	13.4	13.4	14.1	12.5	10.4
Home Appliances	41.1	41.8	41.8	43.8	44.9	42.3
Others	29.7	32.2	32.2	33.9	33.2	33.7
Consolidated total	¥ 201.3	¥ 210.3	¥ 210.3	¥ 212.7	¥ 206.8	¥ 190.5
R&D expenditures / revenue (%)	4.7	4.7	4.7	4.7	4.6	4.5

Capital Expenditures

Years ended March 31	U.S. GAAP		IFRS			
	2017	2018	2018	2019	2020	2021
	Yen (millions)					
Energy and Electric Systems	¥ 39,574	¥ 30,861	¥ 30,861	¥ 27,165	¥ 29,414	¥ 30,021
Industrial Automation Systems	60,233	68,376	68,376	79,257	78,722	54,117
Information and Communication Systems	16,599	17,522	17,522	21,925	29,982	22,376
Electronic Devices	9,485	17,197	17,197	21,072	31,298	22,009
Home Appliances	36,295	32,849	32,849	31,199	38,720	19,488
Others	4,122	4,758	4,758	7,437	6,426	11,863
Commons	9,234	9,950	9,950	10,387	12,888	20,159
Consolidated total	¥ 175,542	¥ 181,513	¥ 181,513	¥ 198,442	¥ 227,450	¥ 180,033

* The data above are based on the recognized value of property, plant and equipment.

Mitsubishi Electric Corporation and Subsidiaries
March 31, 2020 and 2021

	Yen (millions)	
	2020	2021
(Assets)		
Cash and cash equivalents	¥ 537,559	¥ 767,406
Trade receivables	900,430	906,831
Contract assets	343,637	274,231
Other financial assets	56,765	51,657
Inventories	693,890	743,782
Other current assets	95,752	103,065
Current assets	2,628,033	2,846,972
Investments accounted for using the equity method	196,237	205,464
Other financial assets	262,367	353,624
Property, plant and equipment	854,382	857,645
Goodwill and intangible assets	146,323	153,512
Deferred tax assets	249,830	183,134
Other non-current assets	72,599	197,570
Non-current assets	1,781,738	1,950,949
Total assets	¥ 4,409,771	¥ 4,797,921

Mitsubishi Electric Corporation and Subsidiaries
 Years ended March 31, 2020 and 2021

	Yen (millions)	
	2020	2021
(Liabilities)		
Bonds, borrowings and lease liabilities	¥ 133,369	¥ 152,657
Trade payables	527,307	541,774
Contract liabilities	147,781	174,666
Other financial liabilities	160,810	157,750
Accrued expenses	265,059	302,418
Accrued income taxes	21,335	30,959
Provisions	99,215	97,292
Other current liabilities	47,789	47,865
Current liabilities	1,402,665	1,505,381
Bonds, borrowings and lease liabilities	243,634	212,774
Net defined benefit liabilities	163,240	161,388
Provisions	5,210	5,435
Deferred tax liabilities	10,193	5,759
Other non-current liabilities	45,970	36,573
Non-current liabilities	468,247	421,929
Total liabilities	1,870,912	1,927,310
(Equity)		
Common stock	175,820	175,820
Capital surplus	202,832	202,777
Retained earnings	2,071,817	2,266,490
Accumulated other comprehensive income (loss)	(17,802)	111,801
Treasury stock, at cost	(2,924)	(2,595)
Mitsubishi Electric Corp. stockholders' equity	2,429,743	2,754,293
Non-controlling interests	109,116	116,318
Total equity	2,538,859	2,870,611
Total liabilities and equity	¥ 4,409,771	¥ 4,797,921

	Yen (millions)	
	2020	2021
Revenue	¥ 4,462,509	¥ 4,191,433
Cost of sales	3,200,170	3,017,059
Selling, general and administrative expenses	1,017,075	953,602
Other profit (loss)	14,397	9,423
Operating profit	259,661	230,195
Financial income	10,285	12,136
Financial expenses	7,008	2,828
Share of profit of investments accounted for using the equity method	19,048	19,251
Profit before income taxes	281,986	258,754
Income taxes	48,474	57,071
Net profit	233,512	201,683
Net profit attributable to:		
Mitsubishi Electric Corp. stockholders	221,834	193,132
Non-controlling interests	¥ 11,678	¥ 8,551
Earnings per share (attributable to Mitsubishi Electric Corp. stockholders)		
Basic	¥ 103.41	¥ 90.03
Diluted	103.41	90.03

Consolidated Statement of Comprehensive Income

Mitsubishi Electric Corporation and Subsidiaries
Years ended March 31, 2020 and 2021

	Yen (millions)	
	2020	2021
Net profit	¥ 233,512	¥ 201,683
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to net profit		
Changes in fair value of financial assets measured at fair value through other comprehensive income	(31,874)	64,457
Remeasurements of defined benefit plans	(23,574)	84,501
Share of other comprehensive income of investments accounted for using the equity method	(1,528)	2,159
Total items that will not be reclassified to net profit	(56,976)	151,117
Items that may be reclassified to net profit		
Exchange differences on translating foreign operations	(49,360)	61,880
Net changes in the fair value of cash flow hedges	20	92
Share of other comprehensive income of investments accounted for using the equity method	(2,434)	1,182
Total items that may be reclassified to net profit	(51,774)	63,154
Total other comprehensive income (loss)	(108,750)	214,271
Comprehensive income	124,762	415,954
Comprehensive income attributable to:		
Mitsubishi Electric Corp. stockholders	117,132	401,559
Non-controlling interests	¥ 7,630	¥ 14,395

Consolidated Statement of Changes in Equity

Mitsubishi Electric Corporation and Subsidiaries
Years ended March 31, 2020 and 2021

	Yen (millions)							
	2020							
	Mitsubishi Electric Corp. stockholders' equity							
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost	Total	Non-controlling interests	Total equity
Balance at beginning of year	¥ 175,820	¥ 202,834	¥ 1,960,466	¥ 63,809	¥ (2,983)	¥ 2,399,946	¥ 111,209	¥ 2,511,155
Cumulative effects of changes in accounting policies			(1,521)			(1,521)	(7)	(1,528)
Adjusted balance at beginning of year	175,820	202,834	1,958,945	63,809	(2,983)	2,398,425	111,202	2,509,627
Comprehensive income								
Net profit			221,834			221,834	11,678	233,512
Other comprehensive income (loss), net of tax				(104,702)		(104,702)	(4,048)	(108,750)
Comprehensive income	—	—	221,834	(104,702)	—	117,132	7,630	124,762
Reclassification to retained earnings			(23,091)	23,091		—		—
Dividends			(85,871)			(85,871)	(7,826)	(93,697)
Purchase of treasury stock					(785)	(785)		(785)
Disposal of treasury stock		(844)			844	0		0
Transactions with non-controlling interests and others		842				842	(1,890)	(1,048)
Balance at end of year	¥ 175,820	¥ 202,832	¥ 2,071,817	¥ (17,802)	¥ (2,924)	¥ 2,429,743	¥ 109,116	¥ 2,538,859
	Yen (millions)							
	2021							
	Mitsubishi Electric Corp. stockholders' equity							
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost	Total	Non-controlling interests	Total equity
Balance at beginning of year	¥ 175,820	¥ 202,832	¥ 2,071,817	¥ (17,802)	¥ (2,924)	¥ 2,429,743	¥ 109,116	¥ 2,538,859
Comprehensive income								
Net profit			193,132			193,132	8,551	201,683
Other comprehensive income (loss), net of tax				208,427		208,427	5,844	214,271
Comprehensive income	—	—	193,132	208,427	—	401,559	14,395	415,954
Reclassification to retained earnings			78,824	(78,824)		—		—
Dividends			(77,283)			(77,283)	(7,107)	(84,390)
Purchase of treasury stock					(367)	(367)		(367)
Disposal of treasury stock		(696)			696	0		0
Transactions with non-controlling interests and others		641				641	(86)	555
Balance at end of year	¥ 175,820	¥ 202,777	¥ 2,266,490	¥ 111,801	¥ (2,595)	¥ 2,754,293	¥ 116,318	¥ 2,870,611

Consolidated Statement of Cash Flows

Mitsubishi Electric Corporation and Subsidiaries
Years ended March 31, 2020 and 2021

	Yen (millions)	
	2020	2021
Cash flows from operating activities		
Net profit	¥ 233,512	¥ 201,683
Adjustments to cash flows from operating activities		
Depreciation and amortization	210,686	213,320
Impairment losses	1,332	7,826
Loss (gain) on sales and disposal of property, plant and equipment, net	(10,834)	(10,749)
Income taxes	48,474	57,071
Share of profit of investments accounted for using the equity method	(19,048)	(19,251)
Financial income and financial expenses	(3,277)	(9,308)
Decrease in trade receivables	23,956	13,005
Decrease (increase) in contract assets	(48,213)	70,164
Decrease (increase) in inventories	18,504	(28,115)
Decrease in other assets	15,220	5,543
Increase (decrease) in trade payables	(28,582)	6,938
Increase (decrease) in net defined benefit liabilities	(16,113)	(7,593)
Increase (decrease) in other liabilities	(11,172)	65,201
Others, net	9,540	(557)
Subtotal	423,985	565,178
Interest and dividends received	23,448	20,252
Interest paid	(2,284)	(2,699)
Income taxes paid	(49,315)	(40,612)
Cash flows from operating activities	395,834	542,119
Cash flows from investing activities		
Purchase of property, plant and equipment	(192,833)	(168,920)
Proceeds from sale of property, plant and equipment	19,571	14,226
Purchase of intangible assets	(24,364)	(19,439)
Purchase of investment securities, net of cash acquired	(20,019)	(15,903)
Proceeds from sale of investment securities, net of cash disposed	13,687	13,445
Others, net	(39)	39
Cash flows from investing activities	(203,997)	(176,552)
Cash flows from financing activities		
Proceeds from bonds and long-term borrowings	35,350	485
Repayments of bonds and long-term borrowings	(41,676)	(37,874)
Increase (decrease) in short-term borrowings, net	(2,093)	20,225
Repayments of lease liabilities	(53,947)	(54,992)
Dividends paid to Mitsubishi Electric Corp. stockholders	(85,871)	(77,283)
Purchase of treasury stock	(785)	(367)
Disposal of treasury stock	0	0
Dividends paid to non-controlling interests	(6,929)	(7,834)
Transactions with non-controlling interests	(503)	288
Cash flows from financing activities	(156,454)	(157,352)
Effect of exchange rate changes on cash and cash equivalents	(12,048)	21,632
Net increase (decrease) in cash and cash equivalents	23,335	229,847
Cash and cash equivalents at beginning of year	514,224	537,559
Cash and cash equivalents at end of year	¥ 537,559	¥ 767,406

Cautionary Statement

While the statements herein including the forecast of the Mitsubishi Electric Group are based on assumptions the Group considers to be reasonable under the circumstances on the date of announcement, actual results may differ significantly from forecasts.

Such factors materially affecting the expectations expressed herein shall include but are not limited to the following:

- (1) Any change in worldwide economic and social conditions, as well as laws, regulations, taxation and other legislation
- (2) Changes in foreign currency exchange rates, especially JPY/US dollar rates
- (3) Changes in stock markets, especially in Japan
- (4) Changes in balance of supply and demand of products that may affect prices and volume, as well as material procurement conditions
- (5) Changes in the ability to fund raising, especially in Japan
- (6) Uncertainties relating to patents, licenses and other intellectual property, including disputes involving patent infringement
- (7) New environmental regulations or the arising of environmental issues
- (8) Defects in products or services
- (9) Litigation and legal proceedings brought and contemplated against the Company or its subsidiaries and affiliates that may adversely affect operations or finances
- (10) Technological change, the development of products using new technology, manufacturing and time-to-market
- (11) Business restructuring
- (12) Incidents related to information security
- (13) Large-scale disasters including earthquakes, typhoons, tsunami, fires and others
- (14) Social or political upheaval caused by terrorism, war, pandemics, or other factors
- (15) Important matters related to the directors and executive officers, major shareholders and affiliated companies of Mitsubishi Electric Corporation

Corporate Data

Mitsubishi Electric Corporation
 Tokyo Building, 2-7-3, Marunouchi,
 Chiyoda-ku, Tokyo 100-8310, Japan
 Tel: +81(3)3218-2111
 Established: January 15, 1921
 Paid-in Capital: ¥175,820 million
 Shares issued: 2,147,201,551 shares
 Employees: 145,653

Shareholders' Meeting

The annual meeting of shareholders of the Corporation is regularly held in June each year. Additionally, special shareholders meetings may be held as necessary.

Stock Exchange Listings

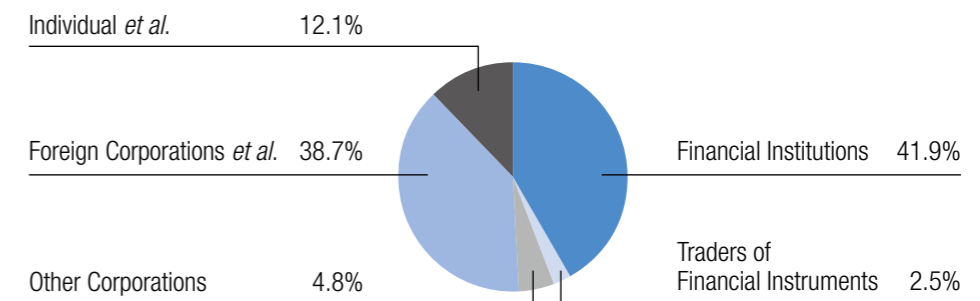
Japan: Tokyo
 Europe: London

Major Shareholders

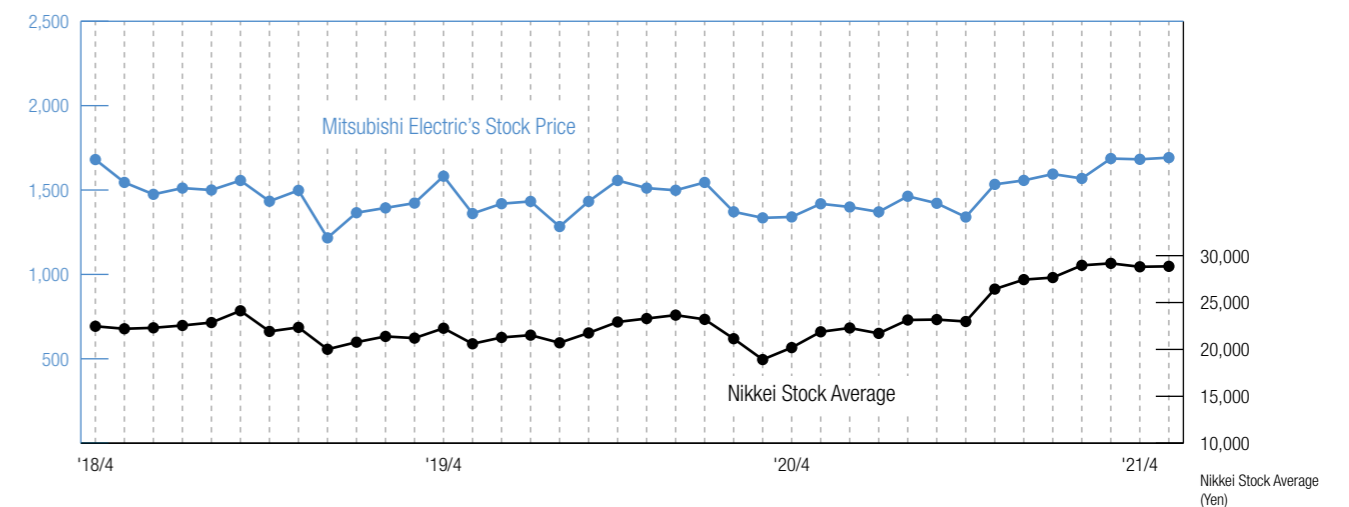
	Number of Shares (thousands)	Percentage of Ownership
The Master Trust Bank of Japan, Ltd. (Trust Account)	202,419	9.4%
SSBTC CLIENT OMNIBUS ACCOUNT	104,086	4.8%
Custody Bank of Japan, Ltd. (Trust Account)	100,811	4.7%
Meiji Yasuda Life Insurance Company	81,862	3.8%
Nippon Life Insurance Company	61,639	2.9%
Custody Bank of Japan, Ltd. (Trust Account 7)	44,053	2.1%
Mitsubishi Electric Group Employees Shareholding Union	43,971	2.0%
Custody Bank of Japan, Ltd. (Trust Account 4)	36,778	1.7%
JP MORGAN CHASE BANK 380055	33,086	1.5%
Custody Bank of Japan, Ltd. (Trust Account 5)	30,667	1.4%

Note: Shareholder ratio calculations deduct 427,421 company-owned shares.

Distribution of Shareholders



Stock Price (Yen)



The Nikkei Stock Average is based on information copyrighted by Nihon Keizai Shimbun, Inc.

mitsubishi electric corporation

<http://www.MitsubishiElectric.com>

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