

[Translation]

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## Corporate Governance Report

CORPORATE GOVERNANCE

Mitsubishi Electric Corporation

**Last Update: October 2, 2023**

**Mitsubishi Electric Corporation**

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The corporate governance of Mitsubishi Electric Corporation (the “Company” or the “Group” for Mitsubishi Electric Group) is described below.

### I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

#### 1. Basic Views

The Mitsubishi Electric Group places more focus than ever on sustainability initiatives at the management level to realize “a vibrant and sustainable society” that we have committed to in our Purpose. The Group has identified five areas as materiality (important challenges) to “provide solutions to social challenges through our businesses” and to “strengthen our business foundation to enable sustainable growth.” Through these materiality initiatives, the Group will create economic and social value and will contribute to solving social challenges.

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

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

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

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

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

“Corporate Governance” [https://www.mitsubishielectric.com/en/investors/management/corp\\_governance/](https://www.mitsubishielectric.com/en/investors/management/corp_governance/)

#### Reasons for Non-compliance with the Principles of the Corporate Governance Code

The Company implements all principles of the Corporate Governance Code, as revised in June 2021.

#### Disclosure Based on the Principles of the Corporate Governance Code

[Principle 1.4. Cross-Shareholdings]

##### (1) Policy on cross-shareholdings

The Company has a basic policy of not holding cross-shareholdings in principle. However, the Company may hold shares that are deemed necessary for business operations.

The Company will determine the significance of shareholdings holistically based on factors such as profitability, business viability, and holdings risk. Every year, such shareholdings are examined and verified in the Executive Officers’ and the Board of Directors’ Meetings. Profitability is evaluated based on whether the total income and dividends received from related businesses are sufficient to cover capital costs. Business viability is assessed based on whether there have been any significant changes in business relationships, transaction amounts, or other relevant factors. Holdings risk is assessed based

on whether there has been a decline in the investee's corporate value.

Any shares that are deemed to be of little significance for holding are reduced by selling them or other means, taking into account the circumstances of the company in question.

(2) Standards for exercising voting rights in cross-shareholdings

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

[Principle 1.7. Related Party Transactions]

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

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

[Supplementary Principle 2.4.1. Ensuring Diversity]

In the Medium-term Management Plan towards fiscal 2026 (year ending March 31, 2026), the Company states that it will contribute to realizing a vibrant and sustainable society, including response to decarbonization, by increasing the provision of integrated solutions through the strengthening of the business management foundation, promoting digital transformation, and other activities. To achieve this, the Company recognizes that it is extremely important for employees with diverse values and abilities, regardless of gender, age, nationality, or disability, and other factors, to display their full potential and play an active role, and the Company is promoting various initiatives to ensure diversity.

For more information, please refer to "Other" under "III.3. Status of Measures to Ensure Due Respect for Stakeholders" of this report.

[Principle 2.6. Roles of Corporate Pension Funds as Asset Owners]

The Company manages its corporate pension funds through the Mitsubishi Electric Pension Fund.

In April 2021, the Fund announced the adoption of Japan's Stewardship Code and has requested that entrusted asset management firms engage in stewardship activities.

Adoption of Japan's Stewardship Code

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

The Mitsubishi Electric Pension Fund is managed by the Board of Representatives in accordance with the fundamental management policies decided by the Council, which consists of representatives of the Company and employees. As for the investment management of pension assets, the Asset Management Committee is consulted for advice, and important decisions are made and implemented by the Board of Representatives and Council after careful deliberations. The Council, Board, Committee, and other relevant groups are all made up of both representatives of employees and personnel who have knowledge of HR, accounting, finance, and other relevant functions. This structure is intended to ensure sound management of pension assets from the perspective of professional expertise and beneficiary protection. The Board of Representatives is elected from among the Council members, and among them, a person with knowledge and experience in finance and accounting is appointed as the Investment Executive Director, who is responsible for the execution of asset management. After starting the management of pension assets, the Company strives to ensure stable management of the fund by monitoring investment status, confirming consistency with the investment guidelines, and interviewing fund managers on a regular basis.

[Principle 3.1. Full Disclosure]

(1) Purpose, Corporate Strategy, and Management Plan

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

The Company has declared that it will contribute to the realization of a vibrant and sustainable society in our Purpose. In accordance with the Purpose, the Company will return to our fundamental principle of addressing social challenges through our businesses and position the realization of sustainability as the cornerstone of our management, in addition to realizing well-balanced corporate management from the three perspectives of growth, profitability/efficiency, and soundness. To promote "addressing social challenges through our businesses," the Company has designated five challenge areas to focus on: Carbon neutrality, Circular economy, Safety and security, Inclusion, and Wellbeing. To achieve this, through co-creation

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

In the Medium-term Management Plan, the Company has made efforts to further improve corporate value, with financial targets for fiscal 2026 including consolidated net sales of 5 trillion yen or more, an operating profit margin of 10%, a return on equity (ROE) of 10%, and cash generation of 3.4 trillion yen in five years. In terms of the Company’s policy on generated cash, 2.8 trillion yen out of the 3.4 trillion yen generated over five years will be allocated to Key Growth Businesses with the highest priority on investment for growth. The 0.6 trillion yen is intended to further strengthen shareholder returns through profit growth.

For more information, please visit the Company’s website.

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

“Management policy/Corporate strategy” <https://www.mitsubishielectric.com/en/about/policy/>

“Presentations & Events” <https://www.mitsubishielectric.com/en/investors/library/presentations/>

(2) Basic Views and Basic Policy on Corporate Governance

Please refer to “II. Basic Views” of this report. For more information, please visit the Company’s website.

“Corporate Governance” [https://www.mitsubishielectric.com/en/investors/management/corp\\_governance/](https://www.mitsubishielectric.com/en/investors/management/corp_governance/)

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

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

For more information, please refer to “Disclosure of Policy for Determining Compensation Amounts and the Calculation Methods Thereof” of “Compensation for Directors and Executive Officers” under “III. Organizational Composition and Operation” of this report.

(4) Policies and Procedures for Nominating and Appointing the Directors and Executive Officers

(a) Policies

<Directors>

Based on the Company’s policy, the Nomination Committee nominates candidates who meet the requirements to hold a Director position. The Nomination Committee evaluates each candidate comprehensively to determine whether they possess the character, acumen, and business and professional experience suited to supervise the Company’s management. To continuously improve the supervisory function to be performed by the Board of Directors, ultimately leading to an increase in corporate value, the various skills held by Directors are matrixed and disclosed in the Notice of Convocation of the General Meeting of Shareholders.

<Executive Officers>

Based on the Company’s policy, the Board of Directors nominates candidates who meet the requirements to hold an Executive Officer position. The Board of Directors evaluates each candidate comprehensively to determine whether they possess the character, acumen, and business and professional experience suited to execute management.

(b) Procedures

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

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

(5) Reasons for Nominating and Appointing the Directors and Executive Officers

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

election. For more information, please visit the Company's website.

"Shareholders' Meeting" <https://www.mitsubishielectric.com/en/investors/meeting/>

"Annual Securities Report / Quarterly Report" [https://www.mitsubishielectric.com/en/investors/library/securities\\_report/](https://www.mitsubishielectric.com/en/investors/library/securities_report/)

[Supplementary Principle 3.1.3. Sustainability Initiatives]

The Company's views, policies, and initiatives on sustainability are disclosed through the Company's website, the Integrated Report, the Sustainability Report, etc.

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

"Integrated Report / Annual Report" [https://www.mitsubishielectric.com/en/investors/library/integrated\\_report/](https://www.mitsubishielectric.com/en/investors/library/integrated_report/)

"Sustainability Reports" <https://www.mitsubishielectric.com/en/sustainability/reports/>

For more information, please refer to "Implementation of Environmental Preservation Activities and CSR Activities, etc." under "III3 Status of Measures to Ensure Due Respect for Stakeholders" of this report.

[Supplementary Principle 4.1.1. Decisions, etc., Made by the Board of Directors]

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

Because the Board of Directors is dedicated to supervising management, the Board is able to fully discuss critical decisions that form the foundation of management, such as the Group's basic management policies (Purpose, Our Values, Commitment, Management Policy, and Corporate Strategy) and the Group's key agenda items. From July 2023 to June 2024, the key agenda items includes medium- to long-term management strategy, sustainability management, human resources strategy, DX, three key reforms, etc.

The Board of Directors is chaired by an independent outside director, and a majority of the members are independent outside directors who provide advice and supervision to management from an independent and objective perspective.

[Principle 4.9. Independence Standards, etc., for Independent Outside Directors]

The Company has specified the independence standards for outside directors, and these standards are disclosed in the Notice of Convocation of the General Meeting of Shareholders, the Annual Securities Report, the Corporate Governance Report, etc.

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

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

For specific independency standards, please refer to "Other Matters Concerning Independent Directors" of "Matters Concerning Independent Directors" under "III. Organizational Composition and Operation" of this report.

[Supplementary Principle 4.10.1. Nomination Committee and Compensation Committee]

As a company with a three-committee system, the Company has set up the statutory Nomination Committee and Compensation Committee, each chaired by independent outside directors. Recognizing the importance of ensuring independence and objectivity for both Committees, the majority of each Committee is composed of independent outside directors.

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

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

Under this authority and role, both Committees deliberate on matters relating to the nomination and compensation, giving due consideration to the diversity and skills perspective.

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

For more information, please refer to [Committees] in “II.2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Compensation Decisions (Overview of Current Corporate Governance System)” of this report.

[Supplementary Principle 4.11.1. Overall Balance of Expertise, Experience, and Capabilities the Board of Directors Should Possess and Views Regarding Diversity and Scale]

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

The Nomination Committee discusses the skills the Board of Directors should have to properly supervise the execution of corporate strategy. The Company recognizes the importance of ensuring the Board of Directors as a whole is competent in various areas of corporate management and strategies, ESG, finance and accounting, legal affairs and compliance, human resources and human resources development, global affairs, engineering, DX and R&D, business development and investment. Therefore, the Company has identified these as skills that should be possessed by the Board of Directors.

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

The specific skills held by individual Directors are matrixed and disclosed in the Notice of Convocation of the General Meeting of Shareholders. The skill matrix explains the capabilities that the Board of Directors should have as a whole and currently possesses. The skill matrix is also shown in the attachment.

“Shareholders’ Meeting” <https://www.mitsubishielectric.com/en/investors/meeting/>

For more information, please refer to [Policy on Director Candidate Selection] in “II.2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Compensation Decisions (Overview of Current Corporate Governance System)” of this report.

[Supplementary Principle 4.11.2. Status of Directors and Executive Officers Concurrently Serving as Officers of Other Listed Companies]

The attendance of each Board of Directors and Audit Committee member, as well as significant concurrent positions of Directors and Executive Officers, are disclosed in the Notice of Convocation of the General Meeting of Shareholders, etc.

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

“Shareholders’ Meeting” <https://www.mitsubishielectric.com/en/investors/meeting/>

[Supplementary Principle 4.11.3. Analysis and Evaluation of Effectiveness of the Board of Directors]

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

A summary of the assessment method and process of the third-party organization is as follows.

<Assessment methods/processes by the third-party organization>

- (1) Assessment methods
  - (a) Review the minutes of the Board of Directors meetings and other documents
  - (b) Survey of all Directors (excluding two new independent outside directors)
  - (c) Interviews with all Directors
  - (d) Evaluation based on the expertise of the third-party organization
- (2) Target items of assessment
  - (a) Overall assessment
  - (b) Composition of the Board of Directors
  - (c) Support system of the Board of Directors
  - (d) Agenda for Meetings of the Board of Directors
  - (e) Status of Deliberations at Meetings of the Board of Directors
  - (f) Contribution of Directors

- (g) Activities of the three statutory committees
- (h) Monitoring system of the Executives
- (3) Assessment process
  - (a) Conduct an assessment by a third-party organization based on (1) Assessment methods and (2) Target items of assessment
  - (b) Report on the assessment results on the effectiveness of the Board of Directors based by the third-party organization to the Company's Board of Directors
  - (c) Conduct discussions by the Board of Directors on future actions based on the above assessment report

The summary of the assessment results on the Board of Directors' effectiveness based on the third-party organization is indicated as follows.

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

Based on these results of evaluations and recommendations from the Governance Review Committee, the Board of Directors will discuss measures to improve the effectiveness of the Board of Directors, and will improve its operations, including setting more appropriate priority agenda items and further strengthening its management monitoring functions based on external perspectives. (Please refer to [Audit by the Audit Committee and Status of Internal Audit] in “II2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Compensation Decisions (Overview of Current Corporate Governance System)” of this report.)

[Supplementary Principle 4.14.2. Policy on Training for Directors and Executive Officers]

The Group engages in the development, manufacture, sale, etc. of products in four Business Areas, including Infrastructure, Industry and Mobility, Life, and Business Platform, as well as in the Semiconductor & Device Group.

The Group, which is composed of such a diverse range of businesses, uses a three-committee system to segregate between the supervisory and executive functions in order to maintain the flexibility of its operations and promote management transparency. By doing so, the Company aims to promote sustained growth in corporate value. Therefore, the Company recognizes the importance of Directors and Executive Officers having a thorough understanding of the business characteristics, finances, and organizational structure of each of our businesses, as well as the general roles and responsibilities expected of corporate officers, and being able to supervise, advise, and make business decisions from a company-wide perspective.

Based on this recognition, training is provided on the new roles, responsibilities, and actions, etc., expected of Directors and Executive Officers prior to their taking office. To continue to fulfill their roles and responsibilities as Directors and Executive Officers after their appointment, the Company provides compliance education and updated training materials for them. The Company also provides the Directors and Executive Officers with sufficient information about the characteristics and latest status of Business Areas and Business Groups to promote understanding.

[Principle 5.1. Policy for Constructive Dialogue with Shareholders]

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

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

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

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

For details, please refer to “III.2. IR Activities” of this report and the Company’s website.

“Investors” <https://www.mitsubishielectric.com/en/investors/>

[Principle 5.2. Formulation and Publication of Corporate Strategy and Management Plan]

The Company’s Directors and Executive Officers set specific medium-term management targets under the Mitsubishi Electric Group’s Basic Policies on Management, taking into account the relationship between calculated and identified capital costs. The financial targets for fiscal year 2026 are set at consolidated net sales of 5 trillion yen or more, an operating profit margin of 10%, a return on equity (ROE) of 10%, and cash generation of 3.4 trillion yen in five years. The Company aims to strengthen our business portfolio and achieve our management targets by classifying businesses according to their characteristics in terms of growth and profitability and allocating investment appropriately to areas such as capital investment, research and development, human resources, and intellectual property.

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

“Presentations & Events” <https://www.mitsubishielectric.com/en/investors/library/presentations/>

[Supplementary Principle 5.2.1. Business Portfolio Strategy]

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

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

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

“Presentations & Events” <https://www.mitsubishielectric.com/en/investors/library/presentations/>

## 2. Capital Structure

Foreign Shareholding Ratio	30% or more
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### Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	332,483,200	15.73
SSBTC CLIENT OMNIBUS ACCOUNT	117,992,402	5.58
Custody Bank of Japan, Ltd. (Trust Account)	106,410,900	5.04
Meiji Yasuda Life Insurance Company	81,862,190	3.87
Mitsubishi Electric Group Employees Shareholding Union	45,979,093	2.18
JP MORGAN CHASE BANK 380055	37,178,202	1.76
Nippon Life Insurance Company	36,339,748	1.72
STATE STREET BANK WEST CLIENT-TREATY 505234	33,373,021	1.58
JP MORGAN CHASE BANK 385781	25,633,895	1.21
THE BANK OF NEW YORK MELLON 140044	23,516,787	1.11

Name of Controlling Shareholder, if applicable (excluding Parent Company)	-----
Name of Parent Company, if applicable	Not Applicable

### Supplementary Explanation

- Mitsubishi UFJ Financial Group, Inc. submitted a change report on November 21, 2022, listing MUFG Bank, Ltd. and three other companies as joint holders of a large amount of shares. The Company was unable to confirm the exact number of shares held by them as of March 31, 2023, so the “Status of Major Shareholders” column is based on the shareholder register. In the said report, the status of shareholding as of November 14, 2022 is as follows.  
Name/Number of Shares Held/Ratio (%) : MUFG Bank, Ltd., and three other companies/121,125,000 shares/5.64%

### 3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market
Fiscal Year-End	March
Business Sector	Electrical Appliances
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) as of the End of the Previous Fiscal Year	Over 1 trillion yen or more
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	100 or more and fewer than 300

### 4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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### 5. Other Special Circumstances which May have Material Impact on Corporate Governance

Based on its corporate philosophy system, the Group has set its management policy that places the realization of sustainability as the cornerstone of its management. The Group has defined specific priorities as materiality (important challenges) to implement initiatives.

Through co-creation and by integrating knowledge within and outside the Group, we will transform into a “Circular Digital-Engineering” company that provides evolved, integrated solutions, thereby contributing to solving various social issues.

Among the consolidated subsidiaries of the Company, Kodensha Co., Ltd. (listed on the Standard Market of the Tokyo Stock Exchange) is a listed subsidiary, and its main business is electrical equipment construction. The Group considers it meaningful to have such a listed subsidiary and reasonable to keep it listed from the following perspectives: increasing the Group’s corporate value, contributing to its consolidated financial results, and improving the Group’s overall ability to support customers by owning a construction company within the Group.

As a parent company, the Company respects the independence of our listed subsidiary, Kodensha Co., Ltd. based on the belief that appropriate protection of the general shareholders’ interests in the listed subsidiary will contribute to the enhancement of the listed subsidiary’s corporate value. The listed subsidiary has established a governance system that effectively utilizes independent outside directors.

In June 2020, Kodensha Co., Ltd. changed its institutional design from a “Company with a Board of Corporate Auditors” to a “Company with an Audit and Supervisory Committee” to further strengthen corporate governance, such as by increasing the ratio of outside directors.

## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

Corporate Governance System	Company with Three Committees (Nomination, Audit and Compensation)
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## Directors

Number of Directors Stipulated in Articles of Incorporation	No upper limit
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Outside Director
Number of Directors	12

## Outside Directors

Number of Outside Directors	7
Number of Independent Directors	7

### Relationships with the Company (1)

Name	Attributes	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Mitoji Yabunaka	Other												o
Kazunori Watanabe	CPA												o
Hiroko Koide	From another company												o
Tatsuro Kosaka	From another company												o
Hiroyuki Yanagi	From another company								△				
Masako Egawa	Other												o
Haruka Matsuyama	Lawyer												o

\*Categories for "Relationship with the Company."

(Use "o" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

- Person who executes business of the Company or a subsidiary
- Person who executes business or a non-executive director of a parent company
- Person who executes business of a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for such person/entity
- Major client of the Company or a person who executes business for such client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/Audit and Supervisory Board Member compensation from the Company
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to self only)
- Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- Person who executes business for an entity receiving contributions from the Company (applies to self only)
- Other

### Outside Directors' Relationship with the Company (2)

Name	Membership of Committee			Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
	Nomination Committee	Remuneration Committee	Audit Committee			
Mitoji Yabunaka	o	o		o	He is an independent Director who satisfies the requirements specified by the Tokyo Stock Exchange and others. [Important concurrent positions] Specially Appointed Professor, Osaka University	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 as Chairman of

						<p>the Board of Directors since October 2021, he has led a reform of the Board of Directors. In addition, he is also making efforts for various activities as Chairman of the Nomination Committee and Member of the Compensation Committee. The Company expects him to oversee the Company's business operations if he is reelected as Outside Director, by using a wide range of experience and insights especially in the fields of ESG, human resources and human resources development, and global affairs at the Board of Directors and each Committee.</p> <ul style="list-style-type: none"> <li>- The Company has designated him as an independent Director because he does not fall under any of the grounds stipulated in Article 412, Paragraph 2 of the Tokyo Stock Exchange's Listing Regulations, "Guidelines on Listing Management, etc." and meets the requirements specified in Mitsubishi Electric's Independency Guideline for Outside Directors and thus possess no risk of giving rise to any conflict of interest with the general shareholders of the Company.</li> </ul>
Kazunori Watanabe		○	○	○	<p>He is an independent Director who satisfies the requirements specified by the Tokyo Stock Exchange and others.</p> <p>[Important concurrent positions] CPA Tax Accountant</p>	<ul style="list-style-type: none"> <li>- 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 he is also currently making efforts for various activities as Chairman of the Compensation Committee and Member of the Audit Committee. The Company expects him to oversee the Company's business operations if he is reelected as Outside Director, by using a wide range of experience and insights especially in the fields of ESG, finance and accounting, and human resources and human resources development at the Board of Directors and each Committee.</li> <li>- The Company has designated him as an independent Director because he does not fall under any of the grounds stipulated in Article 412, Paragraph 2 of the Tokyo Stock Exchange's Listing Regulations, "Guidelines on Listing Management, etc." and meets the requirements specified in Mitsubishi Electric's Independency Guideline for Outside Directors and thus possess no</li> </ul>

						risk of giving rise to any conflict of interest with the general shareholders of the Company.
Hiroko Koide	○	○		○	<p>She is an independent Director who satisfies the requirements specified by the Tokyo Stock Exchange and others.</p> <p>[Important concurrent positions]          Outside Director, J-OIL MILLS, Inc.          Outside Director, J. FRONT RETAILING Co., Ltd.</p>	<ul style="list-style-type: none"> <li>- 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 she is also currently making efforts for various activities as Member of the Nomination Committee and the Compensation Committee. The Company expects her to oversee the Company's business operations if she is reelected as Outside Director, by using a wide range of experience and insights especially in the fields of corporate management and corporate strategies, ESG, human resources and human resources development, global affairs, and business development and investment at the Board of Directors and each Committee.</li> <li>- The Company has designated her as an independent Director because she does not fall under any of the grounds stipulated in Article 412, Paragraph 2 of the Tokyo Stock Exchange's Listing Regulations, "Guidelines on Listing Management, etc." and meets the requirements specified in Mitsubishi Electric's Independency Guideline for Outside Directors and thus possess no risk of giving rise to any conflict of interest with the general shareholders of the Company.</li> </ul>
Tatsuro Kosaka	○	○		○	<p>He is an independent Director who satisfies the requirements specified by the Tokyo Stock Exchange and others.</p> <p>[Important concurrent positions]          Senior Advisor, Chugai Pharmaceutical Co., Ltd.          Outside Audit Supervisory Board Member, Komatsu Ltd.          Outside Director, Olympus Corporation</p>	<ul style="list-style-type: none"> <li>- Mr. Kosaka's experience and insights as a business specialist cultivated over the course of his career in management of a manufacturing company are highly beneficial to Mitsubishi Electric. Serving as Outside Director of the Company since June 2022, he has overseen the Company's business operations, and he is also currently making efforts for various activities as Member of the Nomination Committee and the Compensation Committee. The Company expects him to oversee the Company's business operations if he is reelected as Outside Director, by using a wide range of experience and insights especially in the fields of corporate management and corporate strategies,</li> </ul>

						<p>ESG, human resources and human resources development, global affairs, engineering, DX and R&amp;D, and business development and investment at the Board of Directors and each Committee.</p> <ul style="list-style-type: none"> <li>- The Company has designated him as an independent Director because he does not fall under any of the grounds stipulated in Article 412, Paragraph 2 of the Tokyo Stock Exchange's Listing Regulations, "Guidelines on Listing Management, etc." and meets the requirements specified in Mitsubishi Electric's Independency Guideline for Outside Directors and thus possess no risk of giving rise to any conflict of interest with the general shareholders of the Company.</li> </ul>
Hiroyuki Yanagi	○	○	○	<p>He is an independent Director who satisfies the requirements specified by the Tokyo Stock Exchange and others.</p> <p>[Important concurrent positions]  Advisor, Yamaha Motor Co., Ltd.,  Outside Director, AGC Inc.  Non-executive Director of the Board, Kirin Holdings Company, Limited  Outside Director, Japan Airlines Co., Ltd.</p>		<ul style="list-style-type: none"> <li>- Mr. Yanagi's experience and insights as a business specialist cultivated over the course of his career in management of a manufacturing company are highly beneficial to Mitsubishi Electric. Serving as Outside Director of the Company since June 2022, he has overseen the Company's business operations, and he is also currently making efforts for various activities as Member of the Nomination Committee and the Compensation Committee. The Company expects him to oversee the Company's business operations if he is reelected as Outside Director, by using a wide range of experience and insights especially in the fields of corporate management and corporate strategies, ESG, human resources and human resources development, global affairs, engineering, DX and R&amp;D, and business development and investment at the Board of Directors and each Committee.</li> <li>- Although Mr. Hiroyuki Yanagi was Director of Yamaha Motor Co., Ltd. until March 2022, the Company's transaction amount with Yamaha Motor is less than 1% of consolidated revenue of both companies. The Company has designated him as an independent Director because he does not fall under any of the grounds stipulated in Article 412, Paragraph 2 of the Tokyo Stock Exchange's Listing Regulations, "Guidelines on Listing Management, etc." and meets the requirements specified in Mitsubishi Electric's Independency Guideline for Outside</li> </ul>

						Directors and thus possess no risk of giving rise to any conflict of interest with the general shareholders of the Company.
Masako Egawa	○	○	○		<p>She is an independent Director who satisfies the requirements specified by the Tokyo Stock Exchange and others.</p> <p>[Important concurrent positions]</p> <p>Chancellor, School Juridical Person Seikei Gakuen</p> <p>Vice-Chairperson, The Japan Securities Dealers Association</p> <p>External Director, Mitsui &amp; Co., Ltd.</p>	<ul style="list-style-type: none"> <li>- Ms. Egawa's experience and insights as a specialist cultivated over the course of her career in working experience at global financial institutions, research and experience in corporate governance, management experience in educational corporations, etc. are highly beneficial to Mitsubishi Electric. The Company expects her to oversee the Company's business operations if she is elected as Outside Director, by using a wide range of experience and insights especially in the fields of corporate management and corporate strategies, ESG, finance and accounting, global affairs, and business development and investment at the Board of Directors and each Committee.</li> <li>- The Company has designated her as an independent Director because he does not fall under any of the grounds stipulated in Article 412, Paragraph 2 of the Tokyo Stock Exchange's Listing Regulations, "Guidelines on Listing Management, etc." and meets the requirements specified in Mitsubishi Electric's Independency Guideline for Outside Directors and thus possess no risk of giving rise to any conflict of interest with the general shareholders of the Company.</li> </ul>
Haruka Matsuyama			○	○	<p>She is an independent Director who satisfies the requirements specified by the Tokyo Stock Exchange and others.</p> <p>[Important concurrent positions]</p> <p>Attorney-at-law</p> <p>Outside Audit &amp; Supervisory Board Member, AGC Inc.</p>	<ul style="list-style-type: none"> <li>- Ms. Matsuyama's experience and insights as an attorney-at-law are highly beneficial to a governance reform of Mitsubishi Electric. The Company expects her to oversee the Company's business operations if she is elected as Outside Director, by using a wide range of experience and insights especially in the fields of ESG, and legal affairs and compliance at the Board of Directors and each Committee.</li> <li>- The Company has designated her as an independent Director because he does not fall under any of the grounds stipulated in Article 412, Paragraph 2 of the Tokyo Stock Exchange's Listing Regulations, "Guidelines on Listing Management, etc." and meets the requirements specified in Mitsubishi Electric's Independency Guideline for Outside Directors and thus possess no risk of giving rise to any conflict of interest with the general shareholders of the Company.</li> </ul>

## Supervisory Committees

### Composition of Supervisory Committee and Attributes of the Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Nomination Committee	6	0	1	5	Outside Director
Compensation Committee	6	0	1	5	Outside Director
Audit Committee	5	2	2	3	Outside Director

## Executive Officers

Number of Executive Officers 13

### Status of Additional Duties

Name	Representative Authority	Concurrent Duties as Director			Concurrent Duties as Employee
			Nomination Committee Member	Compensation Committee Member	
Kei Uruma	Yes	Yes	Yes	No	No
Tadashi Matsumoto	Yes	No	No	No	No
Kunihiko Kaga	Yes	No	No	No	No
Noriyuki Takazawa	No	No	No	No	No
Shigehiro Yabu	No	No	No	No	No
Satoshi Kusakabe	No	No	No	No	No
Yoji Saito	No	No	No	No	No
Eiichiro Mitani	No	No	No	No	No
Kuniaki Masuda	No	Yes	No	Yes	No
Tomonori Sato	No	No	No	No	No
Yoshikazu Nakai	No	No	No	No	No
Satoshi Takeda	No	Yes	No	No	No
Yasunari Abe	No	No	No	No	No

## Auditing Structure

Appointment of Directors and/or Employees to Support the Audit Committee Appointed

### Matters Related to the Independence of Such Directors and/or Employees from Executive Officers

Dedicated employees are assigned to support the duties of the Audit Committee. The Senior General Manager of the Corporate Human Resources Div. consults with the Audit Committee members upon the performance evaluation and personnel transfer of such employees.

### Cooperation among Audit Committee, Accounting Auditors and Internal Audit Department

Please refer to [Audit by the Audit Committee and Status of Internal Audit] in “II2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Compensation Decisions (Overview of Current Corporate Governance System)” of this report.

## Matters Concerning Independent Directors

## Other Matters Concerning Independent Directors

- The Company has seven 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 Independency Guideline for Outside Directors (see note at below) 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.

## &lt;Mitsubishi Electric's Independency Guideline for Outside Directors&gt;

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

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

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

## Incentives

Implementation Status of Measures related to Incentives Granted to Directors and/or Executive Officers

Introduction of Performance-linked Compensation Scheme and Other

## Supplementary Explanation for Applicable Items

- The Company has introduced a performance-based compensation system for the Executive Officers with a focus on incentives for improving performance.
- For an overview, please refer to "Disclosure of Policy for Determining Compensation Amounts and the Calculation Methods Thereof" of "Compensation for Directors and Executive Officers" under "III. Organizational Composition and Operation" of this report.

Persons Eligible for Stock Options

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## Supplementary Explanation for Applicable Items

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## Compensation for Directors and Executive Officers

Status of Disclosure of Individual Directors' Compensation	No Disclosure for any Directors
Status of Disclosure of Individual Executive Officers' Compensation	Disclosure for Selected Executive Officers

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Supplementary Explanation for Applicable Items

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The compensation for the Directors and Executive Officers is disclosed in the Business Report and the Annual Securities Report. In the Annual Securities Report, the compensation of some Executive Officers is disclosed individually in accordance with the provisions of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc.

Policy on Determining Compensation Amounts and the Calculation Methods Thereof	Established
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Disclosure of Policy on Determining Compensation Amounts and the Calculation Methods Thereof

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The policy for determining compensation for Directors and Executive Officers is delivered upon and decided by the Compensation Committee, a majority of which is comprised of outside directors. If a Director concurrently serves as an Executive Officer, the policies regarding decisions on compensation as an Executive Officer apply. The policies for fiscal 2023 are as follows:

- A. Basic Policy
- As a company with a three-committee system, the Company segregates the supervisory function and the execution function of management. The supervisory function of management is assigned to the Directors and the Board of Directors and the execution function of management is assigned to the Executive Officers. The compensation scheme for the Directors and the compensation scheme for the Executive Officers is set differently, corresponding to the contents and responsibilities of each duty and position. The compensation is determined by the Compensation Committee based on the following basic policies:
- (A) Directors
- a. The compensation scheme should encourage the Directors to demonstrate their supervisory function of management.
  - b. The compensation should be the amount necessary to secure suitable talent to fulfill responsibilities of the Company's Directors.
- (B) Executive Officers
- a. The compensation scheme should observe the Purpose of the Group, and be fully accountable to all stakeholders including society, customers, shareholders, and employees.
  - b. The compensation scheme should encourage the execution of duties in line with management strategies and provide strong incentives to achieve management goals.
  - c. The compensation scheme should function as an incentive for sustained performance growth and the improvement of corporate value.
  - d. The compensation scheme should reflect a fair and impartial evaluation of the achievements and contributions toward their respective roles and responsibilities.
- B. The System for Determining Compensation
- (A) Directors
- The compensation scheme for Directors consists exclusively of basic compensation (fixed compensation), in light of the Directors' role to provide advice and supervise management from an objective and independent perspective.
- (B) Executive Officers
- The compensation scheme for Executive Officers is as follows, with an emphasis on the improvement of medium-term corporate value and shareholder value.
- a. Basic compensation
- Fixed compensation is set in accordance with the roles and responsibilities of each Executive Officer and is paid monthly in cash by dividing the position-based annual standard amount by 12.
- b. Performance-based bonus
- The bonus payment shall be determined by "Corporate Performance Evaluation" and "Individual Evaluation." The payment amount will fluctuate in the range of 0% to 200% depending on the evaluation results. The amount to be paid to each individual shall be calculated as below and paid in a lump sum in cash after the end of each fiscal year.
- [Individual payment amount = Position-based standard amount x (Corporate performance evaluation coefficient +



Individual evaluation coefficient) (in the range of 0-200%)]

c. Performance-based stock compensation (Performance Share Unit (PSU))

In principle, the number of shares to be issued as performance-based stock compensation (PSU) varies between 0% and 200%, depending on the comparison result (in percentile) between the Company's TSR (total shareholder return) for the three years and the TSR of a pre-selected group of comparable companies. The comparable companies are selected from domestic and overseas companies in the business areas in which the Company operates. The number of shares to be delivered to each individual is calculated as follows:

[Number of shares delivery to each individual = Standard PSU points for the position × PSU grant rate (in the range of 0-200%)]

d. Restricted Stock Units (RSU)

In order to promote continuous shareholding and shareholder value during the term of office, the Restricted Stock Unit (RSU) program will, in principle, deliver shares with transfer restrictions, equivalent to the standard amount for the position at the end of each fiscal year. The transfer restrictions will be lifted at retirement (when the Company's Directors or Executive Officers retire from their positions).

C. Method of Setting Compensation Levels and Compensation Compositions Ratios

The compensation levels and compensation ratios of Directors and Executive Officers are set each year according to their roles and responsibilities based on a comparison with market compensation levels using compensation survey data of external professional organizations. When comparing with market compensation levels, major domestic manufacturers similar to the Company in terms of scale, type of business, global expansion, etc., are selected as the compensation benchmark group.

(A) Directors

The basic compensation levels of Directors are set in consideration of the compensation levels of non-executive internal directors and outside directors of the compensation benchmark companies, their roles and responsibilities, and other factors.

(B) Executive Officers

The compensation, etc. of Executive Directors is set in consideration of the trends in compensation levels of executive officers at the compensation benchmark companies, the corporate strategy and business environment of the Company, the objectives of incentive compensation and the degree of difficulty in achieving the targets, the roles and responsibilities of the Executive Officer concerned and other relevant factors. Additionally, from the perspective of pay-for-performance, the compensation composition has been set with a higher ratio of incentive compensation to place greater emphasis on the link between performance and the medium- and long-term improvement of corporate value and shareholder value.

D. Compensation Governance

As a company with a three-committee system, the Company has set forth the following:

- The major roles and authority of the Compensation Committee

The Company's Compensation Committee has the authority to determine the details of compensation, etc. for individual Directors and Executive Officers of the Company. It mainly determines the policies for determining executive compensation etc., the details of compensation, etc. for individual Directors and Executive Officers, performance evaluations related to the incentive compensation of Executive Officers, and the individual compensation of Executive Officers. The Compensation Committee will be chaired by an outside director.

- Decision-making process and annual schedule

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

E. Stock Ownership Guidelines

We believe it is important to ensure that our Executive Officers share the same value with our shareholders on a long-term and sustainable basis. To this end, we have established the following stock ownership guidelines and require Executive Officers to continuously hold the Company's stock during their term of office, even after the target amount has been reached.

[Stock Ownership Guidelines]

Targeted holdings to be achieved within four years of assuming the position

Position	Target amount	
President & CEO	The multiple to be applied to the annual basic compensation	1.3 times
Senior Vice President		1.0 times
Executive Officer		0.8 times

F. Malus and Clawback Provisions

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

### Support System for Outside Directors

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

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

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

For more information, please refer to the relevant sections of this report, the Company’s website, and the Corporate Governance Guidelines.

“Corporate Governance” [https://www.mitsubishielectric.com/en/investors/management/corp\\_governance/](https://www.mitsubishielectric.com/en/investors/management/corp_governance/)

### Statuses of Persons who have Retired as Representative Director and President, etc.

Information on Persons Holding Advisory Positions (*Sodanyaku, Komon, etc.*) after Retiring as Representative Director and President, etc.

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without compensation, etc.)	Date when former role as president/ CEO ended	Term
Kenichiro Yamanishi	Contract	Engagement in external activities of public, industrial, and economic organizations	Part-time/Paid	March 31, 2014	Renewed annually
Setsuhiro Shimomura	Contract	Engagement in external activities of public, industrial, and economic organizations	Part-time/Paid	March 31, 2010	Renewed annually

Number of Persons Holding Advisory Positions (*Sodanyaku, Komon, etc.*) After Retiring as Representative Director and President, etc. 2

### Other Related Matters

1. As of March 2023, the Company discontinued the Senior Advisor Program, under which the Company commissions retired full-time executives to serve as Senior Advisors. After April 2023, the Company will only commission retired full-time executives on a part-time basis for the external activities of public, industrial, and economic organizations. The persons to be commissioned will never be involved in the management of the Company, and their duties will be limited to the external activities.

2. After April 2023, the Company’s rules for commissioning retired full-time executives are as follows:

(1) The duties will be external activities, and the term will be one year, which can be renewed. The renewal period will be based on the term of office in external activities (public organizations, business associations, economic organizations, etc.) commissioned by the Company, but in principle, it will be a maximum of six years.

- (2) The commissioning process for retired full-time executives will involve the Board of Directors, which has a majority of independent outside directors. When commissioning a person with experience as President & CEO, such a commission will be approved by the Board of Directors in terms of matters such as who will be commissioned, the duration of the term, the purpose of the commission, and the compensation involved.
3. Although more than six years have passed since the resignation of the President & CEO and Chairperson of the Board of Directors, the appointment of Mr. Setsuhiro Shimomura will be limited to March 31, 2024, because it will take a certain period of time for external activities to be handed over to a successor to be commissioned by our company. The appointment will not be renewed after the above date.
4. As six years or more have passed since Mr. Kenichiro Yamanishi retired from the position of President & CEO, and six years have passed since he retired from the position of Chairperson of the Board of Directors on March 31, 2024, the Company will commission him to undertake external activities only until March 31, 2024. The appointment will not be renewed after the above date.

## 2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Compensation Decisions (Overview of Current Corporate Governance System)

The Company has chosen to have a three-committee system in place. The Company segregates the supervisory and executive functions; the Board of Directors plays a supervisory decision-making role and Executive Officers handle the day-to-day running of the Company. This system maintains the flexibility of its operations and promotes management transparency, leading to swift and decisive management decision-making. Through this system, the Company aims to promote sustainable growth in corporate value.

To promote the segregation of supervisory and executive functions, which is the characteristic of this system, the Company's Board of Directors is dedicated to supervising management with specific details of deliberations stipulated as the Board of Directors' deliberation criteria. By delegating to the Executive Officers, the authority to make all business execution decisions within the limits permitted by the Companies Act, the Company ensures swift and decisive decision-making and appropriate risk-taking in business execution. Both the Board of Directors and the three statutory committees are chaired by independent outside directors, and a majority of their members are independent outside directors as well, thereby improving the effectiveness of the supervisory function. In addition, the Executive Officers' meeting has been established as a voluntary body to deliberate and make decisions on important business matters from the perspective of pursuing synergy and multifaceted risk management, in addition to sharing information among Executive Officers.

[Board of Directors (Fiscal 2023)]

- The present Board of Directors is comprised of 12 members (seven of whom are independent 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 Company held Board of Directors meetings 13 times during fiscal 2023. The attendance rate for each Director was as follows:
  - Mitoji Yabunaka: 100% (13 out of 13)
  - Hiroshi Obayashi: 100% (13 out of 13)
  - Kazunori Watanabe: 100% (13 out of 13)
  - Hiroko Koide: 100% (13 out of 13)
  - Takashi Oyamada: 100% (13 out of 13)
  - Tatsuhiro Kosaka: 100% (10 out of 10)
  - Hiroyuki Yanagi: 90% (9 out of 10)
  - Kei Uruma: 100% (13 out of 13)
  - Tadashi Kawagoishi: 100% (13 out of 13)
  - Kuniaki Masuda: 100% (13 out of 13)
  - Jun Nagasawa: 100% (10 out of 10)
  - Kunihiko Kaga: 100% (10 out of 10)

Because Messrs. Tatsuhiro Kosaka, Hiroyuki Yanagi, Jun Nagasawa and Kunihiko Kaga was appointed as a Director on June 29, 2022, their attendance after his appointment is shown.

Messrs. Hiroshi Obayashi, Takashi Oyamada and Kunihiko Kaga retired at the conclusion of the 152nd Ordinary General Meeting of Shareholders held on June 29, 2022, due to the expiration of their terms of office.

- The Board of Directors in fiscal 2023 made decisions on matters required by the Companies Act including basic policies of management, matters necessary for the execution of duties by the Audit Committee, the establishment of systems necessary to

ensure the legality of duties executed by the Executive Officers and the properness of other corporate operations, the business report and its supplementary schedules, the financial statements and their supplementary schedules, the consolidated financial statements, dividends of surplus, convocation of the General Meeting of Shareholders and appointment of Executive Officers. In addition, in order to promote the medium- and long-term sustainable improvement of the corporate value of the Mitsubishi Electric Group, we established and discussed “important agenda items” for the Group (medium- and long-term management plan, organizational culture reform, sustainability initiatives, and human capital strategy from July 2022 to June 2023). The “Three Key Reforms Monitoring Committee,” established under the Board of Directors continuously supervised the progress and effectiveness of the three key reforms (quality assurance, organizational culture, and governance), which were aimed at restoring trust in the Company in response to a series of improper quality control practices that had been identified since June 2021.

Furthermore, we received reports from Executive Officers on the progress and results of business execution and fully discussed them..

[Committees (Fiscal 2023)]

- The Board of Directors has three statutory internal bodies: the Nomination Committee, Audit Committee, and Compensation Committees, each chaired by an independent outside director.
- Each body has five to seven members, the majority of whom are independent 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 roles and authority of the Nomination Committee were reviewed on November 25, 2021, and are set forth as follows:
  - Determination of proposals for the appointment and dismissal of Directors to be submitted to the general meeting of shareholders
  - Determination of proposals to be submitted to the Board of Directors regarding the appointment and dismissal of the President & CEO
  - Deliberation on the following matters drafted by the President & CEO in response to consultation from the Board of Directors, as well as the provision of the Committee's opinions to the Board of Directors.
    - (a) Matters related to the personnel requirements for the President & CEO
    - (b) Details and operating status of the succession plan for the President & CEO (selection and development of potential successors)
- In fiscal 2023, the Nomination Committee held 9 meetings, the Audit Committee held 13 meetings, and the Compensation Committee held 11 meetings. The attendance at the Nomination and Compensation Committee meetings was as follows: For the attendance rate of the Audit Committee, please refer to [Audit by the Audit Committee and Status of Internal Audit] in “II.2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Compensation Decisions (Overview of Current Corporate Governance System)” of this report.

<Nomination Committee (Fiscal 2023)>

- o Mitoji Yabunaka: 100% (9 out of 9)
- o Hiroshi Obayashi: 100% (9 out of 9)
- o Hiroko Koide: 100% (9 out of 9)
- o Takashi Oyamada: 100% (9 out of 9)
- o Tatsuro Kosaka: 86% (6 out of 7)
- o Hiroyuki Yanagi: 71% (5 out of 7)
- o Kuniaki Masuda: 100% (9 out of 9)

Because Mr. Tatsuro Kosaka and Mr. Hiroyuki Yanagi was appointed as a member of the Nomination Committee on June 29, 2022, his attendance after his appointment is shown.

<Compensation Committee (Fiscal 2023)>

- o Kazunori Watanabe: 100% (11 out of 11)
- o Mitoji Yabunaka: 100% (11 out of 11)
- o Hiroko Koide: 100% (11 out of 11)
- o Tatsuro Kosaka: 100% (7 out of 7)
- o Hiroyuki Yanagi: 86% (6 out of 7)
- o Kuniaki Masuda: 100% (11 out of 11)

Because Mr. Tatsuro Kosaka and Mr. Hiroyuki Yanagi was appointed as a member of the Compensation Committee on June 29, 2022, his attendance after his appointment is shown.

- Based on the objectives and authority of the Companies Act, the Nomination Committee determined the candidates for Directors to be submitted to the General Meeting of Shareholders. In addition, in order to ensure objectivity and transparency

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

- The Compensation Committee executed its duties based on the objectives and authority stipulated under the Companies Act. Specifically, the Committee discussed and decided on the policy regarding the determination of compensation for Directors and Executive Officers, the details of individual compensation for Directors and Executive Officers, performance evaluation regarding incentive compensation for Executive Officers, and compensation for each individual. In addition, the Compensation Committee, at its meeting held in May 2022, decided to revise the compensation system for the Company's Executive Officers and to apply this system from fiscal 2023. Please refer to “(4) Compensation for Directors and Executive Officers” for details concerning the said system.

[Audit by the Audit Committee and Status of Internal Audit (Fiscal 2023)]

- Please also refer to “IV1. Basic Views on Internal Control Systems and the Status of Development” for an overview of auditing and monitoring methods.

(1) Status of audit by the Audit Committee

A. 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.

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

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

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

The Company held fifteen Audit Committee meetings during the fiscal 2023. Each meeting would take about two hours. The attendance of each Audit Committee member is as shown below.

- Hiroshi Obayashi: 100% (15 out of 15)
- Masahiko Sagawa: 100% (15 out of 15)
- Takashi Sakamoto: 100% (15 out of 15)
- Kazunori Watanabe: 100% (11 out of 11)
- Takashi Oyamada: 100% (11 out of 11)

Out of the above members, Mr. Tadashi Kawagoishi and Mr. Jun Nagasawa are responsible for investigation.

Because Mr. Tadashi Kawagoishi and Mr. Jun Nagasawa was appointed as a member of the Audit Committee on June 29, 2022, his attendance after his appointment is shown.

Mr. Hiroshi Obayashi and Mr. Takashi Oyamada retired upon the expiration of their terms of office at the end of the 152nd Ordinary General Meeting of Shareholders held on June 29, 2023.

C. 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 investigations such as interviews with Executive Officers and the executive staff of the Company's offices and subsidiaries in accordance with the policies and assignments agreed upon 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.

D. Agenda of the Audit Committee

The specific agenda of the Audit Committee include the formulation of audit policies and activity planning, checks on the status of execution of the duties by Directors and Executive Officers and the status of establishment and operation of the internal control system, checks on methods of auditing by the Independent Auditor and validity of results, and evaluation of the Independent Auditor and drafting of proposals for reappointment and non-reappointment of the

#### Independent Auditor.

In fiscal 2023, the Audit Committee positioned quality issue as the most important issue, and focused on monitoring and verifying the status of efforts by the Mitsubishi Electric Group to prevent the recurrence of incidents with a large social impact, such as recent work-related and information security issues. At the same time, the Audit Committee requested reports, asked questions, and expressed its opinions to the Executive Officers in charge and others as appropriate on such matters as the strengthening of the Mitsubishi Electric Group's management structure, including its internal control and compliance systems, to enhance its corporate value over the medium to long term; various initiatives to achieve sustainability; strategic allocation of management resources; and responding to businesses with issues.

The Company seriously takes the full extent of the improper quality control practices identified to date and the findings and recommendations from the Investigative Committee and the Governance Review Committee and is taking measures to prevent any recurrence in its entire group so that a similar incident never occurs. In addition, the Company positions three key areas to restore trust (quality assurance, organizational culture, and governance) as top management priorities and, deepening and developing these priorities, is committed to reforming toward the creation of a new Mitsubishi Electric. The Audit Committee positions responses to the product quality issue of the Company and its associated companies as an agenda with a higher degree of importance and, including promotion of a number of recurrence prevention initiatives for work-related and information security issues as recently identified, will continue to closely monitor their progress.

#### E. Effectiveness evaluation of the Audit Committee

The Audit Committee conducts evaluation to improve performance every year. In the Audit Committee review in fiscal 2023, 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.

### (2) Status of Internal Audit

#### A. Organization, members, and procedures for internal audit

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

With approximately 60 members acting independently in Japan and overseas, the Company'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.

#### B. Relationship with the divisions in charge of internal control

In the Group, the corporate management divisions and corporate staff groups 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.

#### C. 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.

#### D. Activities to ensure the effectiveness of internal audits

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

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

[Executive Officers and Executive Officers' meeting (Fiscal 2023)]

- 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.
- In addition, the Executive Officers' meeting has been established as a voluntary body to deliberate and make decisions on important business matters from the perspective of pursuing synergy and multifaceted risk management, in addition to sharing information among Executive Officers.
- Effective April 1, 2022, based on the company-wide management policy, the Company has newly appointed Executive Officers (Associate) who will make decisions on overall management and execute business in relation to groups / business groups / corporate divisions within their purview.
- The members of each body are listed in “(2) Directors and Executive Officers”.

[Policy on Director Candidate Selection (Fiscal 2023)]

Please refer to “(4) Policies and Procedures for Nominating and Appointing the Directors and Executive Officers in [Principle 3.1. Full Disclosure]” under “[Disclosure Based on the Principles of the Corporate Governance Code] in the “II. Basic Views” of this report for basic views and “Other Matters Concerning Independent Directors” under “[Matters Concerning Independent Directors]” in the “II 1. Organizational Composition and Operation” of this report for appointing outside directors.

(1) Internal Directors

Candidates for Directors are nominated from among business executers or from those who have experience with such business executers at the Company or its subsidiaries. As Directors, they are also able to grasp the management situation in a timely and appropriate manner and fully exercise their management supervisory duties in cooperation with business executers.

- A. Candidates for the Chairperson of the Board of Directors are nominated from among those who are suitable to manage the meeting in a timely and appropriate manner and fully exercise the supervisory management functions.
- B. Candidates for Directors are nominated from Executive Officers responsible for duties closely related to the matters to be discussed by the President & CEO and the Board of Directors (corporate strategic planning, accounting and finance, and human resources and general affairs).
- C. Candidates for Directors are nominated from persons with prior experience as executive officers of the Company, presidents of affiliated companies, or equivalents, and who are qualified to serve as supervisors of company management.

(2) Outside Directors

Please refer to “Other Matters Concerning Independent Directors” of “Matters Concerning Independent Directors” under “III. Organizational Composition and Operation” of this report.

[Policies Regarding Decisions on Compensation]

For policies regarding decisions on compensation, please refer to “Disclosure of Policy for Determining Compensation Amounts and the Calculation Methods Thereof” of “Compensation for Directors and Executive Officers” under “III. Organizational Composition and Operation” of this report.

[Status of Accounting Audit]

The Company has appointed KPMG AZSA LLC as its accounting auditor.

The auditing firm has been engaged in an accounting audit of our consolidated financial statements under the Securities and Exchange Act (currently known as the Financial Instruments and Exchange Act) in fiscal 2005 and under the Companies Act and the Securities and Exchange Act (currently known as the Financial Instruments and Exchange Act) since fiscal 2006.

Following the issuance of U.S. dollar-denominated convertible bonds in the European market in March 1970, the Company has been preparing consolidated financial statements in English in accordance with U.S. GAAP since fiscal 1970 and IFRS since fiscal 2019. Since fiscal 1981, the Company has outsourced the auditing to the Japanese member firm (currently known as KPMG AZSA LLC) of Peat, Marwick, Mitchell & Co. (currently known as KPMG) to audit these English consolidated financial statements.

[Overview of the Liability Limitation Agreement]

- In accordance with Article 427, Paragraph 1 of the Companies Act, the Company and all non-executive Directors have entered into an agreement to limit their liability for damages under Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability under this agreement is 10 million yen or the minimum amount stipulated by laws and regulations, whichever is higher.

### 3. Reasons for Adoption of Current Corporate Governance System

[Reasons for Adopting the Structure of a Company with a Three-Committee System]

The Company has chosen to have a three-committee system in place. The Company segregates the supervisory and executive functions; the Board of Directors plays a supervisory decision-making role and Executive Officers handle the day-to-day running of the Company. This system maintains the flexibility of its operations and promotes management transparency, leading to swift and decisive management decision-making. Through this system, the Company aims to promote sustainable growth in corporate value.

[Roles and Functions of Outside Directors]

- Outside directors are expected to supervise management from a high-level perspective based on their abundant experience.
- Those who are comprehensively judged to possess the character, acumen, and business and professional experience suited to fulfill that role, and who satisfy the requirements of independent executives specified by the Tokyo Stock Exchange and the requirements specified in Mitsubishi Electric's Independency Guideline for Outside Directors (Refer to "Other Matters Concerning Independent Directors" of "Matters Concerning Independent Directors" under "III. Organizational Composition and Operation" in this report) 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.
- The Company's independent outside directors deliberate on the Group's management policy, the "key agenda items," and other matters and provide objective advice based on their respective professional perspectives. From July 2023 to June 2024, the key agenda items is medium- to long-term management strategy, sustainability management, human resources strategy, DX, three key reforms, etc.. In giving such advice, the independent outside directors recognize the importance of appropriately reflecting the intentions of all stakeholders, including society, customers, shareholders, and employees.

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



### III. Implementation of Measures for Shareholders and Other Stakeholders

#### 1. Measures to Vitalize the General Shareholder Meetings and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Posting of Notice of the General Shareholders Meeting	<ul style="list-style-type: none"> <li>The notice will be dispatched at least one week before the statutory due date.</li> </ul>
Electronic Exercise of Voting Rights	<ul style="list-style-type: none"> <li>Starting with the General Meeting of Shareholders held in June 2002, electronic voting has been implemented.</li> </ul>
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	<ul style="list-style-type: none"> <li>Starting with the General Meeting of Shareholders held in June 2006, the electronic voting platform for institutional investors has been available.</li> </ul>
Provision of Notice (or Summary of Notice) of the General Shareholders Meeting in English	<ul style="list-style-type: none"> <li>English translations of a set of attached documents, including the Notice of Convocation of the General Meeting of Shareholders and the Business Report, are prepared and submitted to the Tokyo Stock Exchange.</li> <li>English translations are available for shareholders to view on the websites of the Company and the Tokyo Stock Exchange, as well as on the electronic voting platform.</li> <li>The publication date of the English translation is the same as that of the Japanese translation.</li> </ul>
Other	<ul style="list-style-type: none"> <li>A set of attached documents, including the Notice of Convocation of the General Meeting of Shareholders and the Business Report, is posted on the website in advance.</li> <li>Visual presentations are provided at the General Meeting of Shareholders.</li> <li>The General Meeting of Shareholders has been live-streamed since 2020.</li> <li>Questions have been accepted in advance on the Company's website since 2021.</li> <li>Based on the recognition that the General Meeting of Shareholders is the highest decision-making body in the Company, the Company has been working to ensure that all shareholder rights are substantially secured and to proactively disclose information that enables them to exercise their voting rights and engage in dialogue.</li> </ul>

#### 2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	<p>The Company has developed its Insider Information Management Rules to ensure that all dialogues are carried out in compliance with the Fair Disclosure Rules and appropriate information management practices. Based on the Rules, the Company strives to promote dialogue through timely, appropriate, and proactive disclosure of corporate information that has a significant impact on the investment decisions of shareholders and investors.</p> <p>“Information Disclosure Policy”  <a href="https://www.mitsubishielectric.co.jp/ir/management/policy/">https://www.mitsubishielectric.co.jp/ir/management/policy/</a></p>	
Regular Investor Briefings held for Individual Investors	The Company has updated information about IR activities for individual investors.	Not Held
Regular Investor Briefings held for Analysts and Institutional Investors	The Company strives to enhance its means of dialogue through activities such as individual IR meetings held by the top management, mainly the CEO and CFO, for domestic and overseas shareholders and investors, IR Day by the	Held

	President & CEO and Business Area Owner, quarterly financial results briefings by the CFO.	
Regular Investor Briefings held for Overseas Investors	The President & CEO and CFO conduct individual IR meetings for major overseas institutional investors.	Held
Online Disclosure of IR Information	From the perspective of timely and appropriate information disclosure, corporate and business strategies, financial results information, initiatives related to sustainability, and other IR materials are posted on the Company's website. "Investors" <a href="https://www.mitsubishielectric.com/en/investors/">https://www.mitsubishielectric.com/en/investors/</a>	
Establishment of Department and/or Placement of a Manager in Charge of IR	The Company has designated the CSO as a Director/Executive Officer to oversee all dialogue with shareholders, with the CEO assuming overall responsibility. To handle all IR-related activities, the Company has established the Corporate IR and SR Div. The Corporate IR and SR Div. comprises employees who hold concurrent positions in related divisions, such as corporate strategic planning, sustainability promotion, administration, human resources, public relations, and advertising. The Corporate IR and SR Div. has implemented measures for positive cooperation, such as holding meetings as needed.	
Other	Market reactions and opinions, investor trends, and the results of individual interviews obtained during the dialogue are reported at the Board of Directors' and Executive Officers' meetings. After receiving such reports, sufficient discussions are held based on the opinions of the independent outside directors, and feedback is provided to related divisions. The Board of Directors will be informed of corrective actions taken in response to such opinions. In fiscal 2023, opportunities for direct dialogue with shareholders and investors in Japan and overseas gradually returned, with the resumption of face-to-face meetings, including the overseas roadshow where management meets with foreign investors. During the meetings, the dialogue focused on management strategy and management plan, ESG, and improper quality control and three key reforms which includes measures to prevent its recurrence. Key activities include: <ul style="list-style-type: none"> <li>• Online and face-to-face individual interviews in Japan and abroad (total of 661 person)</li> <li>• Holding financial results briefings (four times a year), IR Day (once a year) and other various briefings, as well as small meetings with management</li> <li>• Conducting overseas roadshows, participating in conferences for overseas investors</li> </ul>	

### 3. Status of Measures to Ensure Due Respect for Stakeholders

Supplementary Explanation	
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	The Company has formulated our "Purpose," "Our Values," and "Commitment" with regard to appropriate collaboration with stakeholders, respect for their interests, and sound business ethics. These have been formally adopted by the Board of Directors as our basic policies on management in order to ensure due respect for stakeholders.  "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: We develop relationships based on strong mutual trust with all stakeholders including society, customers, shareholders, suppliers, and employees working together.
- Quality: We ensure the satisfaction of society and customers by providing products and services of the best quality.
- Technology: We provide society with new value by enhancing technology and onsite capabilities.
- Ethics and Compliance: We act with high ethical standards and comply with laws and social norms.
- Humanity: We prioritize health and safety, promote diversity and respect personalities and human rights.
- Environment: We strive to protect and improve the global environment, doing so in harmony with nature.
- Society: We contribute to the development of a better society as a corporate citizen.

#### “Commitment”

##### Changes for the Better

“Changes for the Better” represents the Group’s attitude to “always strive to achieve something better,” as we continue to change and grow. Each one of us shares a strong will and passion to continuously aim for change, reinforcing our commitment to creating “an even better tomorrow.”

#### [Management Policy]

In addition to realizing well-balanced corporate management from the three perspectives of growth, profitability/efficiency, and soundness, the Company will return to its fundamental principle of addressing social challenges through our businesses and position the realization of sustainability as the cornerstone of our management. From this approach, the Company will pursue a sustained enhancement of our corporate value and fulfill our responsibility to society, to our customers, shareholders and employees, and to all other stakeholders.

Implementation of Environmental Preservation Activities and CSR Activities, etc.

#### (1) Sustainability initiatives

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

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

The Board of Directors regards the statuses of sustainability initiatives as one of the "key agenda items" for the Mitsubishi Electric Group, and it holds full

discussions from the perspective of risk management and profit-generating opportunities, receiving diverse opinions from independent outside directors, as well as supervising the status of initiatives by Executive Officers.

“Sustainability” <https://www.mitsubishielectric.com/en/sustainability/>  
“Integrated Report”

[https://www.mitsubishielectric.com/en/investors/library/integrated\\_report/](https://www.mitsubishielectric.com/en/investors/library/integrated_report/)  
“Sustainability Reports”

<https://www.mitsubishielectric.com/en/sustainability/reports/>

## (2) Human resources initiatives

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

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

With the understanding that there is no business development or social contribution without the growth of employees, the Company has invested about three to five billion yen annually in training and education every year, and our affiliates have also aggressively invested in education. The Company has also systematically invested required funds, such as in improving employee engagement and the workplace environment, as well as promoting diversity. Specific initiatives are disclosed through the Company’s website, the Integrated Report, the Sustainability Report, etc.

“Sustainability (Social)”

<https://www.mitsubishielectric.com/en/sustainability/social/>

## (3) Intellectual property initiatives

The proper protection and utilization of intellectual property (IP) rights promotes technological progress and sound competition, and also contributes to realizing affluent lifestyles and the development of society. The Group recognizes that IP rights represent a vital management resource essential to its future and must be protected.

From this perspective, the Group integrates business, R&D, and IP activities to proactively strengthen its global IP assets, which are closely linked to the Group’s business growth strategies and contribute to both business and society, while also working on protecting and utilizing IP rights. Specific initiatives for R&D and IP activities are available on the Company’s website, in the Integrated Report, the Sustainability Report, etc.

“Protection of Intellectual Property Rights”

<https://www.mitsubishielectric.com/en/about/rd/ip/rights/>

“Open Technology Bank” (In Japanese text)

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

	<p>(4) Disclosure Based on TCFD Recommendations</p> <p>The Mitsubishi Electric Group has expressed its support for the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures), and as such, the Group promotes efforts and discloses information in line with these recommendations.</p> <p>The Mitsubishi Electric Group is working to achieve carbon neutrality from the aspects of responsibility and contribution. While continuing and growing our business, we aim to achieve net zero greenhouse gas emissions from our own operations and to achieve carbon neutrality throughout our value chain by 2050. The interim target is “aiming for net zero greenhouse gas emissions from factories and offices by fiscal 2031.”</p> <p>These specific measures are disclosed on the Company’s website, in the Integrated Report, the Sustainability Report, etc.</p> <p>Financial information based on recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)</p> <p><a href="https://www.mitsubishielectric.com/en/sustainability/environment/">https://www.mitsubishielectric.com/en/sustainability/environment/</a></p>
<p>Formulation of Policies, etc. on Provision of Information to Stakeholders</p>	<p>The Company discloses legally required Business Reports and Annual Securities Reports in a lawful and appropriate manner. The corporate strategy, management issues, and sustainability initiatives, as well as other information that is highly useful to shareholders and investors and contributes to dialogue, will also be provided through disclosure media such as the Company’s website, the Integrated Report, and the Sustainability Report, with the aim of enriching and visualizing the information provided.</p> <p>The Board of Directors is actively involved in ensuring appropriate information disclosure, such as by discussing how to make the information disclosed as informative as possible for users, including non-financial information such as sustainability.</p> <p>The Company’s basic stance and internal system on information disclosure are set forth in the Information Disclosure Policy, which is disclosed on the Company’s website.</p> <p>“Information Disclosure Policy” (In Japanese text)</p> <p><a href="https://www.mitsubishielectric.co.jp/ir/management/policy/">https://www.mitsubishielectric.co.jp/ir/management/policy/</a></p>
<p>Other</p>	<p>(1) Ensuring diversity</p> <p>In the Medium-term Management Plan towards fiscal 2026 (year ending March 31, 2026), the Company states that it will contribute to realizing a vibrant and sustainable society, including response to decarbonization, by increasing the provision of integrated solutions through the strengthening of the business management foundation, promoting digital transformation, and other activities. To achieve this, the Company recognizes that it is extremely important for employees with diverse values and abilities, regardless of gender, age, nationality, or disability, and other factors, to display their full potential and play an active role, and the Company is promoting various initiatives to ensure diversity.</p> <p>The Board of Directors, a majority of whose members are independent outside directors, receives reports from the Executive Officers as appropriate and actively discusses initiatives for the women’s participation and the development of human resources, as well as responses to labor issues.</p> <p>(a) Female employees</p> <p>The Company has set a numerical target of “achieving a ratio of women in management positions of approximately 12% by the end of fiscal 2031 (reference: approximately 2.6% by the end of fiscal 2023).” To achieve this target as quickly as possible, the Company has promoted various initiatives, such as launching a “Woman in Managerial Position Program.” in fiscal 2022. The Company has also actively recruited new employees, offered career forums for young female employees to help them achieve even higher goals, established a daycare center, and enhanced childcare support</p>

systems to ensure that our employees can continue to work for a long time. In addition, the Company has published numerical targets for female managers, both internally and externally. Through the “Women in Managerial Position Program,” the Company has been working to select human resource candidates, raise their awareness, and systematically assign and train them. The Mitsubishi Electric Group will continue to actively promote the active participation of women in society.

(b) Non-Japanese employees

Since the introduction of the October entry system in fiscal 2012, the Company has continuously worked to hire non-Japanese employees. There are currently around 230 non-Japanese employees working in Japan, and seven of them have active managerial positions. Today, local staff members account for more than 40% of all top management at overseas work sites. The Company will continue its efforts to assign excellent human resources to managerial positions in Japan and local employees to executive positions at our overseas sites.

(c) Mid-careers

The Company has continued to actively recruit mid-career hires and currently has about 7,800 of them, of which about 400 have active managerial positions. Employees are assigned to management positions based on their abilities and skills, regardless of their hiring categories. In the future, more specialized technical and business areas will require human resources with diverse cultural backgrounds and abilities. Regardless of gender or nationality, the Company will hire such human resources and actively promote recruitment activities from management to staff.

(2) Human Resources Development and Internal Environment Development  
Toward Ensuring Diversity

As the business environment around the Group is rapidly changing, the Group recognizes that providing a workplace where employees can work to their full potential regardless of gender or age is essential to business development. Based on this recognition, the Group has been committed to promoting initiatives to ensure diversity among employees, regardless of gender, nationality, age, disability, or other factors.

Regarding matters such as initiatives for the active participation of women, the development of human resources, and the addressing of work-related issues, the Board of Directors, the majority of whom are independent outside directors, will receive relevant reports from the executive functions and actively hold discussions as needed.

Specific measures include the establishment of a daycare center and enhancement of the childcare support system; the introduction of a rehiring system for employees who left the Company for childcare reasons; and the introduction of a system that exempts employees who have difficulty relocating for childcare from transfers requiring a relocation for up to three years. Furthermore, the Company introduced a rehiring system that allows for extended employment up to age 70, while actively hiring local staff at overseas bases and promoting non-Japanese employees to managerial positions in Japan. As for LGBTQ issues, the Company has established an internal consultation service and provides employee education to improve the workplace environment and promote a better understanding of them.

Information on human resources development and internal environment development and their progress are also available on the Company’s website, in the Integrated Report, the Sustainability Report, etc.

“Sustainability (Social)”

<https://www.mitsubishielectric.com/en/sustainability/social/>

## IV. Matters Concerning the Internal Control System

### 1. Basic Views on Internal Control System and Status of Development

[Basic Views on Internal Control Systems and the Status of Development]

The following matters are resolved as basic policies regarding the internal control system.

#### (1) Necessary matters for the execution of the duties of the Audit Committee

The following have been established with regard to necessary matters for the execution of the duties of the Audit Committee.

- (a) Assign employees whose job is exclusively to assist the Audit Committee members.
- (b) The General Manager of the Corporate Human Resources Division shall consult with the Audit Committee members in the performance evaluation and transfer of employees dedicated to assisting the Audit Committee in its duties.
- (c) Establish a system to report information on the Company and its subsidiaries to the Audit Committee via the Company's divisions in charge of internal control.
- (d) Provide opportunities for Full-time Audit Committee members to attend important meetings, such as Executive Committee meetings.
- (e) Establish internal rules and systems to protect persons who report information concerning the Company and its subsidiaries to the Audit Committee.
- (f) Establish internal regulations regarding the processing of expenses and debts incurred in the execution of the duties of the Audit Committee members.
- (g) The following other systems related to the Audit Committee's audits shall be established.
  - Conducting surveys of the Company and its subsidiaries.
  - Discussion of audit policies and methods, status of implementation, results, etc., through regular briefings with the accounting auditor and the Executive Officer in charge of auditing.
  - Dialogue between Audit Committee members and Executive Officers and others (executive departments) to ensure the effectiveness of the Audit Committee's audits.

#### (2) Systems necessary to ensure the properness of operations of the Company and the Mitsubishi Electric Group

The following have been established with regard to systems necessary to ensure the properness of operations of the Company and the Mitsubishi Electric Group.

- (a) Internal rules shall be established to ensure that the execution of duties by Executive Officers comply with laws and regulations and the Articles of Incorporation. The status of its operation shall be audited by internal auditors.
- (b) Establish internal rules for compliance and develop a system necessary for compliance.
- (c) The following systems shall be established to ensure the properness of operations of the Company.
  - Internal rules shall be established for the storage and management of information related to the execution of duties by Executive Officers. The status of their operation shall be audited by internal auditors.
  - Each Executive Officer shall be responsible for establishing a system for managing the risk of loss within the scope of their responsibilities. Important matters shall be deliberated at the Executive Officers' meeting. The status of its operation shall be audited by internal auditors. In addition, the Company shall establish internal regulations concerning the company-wide Emergency Response Division and other functions in preparation for emergency situations that are expected to have a significant impact on the company-wide management.
  - Each Executive Officer shall be responsible for ensuring management efficiency within the scope of their responsibilities. Important matters shall be deliberated at the Executive Officers' meeting. The status of its operation shall be audited by internal auditors. In addition, an environment shall be created in which company-wide issues can be shared and discussed by each Executive Officer.
  - The following systems shall be established to ensure that the execution of duties by employees complies with laws and regulations and the Articles of Incorporation. The status of its operation shall be audited by internal auditors.
    - Establish internal rules and code of conduct regarding ethics and compliance.
    - Implement an internal whistle-blowing system.
- (d) The following system shall be established to ensure the properness of operations of the Mitsubishi Electric Group.
  - Each Executive Officer of the Company shall manage subsidiaries within the scope of their responsibilities.
  - Establish a code of conduct regarding ethics and compliance throughout the Mitsubishi Electric Group.
  - Establish a dedicated organization to manage Mitsubishi Electric Group companies across the board.
  - Establish a system for reporting matters related to the execution of duties by Mitsubishi Electric Group companies, managing the risk of loss, and ensuring the efficiency of the execution of duties, as well as management standards. Important matters shall be deliberated and reported at the Company's Executive Officers' meeting.
  - Regular audits of subsidiaries by internal auditors.

[Overview of Internal Control over Financial Reporting]

To ensure the reliability of financial reporting, each of the Group's sites maintains and refines internal control over financial reporting under the direction of the Corporate Accounting Div. The status of refining and operating these controls is assessed

independently at each site and by the Corporate Auditing Div. in an effort to maintain and improve them. Top management receives reports on these activities and evaluation results and confirms the effectiveness of internal control over financial reporting.

[Group's Risk Management Framework]

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

Risk management (risks and opportunities) will be implemented independently by each division and by associated companies in the Group. Furthermore, the Group has built a framework to enable appropriate and quick decision making where Mitsubishi Electric's each corporate division (division in charge of risk management) supervises and assesses each division and domestic and overseas associated companies in their respective specialized areas, and a CRO (Chief Risk Management Officer) and a Corporate Risk Management Division supervise the entire Group. We will focus on a wide variety of risks according to their degree of impact on the management of the entire Group, and will not only respond to conventional risks such as large-scale disasters and social risks, but also flexibly and strategically investigate and prepare for new risks in areas such as economic security, human rights, and the global environment.

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

## 2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

[Basic Views on Measures for Eliminating Anti-social Forces]

The Group's basic policy against anti-social forces is to have no relationship with such forces that threaten the order and safety of civil society, assuming a firm attitude toward such forces.

[Status of Developing the System to Eliminate Anti-social Forces]

The Company established departments responsible for overseeing measures against anti-social forces and assigned officer for preventing unreasonable demands. Through this system, the Company has collected and managed information on anti-social forces in collaboration with the police, lawyers, and other outside professional organizations. The Company has also prepared a manual for dealing with anti-social forces and conducted internal training.

The Group will continue to strengthen its systems for eliminating anti-social forces.



## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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#### Supplementary Explanation for Applicable Items

At present, the Company has not specifically established its Basic Policy or Anti-Takeover Measures.

The Company will aim to further enhance corporate value by improving business performance. In addition, the Company will strive to communicate our management policy, strategy, financial results, and other pertinent information to the market in a timely manner by actively promoting IR activities.

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

### 2. Other Matters Concerning the Corporate Governance System

[Governance Reform]

With regard to the improper quality control practices that were brought to light, the Company has taken the findings and recommendations from both the Investigative Committee and the Governance Review Committee very seriously, and the entire Group has been fully committed to preventing any recurrence in the future. In October 2021, the Company developed Three Key Reforms (Quality assurance, Organization culture, and Governance), in addition to measures to prevent the recurrence. In an effort to regain trust, the Company has since continued to make company-wide, all-out efforts to implement fundamental reforms by enhancing and developing the Three Key Reforms. The “Three Key Reforms Monitoring Committee” established under the Board of Directors is supervising the status of these reforms, including their progress and other relevant information, with the participation of outside experts. Regular updates will be provided to both internal and external stakeholders via the Company’s website. An overview of the Three Key Reforms is also provided in the attachment.

“Restoring trust: Our roadmap for reform” <https://reform.mitsubishielectric.com/>

In terms of Governance Reform, the entire company is working to build a “governance and internal control system to detect predictive indicators and prevent improper behavior while incorporating external perspectives,” through (1) - (3) below.

- (1) Based on a review of the Board of Directors’ composition that was conducted over the past year, mechanisms will be instituted to share important information fully, especially with outside directors, and further strengthen the Board of Directors’ monitoring functions.
- (2) Strengthen cross-organizational functions company-wide and build an internal control system that emphasizes predictive indicators and prevention, as well as strengthening company-wide risk-control functions.
- (3) Consistently accelerate and enhance the Three Key Reforms through monitoring by the Board of Directors with a majority of outside directors, with an emphasis on stakeholder perspectives.

The progress of Governance Reform and future initiatives are described below. Regarding the monitoring of Board reforms and company-wide reforms, the framework has been finalized, and the implementation phase is scheduled to commence in the fiscal year 2024. To improve the internal control system, the Company has already undertaken several studies and, in fiscal year 2024, will proceed with the concrete implementation of the compliance strategy.

- (1) Strengthen management supervisory functions - Board of Directors Reform -

- (a) Details of Initiatives

- A. Set a priority agenda for the Board of Directors
- B. Set priority key themes for the three statutory committees
- C. Strengthen functions of the Board of Directors Secretariat
- D. Continue third-party evaluations of the Board’s effectiveness

- (b) Results as of the end of fiscal year 2023

- A. Completed setting a priority agenda
- B. Completed setting priority key themes
- C. Strengthened the secretariat function and reviewed the operation of information provision to outside directors
- D. Examined the reflection of the results of the fiscal year 2023 evaluation in the operation of the Board of Directors.

- (c) Review of the fiscal year 2023 and key activities for the fiscal year 2024

Activities for the fiscal year 2023 were completed as planned.

In fiscal year 2024, items A to C in (b) will be carried out continuously, and D will be reflected in improving the Board of Directors’ operations.

- (2) Strengthen the cross-organizational functions of the Corporate Management Divisions and improve the internal control system
- (a) Details of Initiatives
- A. Strengthen the cross-organizational functions of the Corporate Management Divisions
  - B. Build an internal control system that emphasizes predictive indicators and prevention
  - C. Formulate and operate a compliance program
- (b) Results as of the end of fiscal year 2023
- A. Established the CRO and the Corporate Risk Management Div. Formulated and implemented a compliance strategy with the Corporate Legal & Compliance Div. and other related divisions.
  - B. Formulated a compliance strategy and organized a list of risks
  - C. Formulated the Compliance Program
- (c) Review of the fiscal year 2023 and key activities for the fiscal year 2024
- Activities for the fiscal year 2023 were completed as planned.
- In fiscal year 2024,
- A. Implement the compliance strategy
  - B. Continue to improve the effectiveness of inspection activities and delve deeper to identify predictive indicators (visualize them and speak them out)
  - C. Formulate and implement activity plans in each department and formulate compliance programs for specific risks based on the Compliance Program
- (3) Monitoring of company-wide reforms by the Board of Directors with an emphasis on stakeholder perspectives
- (a) Details of Initiatives
- A. Establish the “Three Key Reforms Div.” under the direct control of the President & CEO. The Board monitors and supervises the progress
  - B. Properly disclose information on the progress of the Three Key Reforms to stakeholders
  - C. Continuously accelerate and improve the three company-wide reforms
- (b) Results as of the end of fiscal year 2023
- A. Established the Three Key Reforms Div. Established the “Three Key Reforms Monitoring Committee” under the Board of Directors.
  - B. Disclosed the progress of Three Key Reforms on the Company’s website (April 2023)
- (c) Review of the fiscal year 2023 and key activities for the fiscal year 2024
- Activities for the fiscal year 2023 were completed as planned.
- In fiscal year 2024,
- A. Continue working group activities for each of the Three Key Reforms and start actual operations
  - B. Continue to update information on the Company’s website

[Company’s Basic Stance on Timely Disclosure]

- The Company’s basic stance is to disclose corporate information in a timely and appropriate manner, which may have a significant impact on the decisions of our investors, and the Company has always strived to do so.
- The Company has established “Insider Information Management Rules,” which are company rules for the purpose of preventing insider trading by officers and employees and ensuring thorough information management and timely and appropriate disclosure. The Company has been making efforts to comply with the Financial Instruments and Exchange Act and other related laws and regulations.

[Internal system for timely disclosure of corporate information]

The Company has designated the Public Relations Div. as the division in charge of managing information (Person in charge of managing information: the Senior General Manager of the Public Relations Div.). In accordance with the above-mentioned Insider Information Management Rules and the Publicity Handling Rules, the Company will disclose corporate information in a timely and appropriate manner under the following system:

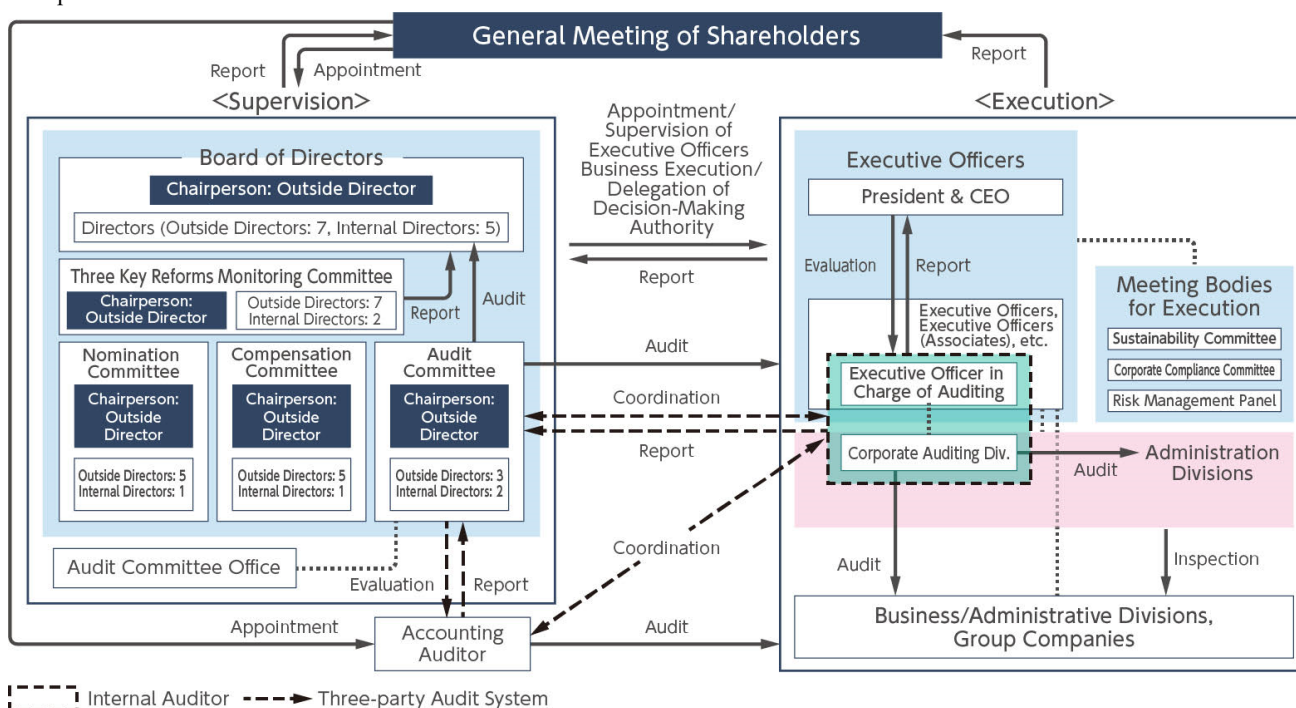
- (1) Aggregation of corporate information and determination of timing of disclosure
  - Important corporate information about the Company’s Business Groups, Administration Divisions, and major subsidiaries will be immediately reported to the Public Relations Div.
  - The Public Relations Div. will determine the necessity of timely disclosure of information in accordance with the Timely Disclosure Rules of the Tokyo Stock Exchange and other relevant rules.
- (2) Timely disclosure of corporate information
  - If timely disclosure is determined to be necessary, the Public Relations Div. will disclose corporate information in a timely manner upon request of the Executive Officer in charge of such disclosure.
  - With respect to timely information disclosure, the Company will comply with the Financial Instruments and Exchange Act

and other related laws and regulations, as well as the Insider Information Management Rules, to strictly manage internal information. Disclosure requiring review from a company-wide perspective will be examined by the Information Disclosure Committee, which is chaired by the Executive Officer in charge of public relations and comprised of the heads and other individuals of Corporate Management Divisions.

- Matters requiring a resolution at the Executive Officers' meeting or the Board of Directors' meeting will be timely disclosed after discussion and approval.

## Attachment

### <Corporate Governance Framework>



### <Independency Guideline for Outside Directors>

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

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

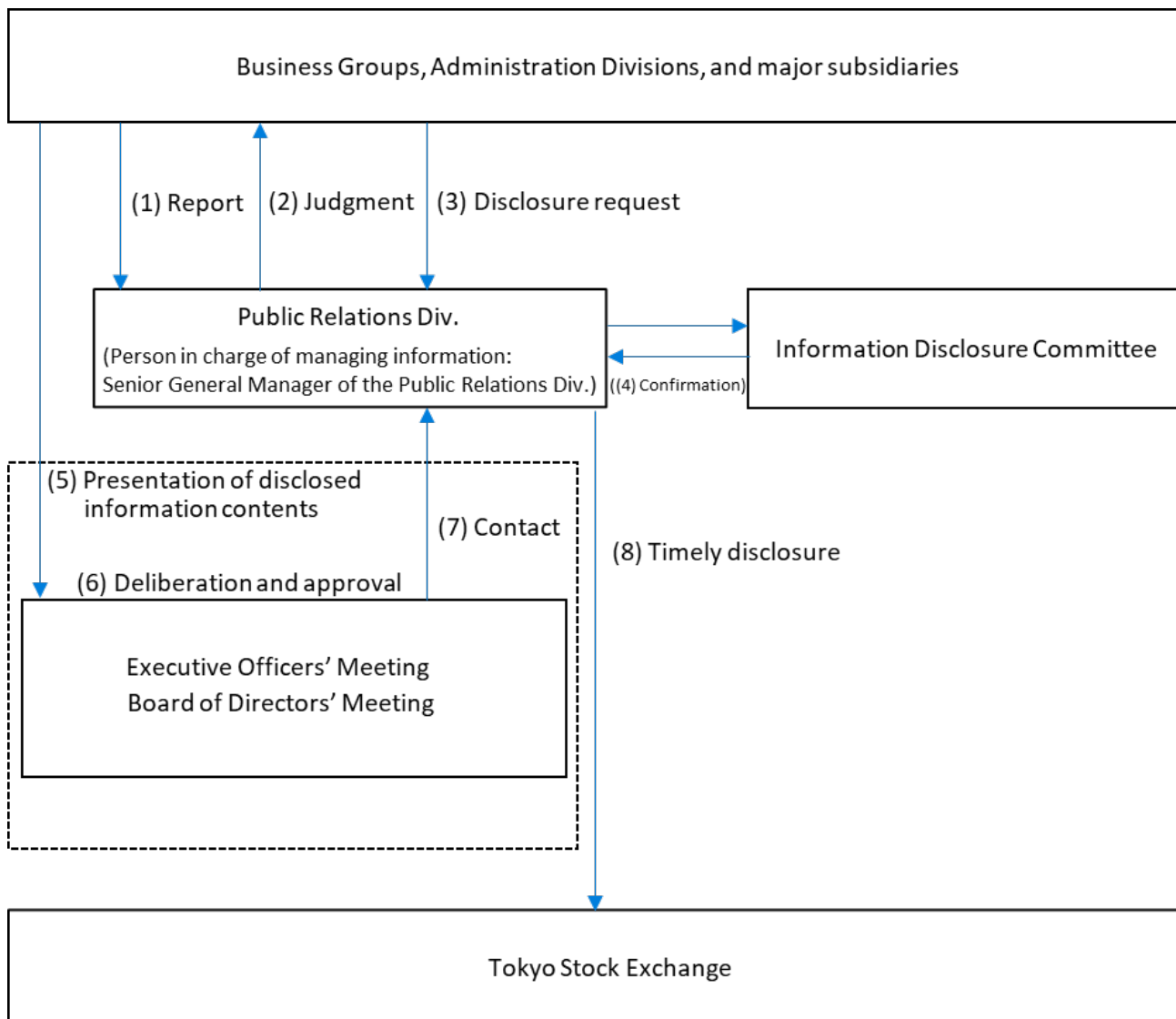
<Skill Matrix of Directors>

For the purpose of continuously improving the supervisory function to be performed by the the Company’s Board of Directors, the skills held by each Director are matrixed and disclosed as below. (The data in the table below is as of the end of June 2023.)

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

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

<Internal Timely Disclosure System Overview>



<Three Key Reforms, Including Measures to Prevent the Recurrence of Improper Quality Control Practices>

Since it was discovered in June 2021 that air conditioning systems and other equipment for railway vehicles were not properly inspected, the Group has worked with an external investigative committee to determine the facts and root causes of the improper quality control practices and developed the Three Key Reforms, including measures to prevent recurrence.

As a top management priority, the Group will continue to promote the Three Key Reforms, and the latest updates on their progress will be disclosed on our website. While responding to customers and people in society with the utmost sincerity, the Group will endeavor to restore public trust by implementing fundamental reforms and promoting measures to prevent a recurrence.

■ Three Key Reforms

In collaboration with the company-wide transformation project, the Company will make every effort to transform itself towards creating a new Mitsubishi Electric by enhancing and developing the Three Key Reforms of quality assurance, organizational culture, and governance.



Overview of the Three Key Reforms

■ Progress and Related Information on Three Key Reforms

In April 2023, the Company will implement an organizational restructuring, including reform of the Business Area (BA) management system, to promote dynamic collaboration among people and technologies across BAs and the provision of solution businesses in order to solve social issues through the realization of synergies beyond the boundaries of business divisions. The Company will continue to make company-wide, all-out efforts to implement reforms, led by the CSO, CRO, CHRO, and the Three key Reforms Div.

The progress of measures to prevent recurrence as of the end of fiscal 2023 has been announced on the Company’s website. The Company will continue to announce the progress of the measures on the website.

“Restoring trust: Our roadmap for reform” <https://reform.mitsubishielectric.com/>