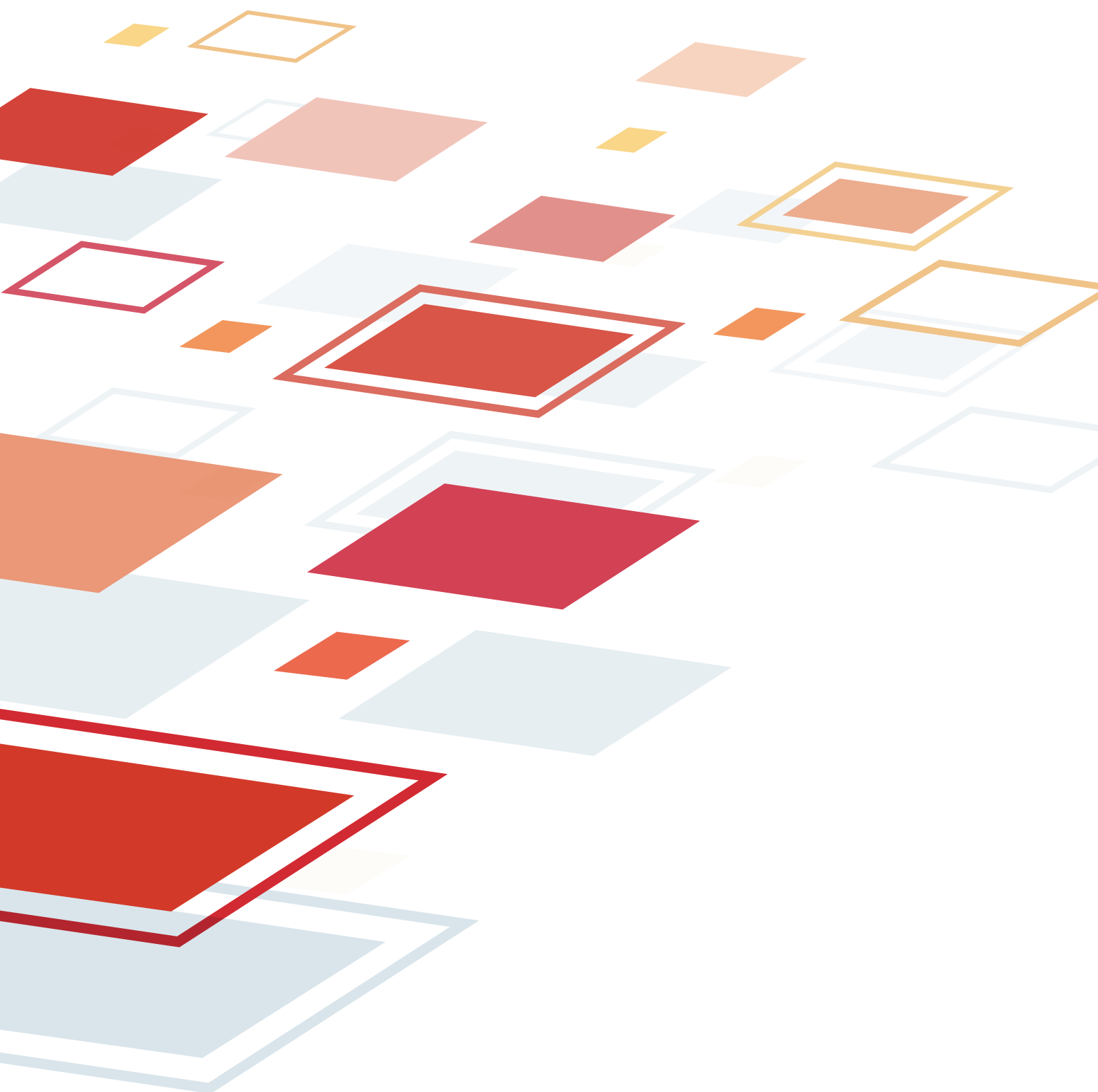


# 2020 ANNUAL REPORT

For the year ended March 31, 2020





# Our Entire Group Pursues Sustainable Growth through Value Creation to Resolve Social Issues

As the Mitsubishi Electric Group comes closer to celebrating in fiscal 2021 the 100th anniversary of our founding, we are committed to providing solutions that combine products, systems, and services to address diversifying social issues. In this way, we will further promote initiatives to create value, such as simultaneous achievement of “sustainability,” and “safety, security, and comfort” in the four fields of Life, Industry, Infrastructure, and Mobility.

Uniting all the capabilities inside and outside of the Mitsubishi Electric Group, we will continue to deliver new value as we strive for continuous innovation.

***Changes for the Better***



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### Corporate Mission

The Mitsubishi Electric Group will continually improve its technologies and services by applying creativity to all aspects of its business. By doing so, we enhance the quality of life in our society. To this end, all members of the Group will pursue the following Seven Guiding Principles.

### Seven Guiding Principles

Trust, Quality, Technology,  
Citizenship,  
Ethics and Compliance,  
Environment, Growth

I would like to express my deepest sympathy and condolences for all the people who have lost their lives to COVID-19, as well as for everyone who has suffered through the pandemic and their families and acquaintances. In addition, I would like to express my sincere gratitude and respect to everyone working on the front lines of the medical field and other fields to prevent the spread of disease and treat patients.

Mitsubishi Electric Group gives the highest priority to the safety and health of customers, business partners, and other related parties, as well as employees and their families. Having taken adequate measures to prevent the spread of the infection, such as thorough application of remote work, and securing social distance in production, construction and service related departments, we are continuing business that are necessary for fulfilling our responsibilities to society as a corporation in order to maintain people's lives, providing a stable supply of products, providing services, and supporting our customers.

The world economy is expected to suffer a significantly adverse impact from the pandemic. The economic growth rate is expected to slow significantly compared to the previous fiscal year, and we expect that this will have a significant impact on our business performance. While ensuring that employment is maintained, we will work to minimize the impact on business results even if it takes a long time for the pandemic to end.

Nonetheless, we expect that measures to prevent the spread of the disease will bring dramatic changes to the values of humanity, including lifestyles, work styles, business styles, and communication methods. The fiscal year ending March 31, 2021 (hereinafter fiscal 2021) is a milestone year, as it marks the 100th anniversary of our founding. We will incorporate new values into our own working styles, while uniting all the capabilities inside and outside of the Group, in order to respond to changing demand and to address social challenges.

July 2020

*T. Sugiyama*

President & CEO Takeshi Sugiyama

# Financial Highlights

## Performance for the Year Ended March 31, 2020

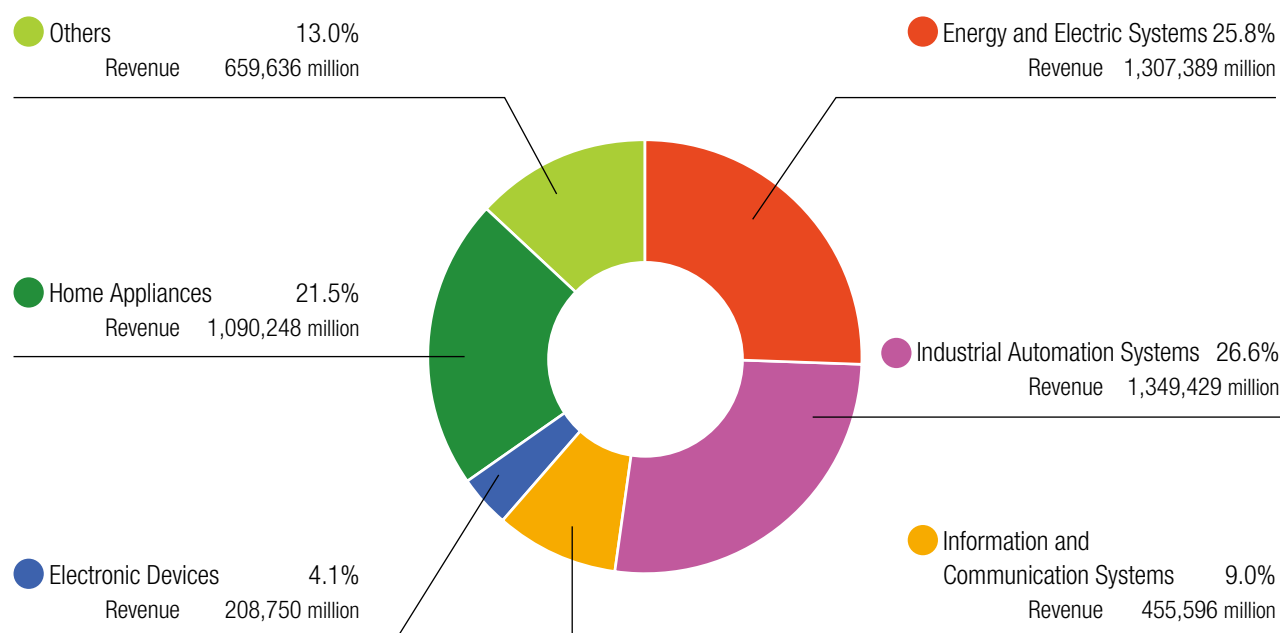
	Years ended March 31	2019	2020
Revenue		¥4,519,921	¥4,462,509
Operating profit		290,477	259,661
Net profit attributable to Mitsubishi Electric Corp. stockholders		226,648	221,834
Total assets		4,356,211	4,409,771
Bonds and borrowings		298,438	267,008
Mitsubishi Electric Corp. stockholders' equity		2,399,946	2,429,743
Capital expenditure (Based on the recognized value of property, plant and equipment)		198,442	227,450
R&D expenditures		212,794	206,846

Per share Amounts:		
Earnings per share attributable to Mitsubishi Electric Corp. stockholders		
Basic	¥105.65	¥103.41
Diluted	105.65	103.41
Cash dividends declared	40	40

Statistical Information		
Operating profit ratio	6.4%	5.8%
Return on equity (ROE)	9.7	9.2
Bonds and borrowings to total assets	6.9	6.1

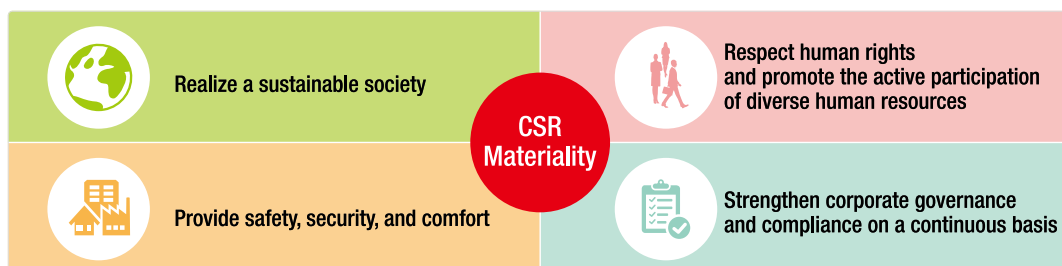
1. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards.
2. The balance of bonds and borrowings and the ratio of bonds and borrowings to total assets include lease liabilities for the fiscal year ended March 31, 2019.
3. R&D expenditures include elements spent on quality improvements which constitute manufacturing costs.
4. Diluted earnings per share attributable to Mitsubishi Electric Corp. stockholders is equal to Basic earnings per share attributable to Mitsubishi Electric Corp. stockholders, as no dilutive securities existed.

## Revenue Breakdown by Business Segment



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

## Non-financial Highlights



### Main target initiatives in fiscal 2021



#### Realize a sustainable society

Provide products and services that contribute to Goal 7, "Affordable and clean energy," and Goal 13, "Climate action," of the SDGs



Reduce CO<sub>2</sub> emissions from product usage

**35% reduction**  
compared to FY2001 by FY2021

Reduce CO<sub>2</sub> emissions from production

**Less than 1.47 million tons**  
by FY2021



#### Provide safety, security, and comfort

Provide products and services that contribute to Goal 11, "Sustainable cities and communities," of the SDGs



Make Group-wide efforts to investigate the cause of serious malfunctions that have occurred in the past, and implement countermeasures

Ensure safety through risk assessment

**Maintain 100%**  
implementation of risk assessments of target home electronic products



#### Respect human rights and promote the active participation of diverse human resources

Provide anti-harassment education for all employees

**Attendance rate of 100%**

Enhancement of a reporting system with respect to human rights violations

Increase the ratio of women among new recruits in technical positions

**Future target of 20%**



#### Strengthen corporate governance and compliance on a continuous basis

Maintain a 100% attendance in e-learning programs on compliance

**Maintain rate of 100%**

Provide proper information to directors at the proper time, conduct a review of the board of directors, and analyze and evaluate the review

Enhancement comprehensive cybersecurity countermeasures

**1. Technical measures,  
2. Thorough document management,  
3. Framework upgrading**

For results of fiscal 2020, please refer to the following:



Management of CSR Materiality

[https://www.MitsubishiElectric.com/en/sustainability/csr/management/management/materiality\\_progress/](https://www.MitsubishiElectric.com/en/sustainability/csr/management/management/materiality_progress/)

## Initiatives / External Evaluation

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

### Initiatives

#### Participation in the UN Global Compact

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



#### Expression of approval of the TCFD recommendations

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



### External Evaluation

#### CDP

Mitsubishi Electric has received the highest rating from CDP. "A List" company for "Water Security" for four consecutive years.



#### SBT

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



#### EcoVadis

Mitsubishi Electric has awarded the top-rank Gold Rating in corporate social responsibility (CSR) by EcoVadis, the global CSR assessment agency. Mitsubishi Electric scored especially highly in the categories of the environment and sustainable procurement. The Gold Rating places Mitsubishi Electric among the top 5 percent of all companies assessed by EcoVadis.



#### FTSE Index Series

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



#### MSCI Indexes

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

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



#### S&P/JPX Carbon Efficient Index

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



S&P/JPX Carbon Efficient Index

### Other External Evaluations

ERUBOSHI



White 500



## Initiatives to Create Value

The Mitsubishi Electric Group has taken on the challenge of resolving diversifying social challenges including environmental issues and resource and energy issues through its products, systems and services. In doing so, it promotes initiatives to create value, such as simultaneously achieving a "sustainable society," and "safety, security, and comfort." In these ways, the Mitsubishi Electric Group pursues the sustainable growth of the entire Group.

### Mission

#### Corporate Mission

The Mitsubishi Electric Group will continually improve its technologies and services by applying creativity to all aspects of its business. By doing so, enhance the quality of life in our society.

#### Seven Guiding Principles

Trust	Establish relationships with society, customers, shareholders, employees, and business partners based on strong mutual trust and respect.
Quality	Provide the best products and services with unsurpassed quality
Technology	Pioneer new markets by promoting research and development, and fostering technological innovation.
Citizenship	As a global player, contribute to the development of communities and society as a whole.
Ethics and Compliance	In all endeavors, conduct ourselves in compliance with applicable laws and high ethical standards.
Environment	Respect nature, and strive to protect and improve the global environment.
Growth	Assure fair earnings to build a foundation for future growth.

### Management Policy

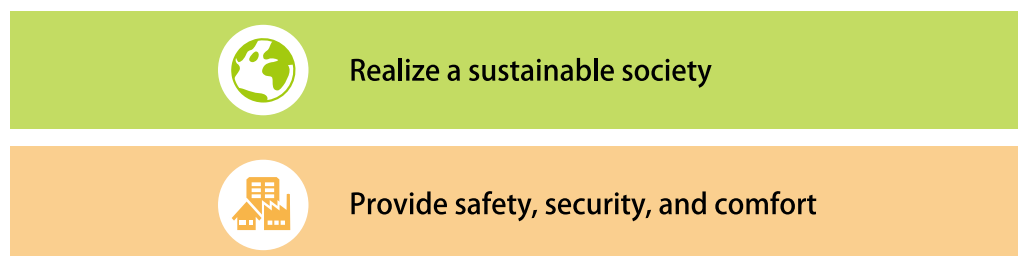
#### Balanced Corporate Management



#### Pursue the Satisfaction of the Four Stakeholder Categories

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

### CSR Materiality



Meanwhile, by pursuing sustainable growth of the Group through all its corporate activities including initiatives to create value, the Group will also contribute to achieving the SDGs, common global goals.

## Contribute through all corporate activities

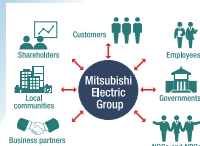
### SUSTAINABLE DEVELOPMENT GOALS



### Initiatives That Support Business



Environment  
Social Governance

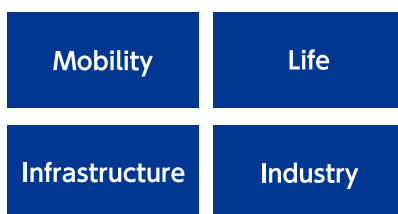


## Contribute through value creation

### Focusing on the SDGs



### The four fields



### Initiatives to Create Value

Provide integrated solutions uniting all the capabilities inside and outside of the Group

Transforming business models

Enhance the 100-year business foundation × Strengthen all forms of collaboration = Evolution of Technology Synergies and Business Synergies

SOCIETY 5.0  
COOPERATION FOR THE FUTURE

SUSTAINABLE DEVELOPMENT GOALS

Sustainable Growth

Diversifying social challenges



Respect human rights and promote the active participation of diverse human resources



Strengthen corporate governance and compliance on a continuous basis

# Corporate Strategy

## Corporate Principle

The Mitsubishi Electric Group has positioned corporate social responsibility (CSR) as a pillar of its corporate management, based on its Corporate Mission and Seven Guiding Principles. Accordingly, the Group has made committed efforts to become a corporation whose actions are rated highly through its initiatives toward solving social challenges. In other words, we aim to become a corporation that is trusted by its stakeholders, including society, customers, shareholders, and employees, and that earns their satisfaction through its business practices.

The Group has taken on the challenge of resolving diversifying social challenges including environmental issues and resource and energy issues through its products, systems and services. In doing so, it promotes initiatives to create values, such as simultaneous achievement of a “sustainable society,” and “safety, security, and comfort.” In these ways, the Mitsubishi Electric Group pursues the sustainable growth of the entire Group.

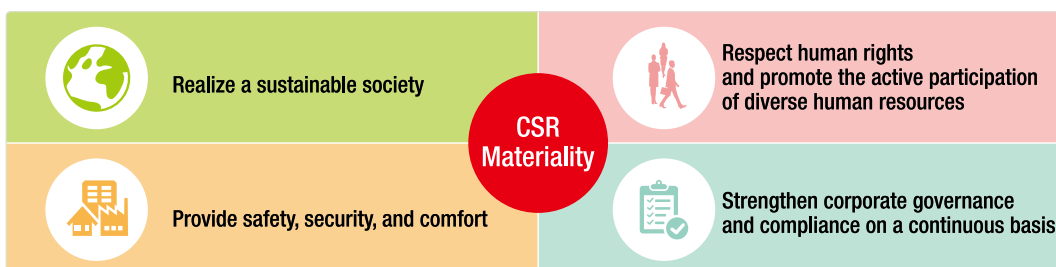
### Corporate Mission

The Mitsubishi Electric Group will continually improve its technologies and services by applying creativity to all aspects of its business. By doing so, we enhance the quality of life in our society.

### Seven Guiding Principles

- |                |   |                           |  |
|----------------|---|---------------------------|--|
| 1. Trust:      | Establish relationships with society, customers, shareholders, employees, and business partners based on strong mutual trust and respect. | 4. Citizenship:           | As a global player, contribute to the development of communities and society as a whole.           |
| 2. Quality:    | Provide the best products and services with unsurpassed quality.  | 5. Ethics and Compliance: | In all endeavors, conduct ourselves in compliance with applicable laws and high ethical standards. |
| 3. Technology: | Pioneer new markets by promoting research and development, and fostering technological innovation.  | 6. Environment:           | Respect nature, and strive to protect and improve the global environment.                          |
|                |   | 7. Growth:                | Assure fair earnings to build a foundation for future growth.                                      |

### CSR materiality



## Management Policy

Since fiscal 2002 the Group has adhered to the management policy of maintaining Balanced Corporate Management based on three perspectives: growth, profitability and efficiency, and soundness. Through these perspectives it has striven to secure greater corporate value.

The Group is also committed to continuously enhancing its corporate governance and compliance systems.

### Maintain and evolve Balanced Corporate Management



### Pursue the Satisfaction of the Four Stakeholder Categories

Social Contributions

**Society**

Increase Corporate Value

**Shareholders**

Excellent Products and Services

**Customers**

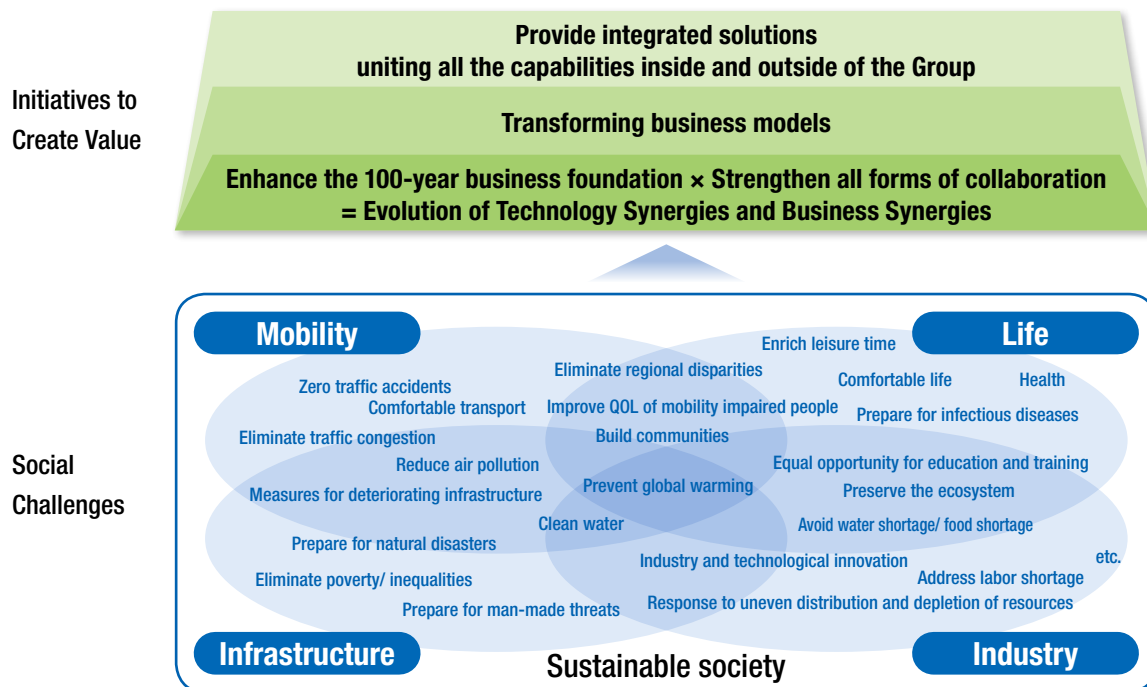
Rewarding Workplace

**Employees**

## Strategy

The Mitsubishi Electric Group will provide integrated solutions to address diversifying social challenges, in the four fields of Life, Industry, Infrastructure and Mobility, uniting all the capabilities inside and outside of the Group. For this purpose, we will enhance our business foundation fostered over the past 100 years\* and further transform business models.

\*Business foundation fostered over the past 100 years: connection with customers, technologies, personnel, products, corporate culture, etc.



Based on its strategy, Mitsubishi Electric Group will pursue value creation for addressing social challenges, and contribute to achieving the 17 goals of the SDGs\*, through all corporate activities.

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



### Enhancing Our Business Foundation

The Mitsubishi Electric Group will aim to increase profitability in the main eight businesses: power systems, transportation systems, building systems, factory automation systems, automotive equipment, space systems, power devices and air conditioning & refrigeration systems with committed basic measures such as reflecting market needs and strengthening technological development. We will promote research and development in the four fields of Life, Industry, Infrastructure and Mobility in a balanced way in the short, medium and long term, while strengthening the development of our proprietary compact artificial intelligence (AI) technology, "Maisart," and 5G-related technologies. In addition, we will continue to proactively work on IP activities. Mitsubishi Electric has been within the world's top ten for six years in a row since 2014 and the top Japanese company for five years in a row\* in terms of the number of applications for international patents.

\*Ranking of Patent Cooperation Treaty (PCT) applications by the World Intellectual Property Organization (WIPO)

### Transforming Business Models

The Mitsubishi Electric Group will accelerate the creation and development of new business models and new businesses including renewal and maintenance business, data-based business and platform business by concentrating all its capabilities inside and outside of the Group and proactively leveraging open innovation and other opportunities.

On April 1, 2020, the Group founded the Business Innovation Group to create new business models beyond the existing framework and to drive and support the creation of new businesses. Furthermore, we will invest about \$100 million in startups as part of open innovation and promote corporate venturing activities across the Group. In addition, we will quickly create customer value from various data with our integrated IoT, ClariSense\*.

\*ClariSense: Word coined by Mitsubishi Electric that means clarifying the hidden essence of information sensed from equipment to resolve challenges

### Sustainable Growth through Providing Solutions to Social Challenges

The Mitsubishi Electric Group's distinctive strengths lie in the following three areas: 1) A wide range of technological assets such as controls and power electronics; 2) Activities in diverse businesses with different business features; and 3) "Kaizen" (improvement) culture that has taken root in every field, including production, quality management, sales, services, etc.

Fully utilizing these strengths, the Group has positioned the creation of value toward providing solutions to challenges as the core of its growth strategies by taking full advantage of Technology Synergies and Business Synergies, etc., in the four fields with many social challenges.

### The Four Fields

Having defined a social challenge category to which the Mitsubishi Electric Group can contribute solutions by providing its products, systems, and services as a "Field," we will promote initiatives for value creation in the following four fields where there are many social challenges: "Life" focusing on the daily lives of people, "Industry" enabling creation of things necessary for life, "Infrastructure" providing the foundation for society, and "Mobility" connecting all of the fields above-mentioned. By identifying the challenges and needs of society or each customer and continuing to pursue their satisfaction through proposing and implementing solutions, the Group will secure sustainable growth going forward.

### Technology Synergies and Business Synergies

In promoting value creation, the Group will further unite all the capabilities, from R&D to sales and service, inside and outside of the Group, and thereby create Technology Synergies through optimal combinations of its strong technological assets, which encompass a wide range of technological fields, as well as Business Synergies through the collaboration of its diverse business activities. Furthermore, the Group will strive to improve customer satisfaction and competitive advantages by always checking business models, as well as reviewing and transforming models to the better from a viewpoint of whether the Group is aware of changes in the business environment, sufficiently meeting challenges and the needs of customers, and fully leveraging its advantages.

### Toward High-Quality Growth

In fiscal 2020, the Mitsubishi Electric Group achieved consolidated revenue of 4,462.5 billion yen and operating profit ratio of 5.8%. In addition, the Group achieved ROE of 9.2% and a ratio of bonds and borrowings to total assets of 6.1% as of March 31, 2020. As for fiscal 2021, the earnings briefing dated May 11, 2020 expects a revenue of 4,100 billion yen and operating profit ratio of 2.9% in light of the impact of the COVID-19 pandemic in addition to external factors such as stagnant demand growth and exchange fluctuations, intensification of the competitive environment and insufficient handling of price decreases and other changes in the market environment. These estimations are below the Growth Targets for fiscal 2021 set in fiscal 2015 (revenue of 5 trillion yen or more and operating profit ratio of 8% or more). We believe that it is critical to assess where we have achieved and where we have failed in the initial plan and make use of the analysis results for management going forward.

## Formulating the Medium-term Management Plan towards fiscal 2026

The Mitsubishi Electric Group will create a new medium-term plan toward fiscal 2026, looking back at activities toward achieving Growth Targets for fiscal 2021.

<b>Principles</b>	In order to address diversifying social challenges, we will focus on strengthening our solutions business. We will also revise our business portfolio to improve profitability and effectively utilize management resources, and enhance our business foundation.			
<b>Important measures</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
	Improving profitability of major businesses by thoroughly implementing basic operations such as capturing market needs and strengthening technological development.	Building and cultivating new business models and new businesses that will become the pillars of the next generation.	Identify unprofitable and less profitable businesses, then reallocate resources to high-profit and development businesses.	Pursue the optimal Group management system, including function review of affiliated companies.

## For New Lifestyles and Work Styles

The Mitsubishi Electric Group expects that the values related to lifestyles, way of working, way of doing business and other aspects of the world will significantly change as measures to prevent the spread of COVID-19 are implemented. We will incorporate these new values into our way of working, reform business operations across the Group, for example by a full-scale application of remote work and online meetings, and establishing new ways of business, such as marketing and transactions in the digital environment, at an early date. In addition, we will devote all of our energy to respond to changing demand and to resolve social challenges through providing integrated solutions.

### 1. Work Style Transformation

- Promote group wide work style transformation by enforcing remote work and fully leveraging online meeting tools.
- Quickly establish the systems of marketing, commercial transactions, servicing and user trainings in the digital environment to deal with rapidly changing values of humanity.

### 2. Providing Integrated Solutions to Current Social Issues

- Respond to changing demand and address social challenges by uniting all the capabilities inside and outside of the Group.

Example

#### A Shift In The Way We Communicate



## Employee engagement, Information security, and Product and service quality

The Mitsubishi Electric Group will promote the realization of a work environment where everyone can work with vitality; for example, by encouraging workplace culture innovation and flexible and efficient working styles, and by supporting career development through leave programs that accommodate individual life plans. The Group will also promote the strengthening of information security with a comprehensive multi-layer defense system and the building of a thorough quality control system that complies with related laws and required specifications.

### Employee engagement

#### Realizing a work environment where all employees can work with vitality

- Transform the workplace culture by monitoring conditions using engagement surveys and implementing various measures based on the results
- Promote flexible and efficient working styles such as remote work utilizing IT
- Support career development through leave programs that accommodate individual life plans for those wishing to study abroad or accompany their spouse on overseas postings, etc.
- Secure human resources by expanding the evaluation system for employees with advanced skills in AI and other fields
- Systematically select and educate non-Japanese candidates for core management positions at overseas bases

### Information security

#### Develop a comprehensive multi-layer defense system

- Strengthen and thoroughly implement intrusion prevention, diffusion prevention, leak prevention, global response, and document management
- In April 2020, establish the Information Security Supervisory Office under the direct control of the President

### Product and service quality

#### Provide the best products and services with unsurpassed quality

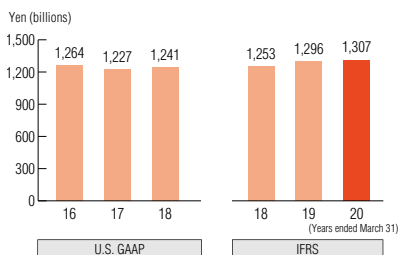
- Build a thorough quality control system that complies with related laws and required specifications
- Further foster quality awareness within the Group, centered on education

## Striving for Continuous Innovation

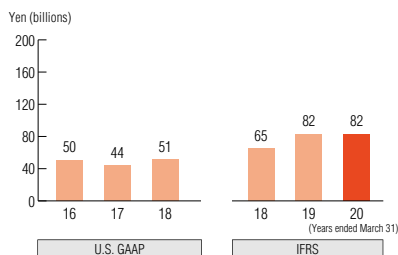
The Mitsubishi Electric Group will steadfastly carry out its management policies guided by a commitment to Balanced Corporate Management, while putting into practice the concept behind its overarching corporate statement: Changes for the Better. Each and every employee will share the common goal of "Always improving" and "Always delivering new value," and the Mitsubishi Electric Group—by continuing to undergo transformation itself—will mature into a corporation that is always producing something better.

## Energy and Electric Systems

### Revenue



### Operating profit

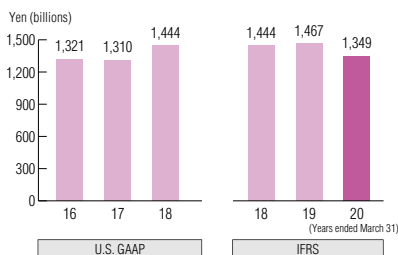


### MAIN PRODUCTS AND BUSINESS LINES

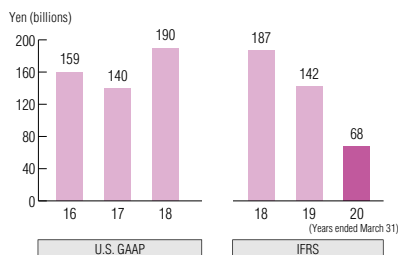
Turbine generators, hydraulic turbine generators, nuclear power plant equipment, motors, transformers, power electronics equipment, circuit breakers, gas insulated switchgears, switch control devices, surveillance-system control and security systems, transmission and distribution ICT systems, large display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

## Industrial Automation Systems

### Revenue



### Operating profit

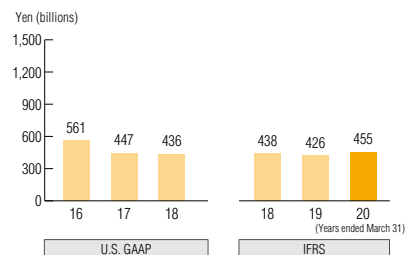


### MAIN PRODUCTS AND BUSINESS LINES

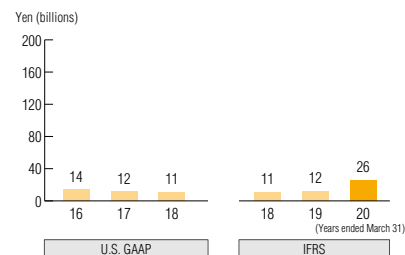
Programmable logic controllers, inverters, servomotors, human-machine interface, motors, hoists, magnetic switches, no-fuse circuit breakers, short-circuit breakers, transformers for electricity distribution, time and power meters, uninterruptible power supply, industrial fans, computerized numerical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

## Information and Communication Systems

### Revenue



### Operating profit



### MAIN PRODUCTS AND BUSINESS LINES

Wireless and wired communications systems, network camera systems, satellite communications equipment, satellites, radar equipment, antennas, missile systems, fire control systems, broadcasting equipment, data transmission devices, network security systems, information systems equipment, systems integration, and others

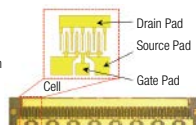
## Fiscal 2020 Topics

Mitsubishi Electric has been awarded a contract by the Romanian Air Traffic Services Administration to supply an airport Doppler LIDAR for wind observation in clear weather (DIABREZZA™ A Series) for Henri Coandă International Airport.



Mitsubishi Electric has developed the world's first\* GaN-HEMT in a multi-cell structure that bonded directly to a single-crystal diamond heat-dissipating substrate with high thermal conductivity in collaboration with the Research Center for Ubiquitous MEMS and Micro Engineering, National Institute of Advanced Industrial Science and Technology.<sup>2</sup>

\*1 According to Mitsubishi Electric research as of September 2, 2019  
 \*2 A part of this achievement is based on results obtained from a project, JPNP10022, commissioned by the New Energy and Industrial Technology Development Organization (NEDO).



Mitsubishi Electric's 160 kV high-voltage DC circuit breaker prototype has passed the DC interruption test in a research project carried out by the European Commission.



## 2019

The Air Conditioning Engineering Facility was completed at the Shizuoka Works in Shizuoka, Shizuoka Prefecture, Japan in May. This facility will shoulder further expansion of the air conditioning system business.



Mitsubishi Electric has started constructing a new plant of Mitsubishi Electric Automotive India Pvt. Ltd., which manufactures and sells automotive equipment in India. The plant is scheduled to start operating in fiscal 2022.

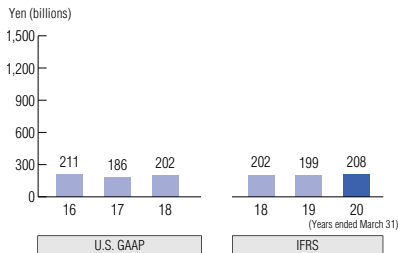


Mitsubishi Electric has been awarded the top-rank Gold Rating in CSR 2019 by EcoVadis, the France-based global assessment agency.

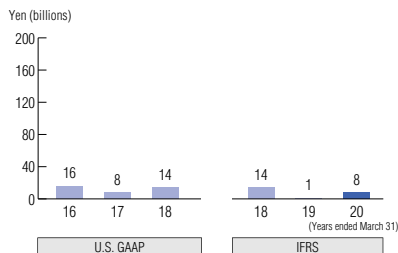


## Electronic Devices

### Revenue



### Operating profit

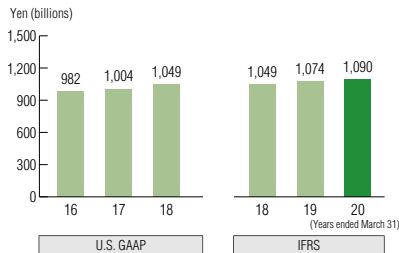


### MAIN PRODUCTS AND BUSINESS LINES

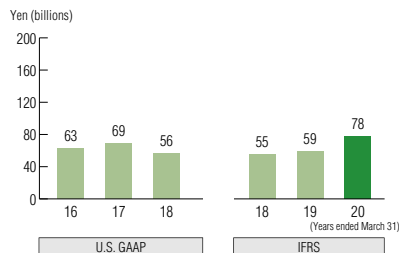
Power modules, high-frequency devices, optical devices, LCD devices, and others

## Home Appliances

### Revenue



### Operating profit

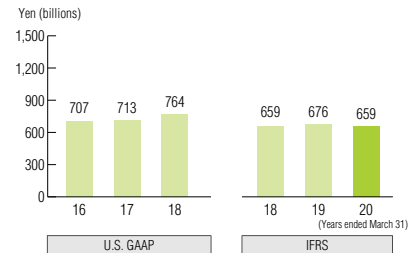


### MAIN PRODUCTS AND BUSINESS LINES

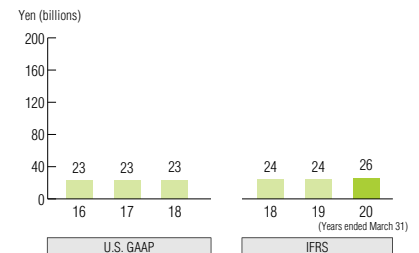
Room air conditioners, package air conditioners, chillers, showcases, compressors, refrigeration units, air-to-water heat pump boilers, ventilators, hot water supply systems, IH cooking heaters, LED lamps, indoor lighting, LCD televisions, refrigerators, electric fans, dehumidifiers, air purifiers, cleaners,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

## Others

### Revenue



### Operating profit



### MAIN PRODUCTS AND BUSINESS LINES

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

Mitsubishi Electric and NEC have started joint validation for the use of the fifth generation mobile telecommunication method (5G) in the manufacturing industry. We carried out a demonstration experiment of hybrid 5G e-F@ctory, which uses the local 5G in each plant and 5G for collaboration between plants and between companies.



Mitsubishi Electric' New Satellite Production Facility was completed at the Kamakura Works in Kamakura, Kanagawa Prefecture, Japan in February. This facility allows us to assemble and test satellites at a single location.



One of Mitsubishi Electric's subsidiaries, Mitsubishi Elevator India Private Limited, has secured a major order for 64 elevators in total, including 48 of a model that is exclusive to the Indian market, from the "All India Institute of Medical Science (AIIMS), Bilaspur, Himachal Pradesh," an Indian government-owned medical facility that houses a hospital and a national medical institute.



## 2020

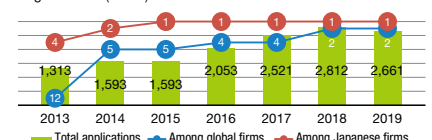
Mitsubishi Electric has been awarded the top S rank in CASBEE Wellness Office in addition to a top-level BELS 5 star rating and Net Zero Energy Building (『ZEB』) for the Net Zero Energy Building Test Facility, which is scheduled to open in 2020 at the Information Technology R&D Center in Kamakura, Kanagawa Prefecture, Japan.



Mitsubishi Electric has delivered two Diamond Vision™ large video screens, three Ribbon Board wide displays, and 43 digital signages to Sanga Stadium by KYOCERA in Kameoka, Kyoto Prefecture, Japan.

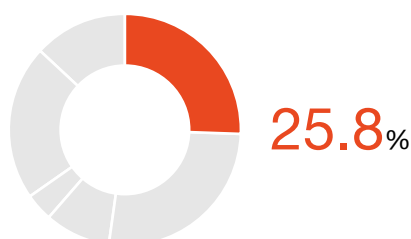


Mitsubishi Electric has been ranked second globally and first among Japanese firms in terms of international patent applications filed in 2019, according to an announcement released by the Switzerland-based World Intellectual Property Organization (WIPO).



## Energy and Electric Systems

### Revenue Breakdown by Business Segment



### Revenue

**¥1,307.3 billion**  
up 1% year on year

### Operating Profit

**¥82.3 billion**  
down ¥0.1 billion year on year

The market of the social infrastructure systems business saw buoyant investment in the public utility for preventing and reducing disaster risks in Japan, also buoyant investment in train system business worldwide, and continued demand in the power systems in Japan due to the electricity system reform. In this environment, the business saw an increase in orders from the previous fiscal year due primarily to an increase in the power systems business worldwide and the public utility and transportation systems businesses in Japan. Revenue for this business remained substantially unchanged from the previous fiscal year due mainly to a decrease in thermal power generation business worldwide despite an increase in orders.

The market of the building systems business saw decreased demand for high-end, large-scale office projects in China, continued market stagnation in the Middle East, and an increase in renewals of elevators and escalators in Japan. In this environment, the business saw a decrease in orders from the previous fiscal year due primarily to market stagnation in China and the Middle East. Revenue for this business remained substantially unchanged from the previous fiscal year due mainly to an increase in new installations of elevators and escalators in Japan, mainly in the Tokyo metropolitan area despite a decrease in orders.

As a result, revenue for this segment increased by 1% from the previous fiscal year to 1,307.3 billion yen.

Operating profit decreased by 0.1 billion yen from the previous fiscal year to 82.3 billion yen, due primarily to the yen appreciating against other currencies and a shift in project portfolios.

### Next-generation SiC Inverter for Railcars

Mitsubishi Electric has developed and provided a traction inverter for railcars that incorporates silicon carbide (SiC), a new type of semiconductor. This new inverter, with its energy-efficient, compact, lightweight, low-maintenance, and low-noise design, contributes to play a major role in next-generation railcar propulsion systems.



### Large-scale Visual Information System

Offerings in the Mitsubishi Electric Group's lineup of large-scale visual information systems boast Diamond Vision™—a technology that helps fuel audience excitement in such venues as stadiums—along with cutting-edge information distribution platforms that employ the internet and data broadcasting. As such, the Group provides visual information systems that enrich people's lives in various ways.



©CHIBA LOTTE MARINES

### Power Plants

Mitsubishi Electric provides power system equipment for various power plants, which play a major role in power supply and are required to further reduce environmental impact. With high efficiency turbine generators and instrumentation control systems that combine advanced network and measurement technologies, Mitsubishi Electric power plants realize improved reliability and cost efficiency.



### Transmission & Distribution Systems

Transmission and distribution facilities are essential parts of the electricity supply infrastructure, and to ensure stability their components must meet stringent requirements for reliability, functionality and performance. Satisfying customer needs for sophisticated solutions, Mitsubishi Electric boasts a broad lineup of high-quality products that support such facilities.



### NEXIEZ Machine-room-less Elevators

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



### Series Z Escalators

The Z-Series escalators offer enhanced safety through several features that ease stepping on/off and help prevent clothing from getting caught, so that passengers of all ages, from small children to the elderly, can use the escalators safely. They also offer a higher level of energy conservation by providing optional features such as VVVF inverters. Environmentally friendly, people-friendly, and beautiful, the Z-Series show the future of escalators.



# Industrial Automation Systems

## Revenue Breakdown by Business Segment



## Revenue

**¥1,349.4 billion**  
down 8% year on year

## Operating Profit

**¥68.9 billion**  
down ¥73.6 billion year on year

The market of the factory automation systems business saw continued stagnation in demand for automotive-related investments worldwide, semiconductor and machinery-related investments in Japan, and investments related to organic light emitting diodes (OLED) and smartphones outside Japan. In this environment, the business saw decreases in both orders and revenue from the previous fiscal year due primarily to the yen appreciating against other currencies and a decrease in sales of factory automation devices, processing machines and numerical controllers.

The market of the automotive equipment business saw a slowdown in demand for new cars worldwide and the impact of COVID-19 becoming actual in the fourth quarter, while the market of electric-vehicle related equipment expanded worldwide. In this environment, the business saw decreases in both orders and revenue from the previous fiscal year due mainly to a decrease in sales of electrical components and the yen appreciating against other currencies, while sales of electric-vehicle related equipment such as motors and inverters increased.

As a result, revenue for this segment decreased by 8% from the previous fiscal year to 1,349.4 billion yen.

Operating profit decreased by 73.6 billion yen from the previous fiscal year to 68.9 billion yen due primarily to a decrease in revenue, a shift in product mix and upfront investment for growth drivers.

## Programmable Logic Controllers

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



## AC Servos

The MELSERVO Series enhance all aspects of production devices and facilities. From rotary servo motors to linear servo motors and direct drive motors, a wide range of products is available to meet any number of applications and to significantly improve the performance of all relevant devices.



## Computerized Numerical Controllers—CNCs

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



## Electric Power Steering (Motors and Controllers)

Mitsubishi Electric was the first company in the world to mass produce motors and controllers for electric power steering to assist driver steering in line with driving conditions. Over the years, Mitsubishi Electric has helped to improve steering feel, response, and stability while delivering compact units and high-output performance, and contributing to reduced automobile CO<sub>2</sub> emissions.



## Car Navigation System

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



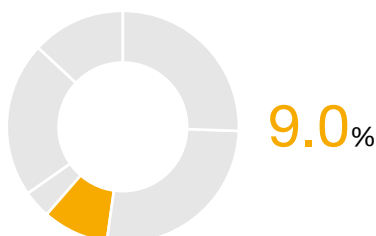
## Motors and Inverters for Electric Motor Vehicles

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



## Information and Communication Systems

### Revenue Breakdown by Business Segment



### Revenue

**¥455.5 billion**  
up 7% year on year

### Operating Profit

**¥26.4 billion**  
up ¥14.2 billion year on year

The market of the telecommunications systems business saw buoyant investment by telecommunications carriers to deal with increased traffic caused mainly by the expanding 5G communications networks. In this environment, the business saw increases in both orders and revenue from the previous fiscal year due primarily to increased demand for communications infrastructure equipment.

The market of the information systems and service business saw increased demand relating to the cloud utilization, the enhancement of cyber-security and the improvement of work efficiency. In this environment, the business saw increases in both orders and revenue from the previous fiscal year due mainly to an increase in the system integrations business.

The electronic systems business saw an increase in orders from the previous fiscal year due primarily to an increase in large-scale projects for the space systems business. The revenue also increased from the previous fiscal year due mainly to an increase in large-scale projects for the defense systems business.

As a result, revenue for this segment increased by 7% from the previous fiscal year to 455.5 billion yen.

Operating profit increased by 14.2 billion yen from the previous fiscal year to 26.4 billion yen due primarily to an increase in revenue and a shift in project portfolios.

### Cybersecurity Services

Mitsubishi Electric provides a one-stop service that encompasses operation outsourcing, from security diagnostics, risk assessment through security level maintenance, as well as company-wide security measures.  
(Mitsubishi Electric Information Systems Corporation)



### Information System Integrated Control Center

Specialist engineers are available 24/7 to remotely operate and monitor client information systems and to analyze and determine any problem that might occur using automated tools, enabling a rapid response to any system malfunction.  
(Mitsubishi Electric Information Network Corporation)



### DS2000 Standard Satellite Platform

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



### Airport Doppler Lidar

Our Airport Doppler Lidar radar can measure wind speed and wind direction in real time even when the weather is fine by catching the movement of aerosol and other fine particles in the atmosphere with a coherent laser. Therefore, it is useful in preventing turbulence accidents during takeoff and landing. This radar is already in operation at major airports across the world and is currently scheduled to be deployed at multiple airports.



### Broadband Optical Access Systems

Mitsubishi Electric is progressively installing Gigabit Ethernet Passive Optical Network (GE-PON) systems, which play a central role in broadband services. The need for GE-PON systems is steadily expanding due to high-capacity broadband content, including the increased use of visual services.



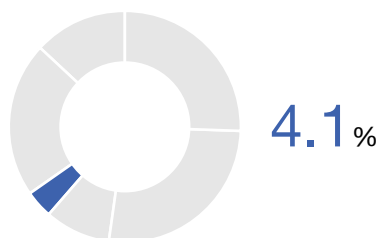
### Network Camera System

This Network Camera System meets the expanding range of needs for video surveillance systems, which is achieved through new digital technology incorporated into its high-resolution megapixel camera and its high level of scalability, which can accommodate even large-scale systems.



## Electronic Devices

### Revenue Breakdown by Business Segment



### Revenue

**¥208.7 billion**  
up 4% year on year

### Operating Profit

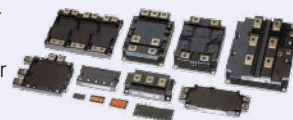
**¥8.7 billion**  
up ¥7.2 billion year on year

The market of the electronic devices saw emerging demand relating to 5G communications networks and next-generation data centers, and accelerated development and market launches of electric vehicles. In this environment, the business saw an increase in orders and revenue also increased by 4% from the previous fiscal year to 208.7 billion yen due primarily to increased demand for high frequency and optical devices, particularly for optical communication devices, and power modules used in automotive applications.

Operating profit increased by 7.2 billion yen from the previous fiscal year to 8.7 billion yen due mainly to an increase in revenue and a shift in product mix.

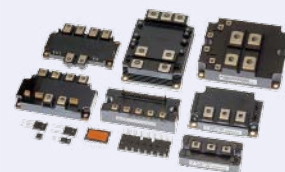
### Power Semiconductor Modules

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



### SiC\* Power Semiconductor Devices

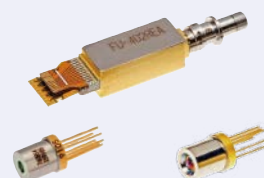
With a significantly lower power loss than Si and capabilities that include the enabling of high-speed switching operations and high-temperature operation among others, the SiC power device significantly reduces the power consumption of every type of power electronics equipment such as home appliances,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



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

### Optical Devices for Optical Communication

The product is optimal in using for all types of optical fiber communication facilities which are used in base stations for 5G, the fifth-generation mobile communication system whose deployment is expected to spread in full swing from 2020 onward, and also used in large-scale datacenters and other equipment that support the transition to cloud computing. This product lineup contributes to faster speeds, greater capacity and transmission distance, and equipment size reduction.



### GaN\* High Frequency Devices

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



\*GaN: Gallium nitride

### Thermal Diode Infrared Sensor MeIDIR\*

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



\*MeIDIR: Mitsubishi Electric Diode InfraRed sensor

### TFT-LCD Modules

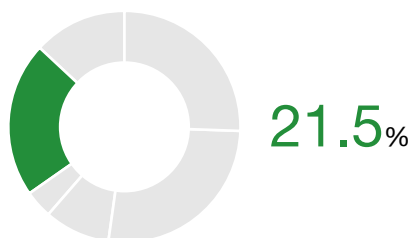
Being highly vibration-resistant and possessing a wide operating temperature range, and a high-level display performance including a super-wide viewing angle and super-high brightness and contrast, the TFT-LCD module supports a wide range of industrial instruments such as construction machines used in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



\*NFC: Near Field Communication

## Home Appliances

### Revenue Breakdown by Business Segment



### Revenue

**¥1,090.2 billion**  
up 2% year on year

### Operating Profit

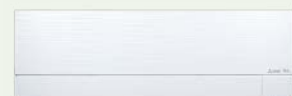
**¥78.2 billion**  
up ¥18.7 billion year on year

The market of the home appliances saw a heightened awareness of environmental issues causing increased demand of ductless air conditioners in North America and heat-pump hot water and heating systems in Europe. The demand for industrial air conditioners for schools also increased in Japan. In this environment, the business saw an increase in revenue by 2% from the previous fiscal year to 1,090.2 billion yen due primarily to an increase in sales of air conditioners for Japan, North America and Europe.

Operating profit increased by 18.7 billion yen from the previous fiscal year to 78.2 billion yen due mainly to an increase in revenue and cost improvement.

### Air Conditioning & Refrigeration Systems

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



### Home Equipment

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



### Home Appliances

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



### Lighting Fixtures and Light Bulbs

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



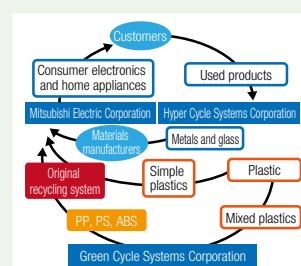
### Visual Equipment for Public and Business Applications

Mitsubishi Electric's high-quality image processing technologies deliver exceptionally sharp images with superior color reproduction and are incorporated in a wide range of products developed to suit a variety of application needs. These systems are being used in Japan and abroad for large-screen applications, such as digital signage used to display images, data, and information at public facilities and other venues.



### Recycling Consumer Electronics and Home Appliances

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



## Basic Policy on Research and Development

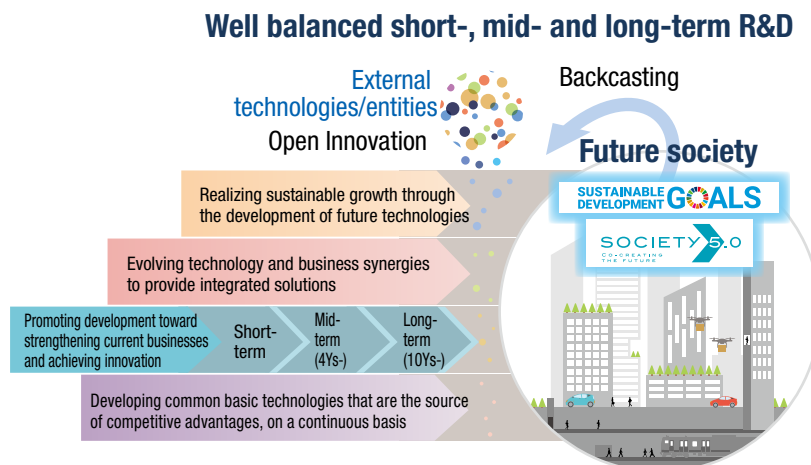
As the cornerstone of its growth strategy, the Mitsubishi Electric Group will promote short-, medium-, and long-term R&D themes in a balanced manner.

In addition to promoting research and development toward strengthening current businesses and achieving innovation, and continuous development of common basic technologies, the Company is striving to evolve technology and business synergies to provide integrated solutions that will solve increasingly diverse social issues, while also working to realize sustainable growth through the development of future technologies.

Furthermore, the Company will promote enhancement of efficiency of development and creation of new value, through proactive utilization of open innovation in collaboration with universities and other external R&D institutions.

During fiscal 2020, the total R&D expenses for the entire Group have amounted to 206.8 billion yen (3% decrease compared to the previous fiscal year). Representative achievements are as follows.

### R&D policy



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

Society 5.0: It is contained in the 5th Science and Technology Basic Plan approved by the Government of Japan in Jan. 2016.

## Major R&D Achievements in Fiscal 2020

### Development of New Technology Controls In-Building Mobilities and Facilities, Supported with Building Dynamic Maps

In recent years, with the aim of improving added value of buildings, studies have been underway to reduce the workloads of building-management personnel through the use of in-building mobile robots for cleaning, security, deliveries, and guidance, as well as to realize safe and secure movement within buildings by users of personal mobility devices, including next-generation electric wheelchairs.

The Company has developed a technology for controlling in-building mobile robots as well as personal mobility devices, using building dynamic maps<sup>\*1</sup> to achieve cooperative interaction between the robots, etc. and building facilities, such as elevators and access control systems. In addition, the Company has built systems that work with animated lighting guidance systems<sup>\*2</sup>.

This supports the safe, efficient movement of people and In-Building Mobilities in buildings, thereby reducing the workloads of building-management personnel and realizing smart buildings<sup>\*3</sup> in which people and robots coexist safely.



Example: Animated lighting indicates movements of the service robot

\*1 A new three-dimensional map for buildings that shows the status of building facilities (e.g. elevators and access control systems), location of mobility devices and passable route

\*2 The animated lighting guidance system "Terasu Guide" (released April 2020) that allows facility users to intuitively understand guidance and warning with lighting animations projected on the floor

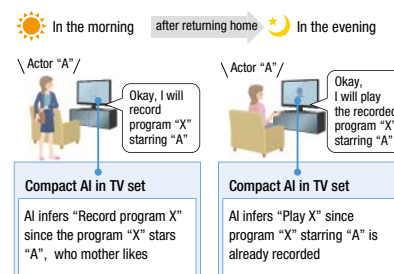
\*3 Buildings in which advanced IoT is deployed to energy-saving and labor-saving work environments through the building

### Development of Compact AI Knowledge Representation and Reasoning Solution for Human-Machine Interfaces

Devices with complex features, such as home appliances and car navigation systems, require humans to understand how they operate and devise controls. However, in recent years, AI that supports operation of such devices by using big data on the cloud has become widespread. On the other hand, there is a growing need to complete information processing on stand-alone devices without communication with external devices, in order to enhance response speed.

The Company has developed the Compact AI Knowledge Representation and Reasoning Solution for HMI (human-machine interfaces) based on its proprietary AI technology "Maisart", which enables devices to understand vague user commands through the reasoning of missing information, according to the situation.

It achieves this by means of a "knowledge graph" which integrates user information, device specification and functionality and external information, and will allow responsive and easy-to-use human-machine interfaces to be embedded in stand-alone consumer products such as home appliances and car navigation systems.



Example: The TV's AI integrates necessary information according to the situation and understands ambiguous commands.

\*Mitsubishi Electric's AI creates the State-of-the-ART in technology

Mitsubishi Electric's AI technology brand aimed at making every device smarter

For labor-saving building management and smart buildings where people and robots coexist safely

The device understands ambiguous commands from people for quick operations.

# Intellectual Property

## Protection of Intellectual Property Rights

### Basic Policy

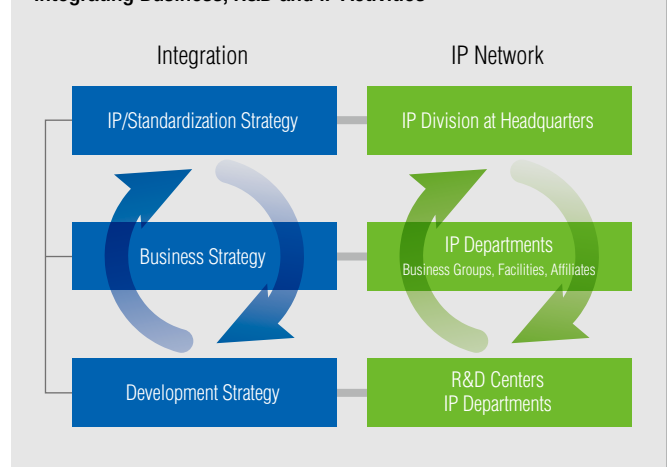
The proper protection of intellectual property (IP) rights promotes technological progress and sound competition, and also contributes to realizing affluent lifestyles and the development of society.

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

### Structure of the Intellectual Property Division

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

## Integrating Business, R&D and IP Activities



## Global IP Strategy

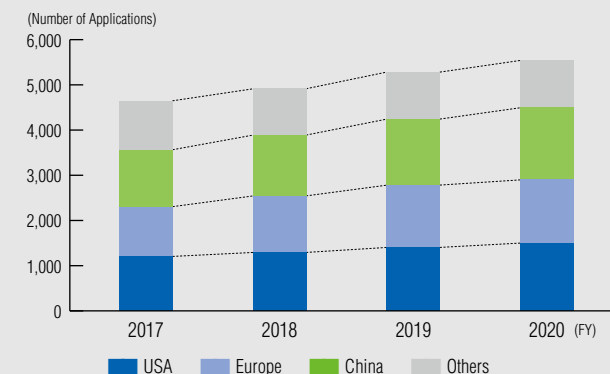
The Mitsubishi Electric Group identifies critical IP-related themes based on its mainstay businesses and important R&D projects, and is accelerating the globalization of IP activities also by filing patents prior to undertaking business development in emerging countries where an expansion of business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

As an indication of the Mitsubishi Electric Group's IP capability and global IP activities, the company ranked No.2 in Japan in terms of the number of patent registrations (in 2019) announced by the Japan Patent Office (JPO), and No.2 in the world in terms of Patent Cooperation Treaty (PCT) applications by

businesses (in 2019) announced by the World Intellectual Property Organization (WIPO).

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

## Annual Trends in Overseas Patent Applications by the Mitsubishi Electric<sup>\*1</sup>



<sup>\*1</sup> Starting in FY2019, we began using the number of overseas patent applications of Mitsubishi Electric as a single entity.

## Respecting IP Rights

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

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

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

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

# — CSR at Mitsubishi Electric Group

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## CSR Management

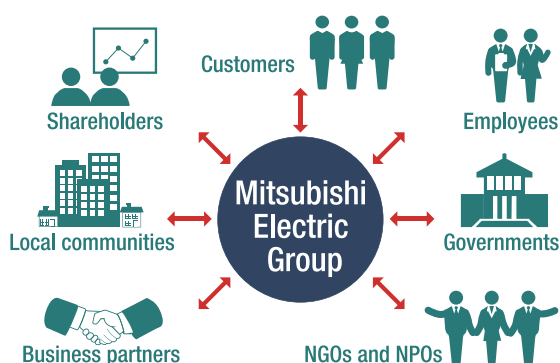
### Principles of CSR

The Mitsubishi Electric Group regards its corporate social responsibility (CSR) initiatives as the foundation of its corporate management, and upholds its Corporate Mission and Seven Guiding Principles as the basic policies of its CSR. Particularly with respect to initiatives related to ethics and legal compliance, Group-wide efforts are made to enforce measures such as enhancing training and strengthening internal controls. Active measures are also taken to ensure and improve quality assurance, environmental preservation activities, philanthropic activities, and communication with stakeholders.

### Mitsubishi Electric Group's stakeholders

To achieve sustainable growth, the Mitsubishi Electric Group must maintain communication with its various stakeholders. We have a corporate social responsibility to incorporate the expectations, requests, and opinions of each stakeholder into our corporate activities, and to increase our positive effect on society while reducing any negative effects.

To help maintain communication with stakeholders, we have established "Four Satisfactions" as a management policy, with the aim of satisfying all of our stakeholders, including society, customers, shareholders, and employees.



Stakeholders of the Mitsubishi Electric Group

### Pursue the Satisfaction of the Four Stakeholder Categories



Pursue the Satisfaction of the Four Stakeholder Categories

### Promotional System for CSR

The policies and planning for the CSR activities of the Mitsubishi Electric Group are decided by a CSR Committee appointed by Mitsubishi Electric's executive officers. The Committee is composed of the heads of Mitsubishi Electric's management departments (21 members in charge of environmental, social and governance aspects from divisions such as Corporate Strategic Planning and Corporate Human Resources), and discusses the results of activities performed during the previous fiscal year, decisions on future activity plans, and responses to law amendments, from a perspective that spans the entire Mitsubishi Electric Group. The details of CSR Committee meetings are reported to senior executives through the Executive Officers' Meeting and the Audit Committee.

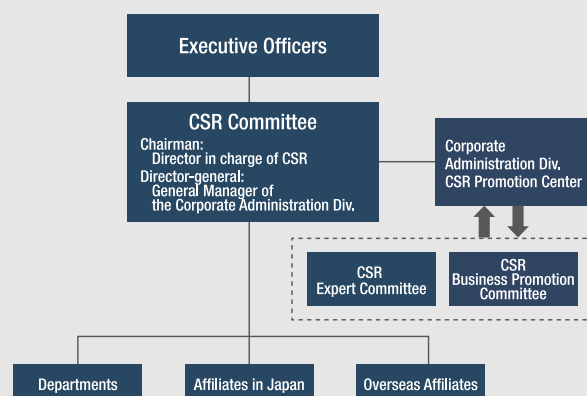
Knowing that CSR activities are directly linked to corporate management, each department responsible for ethics and legal compliance, quality assurance and improvement, environmental conservation and philanthropy activities, and communication with stakeholders implements their own initiatives, based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

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

### Main agenda of the CSR Committee (held in April 2020)

- Report on achievements made in the previous fiscal year and activities planned in the current fiscal year
- Response to the sustainable development goals (SDGs)
- Further enhancement information disclosure that takes into account ESG (environment, social, governance) investment
- Human rights initiatives
- Response to TCFD

### CSR Promotion System







## CSR Materiality

Considering requests from the Global Reporting Initiative (GRI)\*, social trends and the business environment, in fiscal 2016 the Mitsubishi Electric Group identified CSR materiality and targets / Key Performance Indicators (KPI) to fulfill the materiality towards realizing the further integration of CSR with management and the long-term advancement of CSR initiatives.

We will implement activities to continuously improve our performance related to CSR materiality, initiatives, and targets / Key Performance Indicators (KPI) based on the PDCA (Plan-Do-Check-Action) Cycle approach.

\*An international body that proposes shared global guidelines for corporate sustainability reporting

CSR materiality		Reasons why it is important
	<b>Realize a sustainable society</b>	Environmental issues including climate change and resource and energy issues are global issues. The Mitsubishi Electric Group will contribute to solving these issues with the aim of realizing a sustainable society.
	<b>Provide safety, security, and comfort</b>	Various issues are becoming evident due to urbanization and other reasons. The Mitsubishi Electric Group will provide safety, security, and comfort while contributing to solving issues with a focus on city development.
	<b>Respect human rights and promote the active participation of diverse human resources</b>	Human rights and diversity are global issues. As a global company, the Mitsubishi Electric Group will grapple with these issues. Diversity is also crucial for creating innovation, which is the source of the Group's strength.
	<b>Bolster corporate governance and compliance on a continuous basis</b>	Corporate governance and compliance are fundamental preconditions for a company's continued existence. The Mitsubishi Electric Group will continue to strengthen these areas.

## Focusing on the SDGs

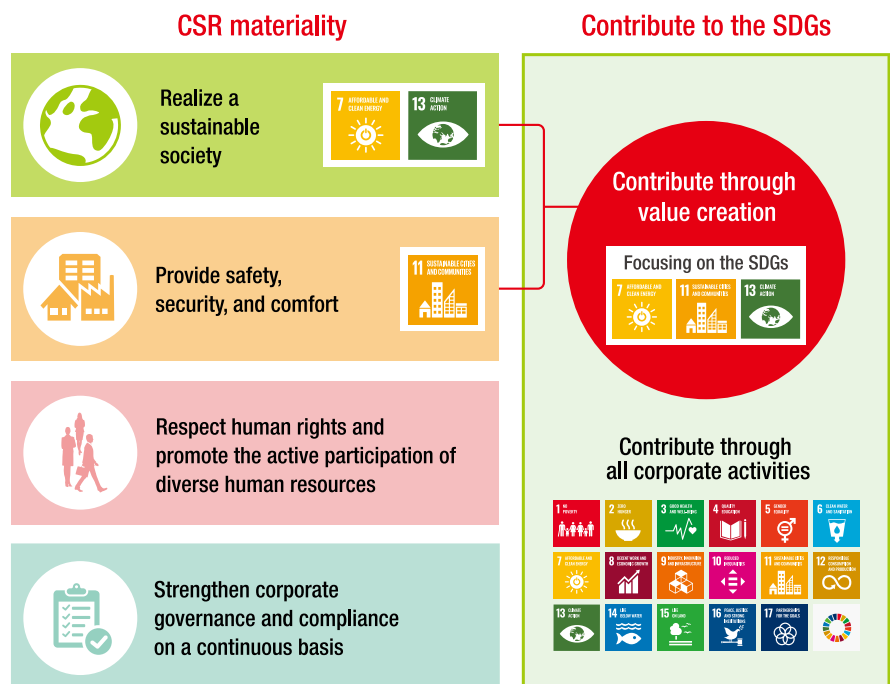
In fiscal 2019, we decided on goals that we would address on a priority basis to further contribute to the SDGs.

As a result of an internal and external survey to confirm SDGs that they have high expectations for contribution by the Mitsubishi Electric Group, which was conducted in the course of developing the goals, it was found that they expect us to contribute more through business activities. We decided to address energy, infrastructure and the environment on a priority basis to further contribute to the SDGs as these are the areas where all the businesses of the Group are involved in and the Group will further focus on them.

- Goal 7: Affordable and Clean Energy
- Goal 11: Sustainable Cities and Communities
- Goal 13: Climate Action

By further promoting initiatives to create value for these goals to which we can contribute significantly as a comprehensive electrical and electronics manufacturer, we will make a specific contribution to achieving the SDGs.

In doing this, the Mitsubishi Electric Group will integrate the concept of the SDGs into its management strategy and contribute to the SDGs that we will prioritize through the CSR materiality initiatives of "Realize a Sustainable Society," and "Provide Safety, Security, and Comfort."



CSR Materiality and SDGs

## G: Governance

### Corporate Governance

#### Basic Corporate Governance Policy

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

#### Corporate Management and Governance Structure

##### Corporate Management Structure

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

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

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

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

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

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

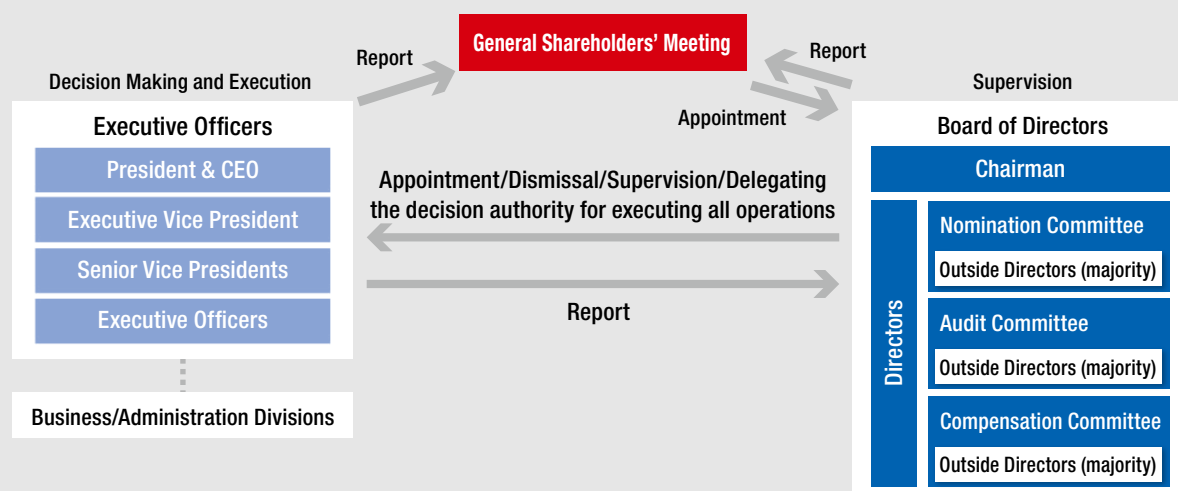
##### Internal Control System

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

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

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

#### Corporate Governance Framework



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

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

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

## Audit Committee

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

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

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

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

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

In fiscal 2020, Mitsubishi Electric held the regular Audit Committee meeting basically once a month (and one special meeting). One meeting took about two hours. The attendance of each Audit Committee member is as shown below.

Title	Name	Attendance/meetings	Attendance rate
Director (full-time)	Akihiro Matsuyama	13/13	100%
Director (full-time)	Masahiko Sagawa	13/13	100%
Outside director	Hiroshi Obayashi	13/13	100%
Outside director	Kazunori Watanabe	13/13	100%
Outside director	Takashi Oyamada	11/11	100%

Notes: 1. Out of the above members, Akihiro Matsuyama and Masahiko Sagawa are responsible for investigation.

2. Because Takashi Oyamada was appointed as an outside director on June 27, 2019, his attendance after his appointment is shown.

3. Akihiro Matsuyama retired on June 26, 2020.

### 3. Activities of the Audit Committee members

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

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

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

### 4. Agenda of the Audit Committee

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

Especially in fiscal 2020, the Audit Committee focused on checking and verifying how the Mitsubishi Electric Group had strengthened its business foundation including the internal control and compliance systems and the business platform that supports profitability, improved the cash flow through the streamlining of assets, and worked on activities such as the proper handling of quality issues and "Work Style Reforms" with an aim to improve the mid- and long-term corporate value of the Group.

As the Mitsubishi Electric Group is committed to contribute to the achievement of the SDGs to solve diverse social challenges, the Audit Committee also checked and verified the Group's contribution through business as well as the efforts in the environment, CSR, and other fields.

In fiscal 2020, labor issues, improper quality-related conduct, the possibility of information leakage due to unauthorized access, and other issues have become clear at the Group. The Audit Committee has confirmed that the Executive Officers are formulating and implementing measures to prevent recurrence based on the analysis of the cause of each issue, and will closely monitor the response to each issue and the progress thereof going forward.

### 5. Effectiveness evaluation of the Audit Committee

The Audit Committee conducts evaluation to improve performance every year. In the Audit Committee review in fiscal 2020, 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.

### Status of Internal Audit

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

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

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

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

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

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

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

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

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

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

To strengthen the Board's capacity to supervise Company's management, the bureaus of the Board of Directors and each committee provide the directors with the information necessary for supervising management, in a timely and appropriate manner. And, to further improve the Board of Directors' capacity to supervise management, venues have been established for supplying information to and exchanging views with Outside Directors, and the Company is working to further enhance the provision of management-related information to the Board of Directors itself.

Additionally, in order to further enhance the functioning of the Board of Directors, the Board meetings are reviewed on an annual basis, and analyses and evaluations are conducted in the following areas.

- Frequency, scheduling, and time spent on the meetings
- The information supplied in relation to discussions at the meetings (quality and quantity) and the method of its provision
- Materials, details and methods of explanation, question-and-answer guidelines, time apportioned for each proposal on the meetings
- Other mechanisms for improving the functioning of the Board of Directors.
- Points for improvement of policies based on previous reviews of the Board of Directors
- Opinions about and points for improvement in the method for reviewing the Board of Directors, etc.

As a result of the Board of Directors review, the Board of Directors was evaluated as making ongoing and effective improvements in response to the results of annual reviews, and achieving even better results on each occasion with respect to timely and appropriate management information sharing with Executive Officers, which is essential for the Board to properly fulfill its supervisory function. The review also concludes that this persistent improvement has stimulated discussion and opinion exchange more than ever.

Although we believe that this evaluation in effect endorses the performance of the Board of Directors, we will continue to improve its operation and attempt to further improve the performance of the Board by sharing management information, further upgrading discussion, particularly on mid- and long-term business strategies, between the supervisory and executive sides based on the shared information, and analyzing review results in more detail through individual interviews and other efforts.

## ■ Policies Regarding Decisions on Compensation, etc.

### 1. Basic Policies

- (1) As a Company with Three-Committee System, the Company has separate functions for the supervision and execution of business, with the Board of Directors undertaking the business supervisory function, and Executive Officers, the business execution function. Accordingly, Directors and Executive Officers have separate compensation schemes according to the content and responsibilities of their duties.
- (2) Directors give advice to and supervise the Company's management from an objective point of view, and therefore, the compensation scheme for Directors is the payment of fixed-amount compensation and the payment of a retirement benefit upon resignation.
- (3) The compensation scheme for the Executive Officers focuses on incentives for the realization of management policies and the improvement of business performance, and performance-based compensation will be paid in addition to the payment of fixed-amount compensation and a retirement benefit upon resignation. The basic policies of such performance-based compensation are as follows:
  - 1) Compensation for the improvement of business performance over the mid- to long-term, and that increases awareness regarding contributing to increased corporate value
  - 2) Compensation that is closely linked to the Company's performance and highly transparent and objective
  - 3) Compensation focused on sharing profits with shareholders and increasing awareness of management that gives weight to shareholder benefits
- (4) In order to introduce an objective perspective from outside the Company and expert knowledge about the Directors' and Executive Officers' compensation scheme, the Company will hire an external remuneration consultant, and with the support of the consultant it will consider the compensation levels and compensation schemes by taking into account external data on the compensation of major companies in Japan operating globally, domestic economic environment, industry trends, and the Company's conditions, etc.

### 2. Compensation Scheme for Directors and Executive Officers and Policies Regarding Decisions on Compensation, etc.

- (1) Compensation scheme for Directors
  - 1) Directors will receive their compensation as a fixed amount, and the compensation to be paid will be set at a level considered reasonable, while taking into account the contents of the Directors' duties and the Company's conditions, etc.
  - 2) Directors will receive the retirement benefit upon resignation, and the retirement benefit to be paid will be set at a level decided on the basis of the monthly amount of compensation and the number of service years, etc.

#### (2) Compensation scheme for Executive Officers

- 1) Fixed-amount compensation will be set at a level considered reasonable taking into account the contents of the Executive Officers' duties and the Company's conditions, etc.
  - 2) Performance-based compensation will be as follows:
    - The Mitsubishi Electric Group has been pursuing sustainable growth by maintaining Balanced Corporate Management based on three perspectives: growth, profitability and efficiency, and soundness. In line with its efforts to further increase corporate value, the Group has set its growth targets for fiscal 2021 as consolidated net sales of ¥5.0 trillion or more, and an operating income ratio of 8% or more. The payment base amount for performance-based compensation will be determined based on the consolidated business performance (Net profit attributable to Mitsubishi Electric Corp. stockholders) while taking into account the Group's management policy and targets.
    - The payment amount of each Executive Officer will be determined, within the range of  $\pm 20\%$  of the payment base amount while taking into account the performance of the business to which the respective Executive Officer is assigned, etc.
    - With the purposes of meshing the interests of shareholders with the Executive Officers and further raising management awareness that places importance on the interest of shareholders, and increasing the incentives for the improvement of business performance from the mid- and long-term perspectives, 50% of performance-based compensation will be paid in the form of shares. The Company sets a rule that, for the compensation paid in the form of shares, the Company shares will be issued after a three-year waiting period. In addition, The shares are required to continue holding the shares until 1 year has passed from resignation.
  - 3) The amount of the retirement benefit will be decided on the basis of the monthly amount of compensation and the number of service years, etc.
- (3) Decision-making process, etc.
- Policies regarding decisions on compensation, etc. of Directors and Executive Officers and individual compensation details based on the policies will be made through resolutions by the Compensation Committee, which the majority of the members are Outside Directors. The details of activities of the Compensation Committee will be reported to the Board of Directors each time an activity is performed.



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

## ■ Outside Directors

### Outside Directors

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

Outside Directors are expected to supervise management from a high-level perspective based on their abundant experience. Those who are comprehensively judged to possess the character, acumen, and business and professional experience suited to fulfill that role, and who satisfy the requirements of independent executives specified by the Tokyo Stock Exchange and the requirements specified

in Mitsubishi Electric's Guidelines on the Independence of Outside Directors (see 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.

## ■ Independence Guideline for Outside Directors






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

1. Persons who serve as Executive Directors, Executive Officers, managers or other employees (hereinafter "business executors") 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 executors 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 independent 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 executors
7. Persons who are related parties of a person or company that have material conflict of interest with the Company

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

## Outside Directors (as of June 26, 2020)

Title	Name	Positions Held	Reasons for Nomination	Board Attendance Rate (FY2020)
Outside Director	Mitoji Yabunaka 	Chairman of the Nomination Committee Member of the Compensation Committee	Mr. Yabunaka's experience and insights as an expert in international affairs cultivated through the course of a career are highly beneficial to Mitsubishi Electric. Mitsubishi Electric thus expects him to bring an objective viewpoint to the overseeing of the Company's business operations.	100% (7/7)
Outside Director	Hiroshi Obayashi 	Member of the Nomination Committee Chairman of the Audit Committee	Mr. Obayashi's experience and insights cultivated through the course of a career as a lawyer (public prosecutor, attorney-at-law) are highly beneficial to Mitsubishi Electric. Mitsubishi Electric thus expects him to bring an objective viewpoint to the overseeing of the Company's business operations.	100% (7/7)
Outside Director	Kazunori Watanabe 	Member of the Audit Committee Chairman of the Compensation Committee	Mr. Watanabe's experience and insights as a certified public accountant cultivated over the course of his career are highly beneficial to Mitsubishi Electric. Mitsubishi Electric thus expects him to bring an objective viewpoint to the overseeing of the Company's business operations.	100% (7/7)
Outside Director	Hiroko Koide 	Member of the Nomination Committee Member of the Compensation Committee	Ms. Koide's experience and insights as a business specialist cultivated over the course of her career in international corporate management are highly beneficial to Mitsubishi Electric. Mitsubishi Electric thus expects her to bring an objective viewpoint to the overseeing of the Company's business operations.	100% (7/7)
Outside Director	Takashi Oyamada 	Member of the Nomination Committee Member of the Audit Committee	Mr. Oyamada's experience and insights as a business specialist cultivated over the course of his career in bank management are highly beneficial to Mitsubishi Electric. Mitsubishi Electric thus expects him to bring an objective viewpoint to the oversight of the Company's business operations.	100% (5/5)

Mitsubishi Electric Corporation held seven Board of Directors meetings during fiscal 2020.

The status of attendance for Mr. Takashi Oyamada, Outside Director, is based on the number of the Board or Directors meetings held after he assumed office on June 27, 2019.

## ■ Status of Stocks Held

### Status of Stocks Held

#### 1. Criteria and Approach on Classification of Stocks for Investment

With regard to the classification of stocks for investment held for pure investment purposes and stocks for investment held for purposes other than pure investment, the Company classifies stocks held solely for profit purposes from changes in the stock value or dividends on stock as pure investment. There are no stocks held solely for pure investment.

#### 2. Stocks for Investment Held for Purposes Other Than Pure Investment Purposes

The Company holds stocks that are determined to be necessary for business operations, taking into consideration maintaining and strengthening relationships with business partners. The Company comprehensively judges whether or not stocks held are significant, from the viewpoint of their profitability, business feasibility, holding risks, and other aspects are verified and confirmed yearly in the Executive Officers' meeting and in the Board of Directors' meet-

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



\*For the Status of Stocks Held, please refer to the Annual Security Report.  
[https://www.MitsubishiElectric.com/en/investors/library/securities\\_report/](https://www.MitsubishiElectric.com/en/investors/library/securities_report/)

## Compliance

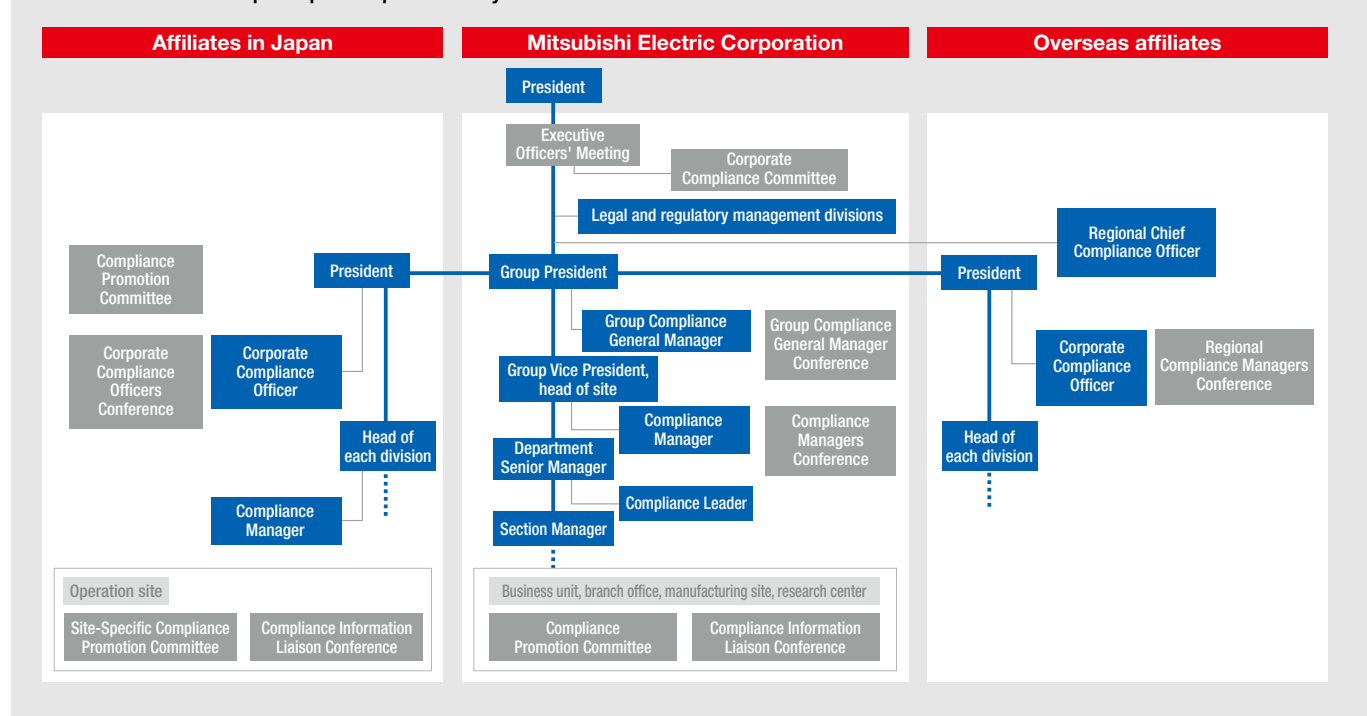
### Our Concept of Compliance

With the Mitsubishi Electric Group Corporate Ethics and Compliance Statement formulated in 2001 as our basic guideline for compliance, the Mitsubishi Electric Group recognizes the importance of ethics and absolute compliance with legal requirements as a fundamental precondition for the Group's continued existence. Based on this awareness, we are attempting to perfect a compliance system which promotes compliance in the broadest sense, encompassing the perspective of corporate ethics, rather than merely focusing on following the letter of the law. At the same time, we are working to educate our employees in this area.

### The Corporate Ethics and Compliance Statement

Compliance with the Law	We will conduct ourselves always in compliance with applicable laws and with a high degree of sensitivity to changes in social ethics or local practices. We will never establish a target, nor make a commitment, that can only be achieved with conduct that would violate applicable laws or business ethics or practices.
Respect for Human Rights	We will conduct ourselves always with a respect for human rights. We will not discriminate based on nationality, race, religion, gender, disability, or any other reason prohibited by applicable laws nor will we violate international laws providing protection for individual and human rights or any treaties providing such protection to which the country where any of our companies is located is a party.
Contributing to Society	Concurrently with the pursuit of a reasonable profit, we will conduct ourselves always with an awareness of our corporate social responsibility in order to further the progress of society as a whole.
Collaboration and Harmonization with the Community	As a good corporate citizen and neighbor, we will support civic and charitable organizations and activities in the communities where we reside or work that in our view contribute to community development.
Consideration of Environmental Issues	As part of our goal to achieve a recycling-oriented society, we will pay attention to and respect the global environment in every aspect of our business.
Awareness of Personal Integrity	We will conduct ourselves with the highest integrity, making a proper distinction between public and private matters, and we will use company resources—including money, time, and information—for legitimate business purposes. We will use company computers and various networks and online services, including e-mail and Internet access, primarily for company business.

### Mitsubishi Electric Group compliance promotion system



## Risk Management

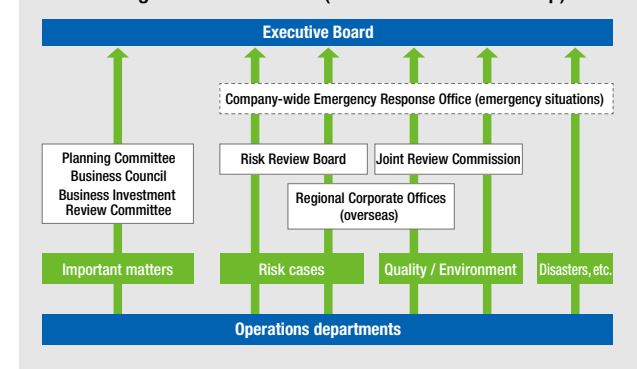
### Risk Management Framework

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

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

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

### Risk Management Framework (Mitsubishi Electric Group)



## Our Approach to Information Security

### Basic Policy

In January 2020, Mitsubishi Electric reported a data leak incident caused by unauthorized access to its system, which has resulted in inconvenience and concern for customers and society. After also reflecting on guidance from the Personal Information Protection Commission received in December 2019 concerning the handling of personal information obtained through recruitment activities, the Mitsubishi Electric Group will continue to strengthen its information security measures\* to prevent such a situation from occurring again. We also will strengthen the measures considering the general trend toward teleworking and cloud-based business models.

Mitsubishi Electric manages confidential corporate information relating to sales, engineering, intellectual property, and other areas, as well as information entrusted to the company by its customers and stakeholders. This is carried out based on the Declaration of Confidential Corporate Information Security Management established in February 2005. In light of events in fiscal 2019, we will once again work to increase awareness of this declaration within the Mitsubishi Electric Group and strive to protect and manage information even more carefully.

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

### Framework and guidelines

In April 2020, a new "Corporate Information Security Division" was established under the direct control of the president, to oversee all the Group's information security management. It has integrated three functions that were previously separate: management of confidential corporate information and personal data protection, information system security, and product security.

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

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

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

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

### Personal information protection

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

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

### Cyber-Attack Countermeasures

Cyber-attacks have become a major threat for businesses. As they are growing increasingly sophisticated and diverse year-by-year, it is becoming difficult to prevent them. The Mitsubishi Electric Group deploys cyber-attack countermeasures through a multilayered defense consisting of a number of different defense measures stacked on top of each other. Furthermore, there are cyber-attacks that cannot be prevented entirely with a multilayered defense alone. Accordingly, we monitor cyber-attacks and have put in place a system to respond immediately should a case occur, in an effort to prevent or minimize damage.

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

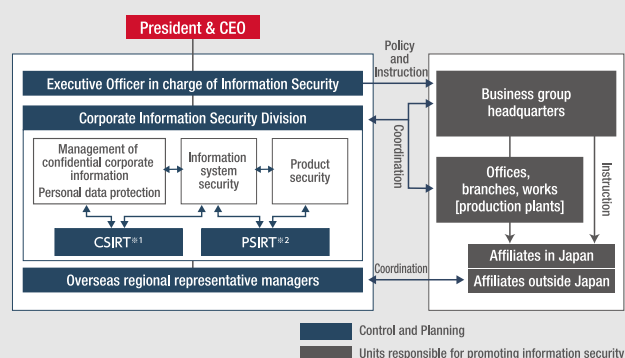
### Potential for leaks of personal data and confidential corporate information due to unauthorized system access

We sincerely apologize for any inconvenience and/or concern experienced by our customers and society as a result of the data leak incident caused by unauthorized system access, as reported in January 2020.

On June 28, 2019, after detecting and investigating suspicious activity involving computer terminals at Mitsubishi Electric, it was determined that data had been taken through unauthorized system access by a third party. The investigation took some time because it was a sophisticated attack that bypassed monitoring and detection measures, and the logs that would have identified the affected files were deleted by the hacker on some terminals. The finding was that personal data and confidential corporate information may have been leaked externally.

The Mitsubishi Electric Group deeply regrets not being able to prevent such a situation, and reaffirms that cyber security is an important management issue as stated in the Cyber Security Management Guidelines of the Ministry of Economy, Trade and Industry. Going forward, we will deploy stronger and more nimble information security measures globally. The Group has established the Corporate Information Security Division, which is a unified organization under the direct control of the president, in order to continually ascertain and manage risks and prevention measures within the Group. We continue to work on information security measures to prevent any such incident from reoccurring. The Group also shares its knowledge to help society as a whole counter today's increasingly sophisticated and diversified cyber-attacks.

### Information Security System (Mitsubishi Electric Group)



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

## E: Environment

### Environmental Sustainability Vision 2050

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

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

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

### Environmental Sustainability Vision 2050

#### Environmental Declaration

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



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

#### Three Environmental Action Guidelines

**1**

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

**2**

Challenge to develop business innovations for future generations

**3**

Publicize and share new values and lifestyles

#### Key Initiatives

- Climate Change Measures
- Resource Circulation
- Live in Harmony with Nature
- Long-term Activities
- Innovation
- Nurturing Human Resources
- Understanding Needs
- Co-create and Disseminate New Values
- Live in Harmony with the Region

### Environmental Initiatives and the SDGs

## Shaping the World of 2030

#### SDGs Closely Related to Mitsubishi Electric Group Environmental Activities



#### Example 1

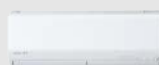
#### Offering Technologies that Contribute to the Conservation of the Aquatic Environment



We have provided ozone generators, which use ozone instead of chlorine to purify water, for nearly 50 years. The ozone generators can be used at water purification and sewage treatment plants, pharmaceutical and chemical plants, and aquariums, contributing to the conservation of our aquatic environment.

#### Example 2

#### Increasing Product Energy Efficiency



Mitsubishi Electric Group products consume electricity when used. As increased product energy efficiency results in less CO<sub>2</sub> generated during use, our goal is to develop energy-efficient products.

## Cultivating Innovation for the Future

Great expectations are being placed on corporate innovation to achieve the SDGs and Paris Agreement goals. Mitsubishi Electric set up the Center for Future Innovation in July 2015 to promote open innovation, with future-oriented research and development instead of focusing on prolonging the use of existing technologies. Accelerating the cultivation of innovation in this way, alongside making full use of the strengths of our products and services, will allow us to contribute to the environment across a wide range of fields.

### Greenhouse Gas Reduction Targets Based on Scientific Grounds

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



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

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

### Reduction Targets of the Mitsubishi Electric Group

#### Scope 1 and 2

**Mitsubishi Electric commits to reduce total scope 1 and 2 GHG emissions by 18% by 2030, compared to the base year of 2016.**

#### Scope 3

**Mitsubishi Electric commits to reduce total scope 3 GHG emissions by 15% by 2030, compared to the base year of 2018.**

**Scope 1** Direct emissions resulting from fuel use within the company.

**Scope 2** Indirect emissions associated with the use of externally purchased electricity and heat.

**Scope 3** Indirect emissions from the entire value chain other than Scope 1 and 2 emissions.

(Category 11 (use of sold products) applies to our target.)

### Response to TCFD Recommendations

The Mitsubishi Electric Group approved of the recommendations by the TCFD (Task Force on Climate-related Financial Disclosures)<sup>\*1</sup> in May 2019.

The Mitsubishi Electric Group assesses climate-related risks and opportunities using climate change scenarios for further improvement and new efforts.

The Mitsubishi Electric Group has placed contributing to saving the environment as an important issue for management and endeavors to create new value to solve diverse environmental problems including climate change.

For more information, please refer to our environmental report<sup>\*2</sup>.



<sup>\*1</sup> Private-sector-led task force that encourages investors to make appropriate investment decisions (evaluate company sustainability).

The TCFD encourages companies to efficiently disclose climate-related financial information through recommendations.

<sup>\*2</sup> Scheduled for release in August 2020.

## S: Social

### ■ Human rights management

#### Mitsubishi Electric Group Human Rights Policy

Protection of human rights and support for internationally agreed human rights are imperatives for the Mitsubishi Electric Group's business activities.

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

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

#### Management system related to Respecting Human Rights

The Mitsubishi Electric Group established a Human Rights Policy in September 2017 and has been undertaking human rights due diligence and other measures based on the United Nations Guiding Principles on Business and Human Rights,

etc. In this initiative, we promote continuous improvement activities by implementing the Plan-Do-Check-Action (PDCA) cycle, in which the Human Rights working group composed of the people in charge in divisions concerned (Corporate Human Resources Div., Corporate Legal Div., Corporate Purchasing Div., etc.) discuss policies and measures for dealing with human rights issues, and results of initiatives are confirmed and policies and plans are considered and approved in a meeting of the CSR Committee held every year.

#### Human Rights Impact Assessment

In fiscal 2019, we provided feedback of the results of assessing human rights impact to a total of 336 sites for which the assessment was conducted, including Mitsubishi Electric, its offices, domestic affiliated companies and overseas affiliated companies, and requested them to promote improvement activities. We are promoting initiatives especially related to such issues as "preventing harassment," "controlling long work hours," and "giving consideration toward women and people with disabilities" by incorporating them into human rights education themes. Going forward, we will continue striving to understand human rights risks and implement mitigation measures by conducting human rights impact assessments on a regular basis.

#### Grievance Handling Mechanism

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

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

#### Main report and inquiry channels of Mitsubishi Electric

Assumed users	Report and inquiry channel name	Accepted report and inquiry	Contact information
<b>Diverse stakeholders (including customers and local residents)</b>	Official website of the Mitsubishi Electric Group "Inquiries about CSR" "Other inquiries"	- Inquiries about the CSR of the Mitsubishi Electric Group - Various inquiries about other corporate activities of the Mitsubishi Electric Group	Official website of the Mitsubishi Electric Group "Inquiries about CSR" "Other inquiries"
<b>Employees of Mitsubishi Electric or its affiliates*1 and business partners of Mitsubishi Electric*1</b>	Ethics and Compliance Hotline	Reports and inquiries about organizational or individual fraud, breach of law, or unethical behavior	Internal or external inquiry channel (lawyer)*2,3
<b>Employees of Mitsubishi Electric</b>	Harassment Inquiry Center	Reports and inquiries about harassments in Mitsubishi Electric	Human resources department in each Mitsubishi Electric office

\*1 Limited to reports related to Mitsubishi Electric in terms of people or business.

\*2 Contact information is available on the Mitsubishi Electric intranet, internal posters, and the Mitsubishi Electric Group Code of Corporate Ethics and Compliance, for example.

\*3 Each domestic and overseas affiliate of the Mitsubishi Electric Group has its own whistle-blower system.

## Labor Practices

### Maintaining a Favorable Working Environment

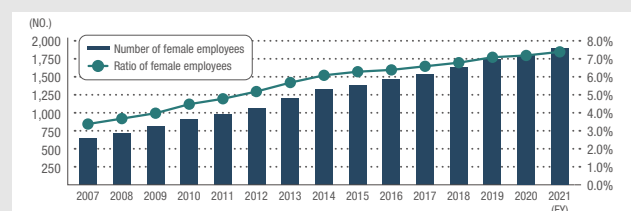
Japan's working population is expected to dramatically decrease in conjunction with its aging and declining population, and there is apt to be a further increase in the number of employees, both men and women, who work while caring for children or elderly members of their family. In order for Mitsubishi Electric to survive through the tough international competition and realize sustainable growth under these circumstances, it will be essential to create a working environment where all employees can work to their full potential within their limited time.

### Women's Participation

To formulate and implement original measures that would help female employees and employees with children form a career while also enriching their personal lives, Mitsubishi Electric established the CP-Plan\* Promotion Center within its Corporate Human Resources Division in April 2006, with a mandate to promote recruitment, training, assignment, and institutional initiatives from a diversified perspective.

\*Career management & Personal life well-balanced Plan

### Trend in the number of female employees (Mitsubishi Electric)



### Create a work environment where all the employees can work actively with a sense of security

Mitsubishi Electric will take the following measures under the Mitsubishi Electric Workplace Culture Innovation Program, aiming at creating a workplace where workers can openly communicate with one another, thorough appropriate care of employees with mental health issues, and other goals. We particularly focus on creating a workplace with zero tolerance to power harassment.

We will strongly promote this program as a project activity under the direct responsibility of the president.

99% of Mitsubishi Electric employees, including those who work for affiliates in Japan, attended harassment seminars conducted in fiscal 2020 for all employees.

### Mitsubishi Electric Workplace Culture Innovation Program

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

<sup>1)</sup> Created referring to "Guidance for Supporting Workers Who Return to Work after Taking a Leave due to Mental Health Issues," published by the Ministry of Health, Labour and Welfare

<sup>2)</sup> Training program to enhance people's capabilities to successfully address stress and adverse circumstances and recover

## “Work Style Reforms”

### ■ Work Style Reform —To the Next Stage—

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

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

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

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

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

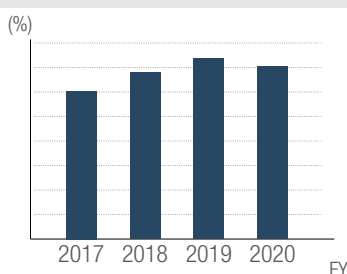


## Outcome of previous activities

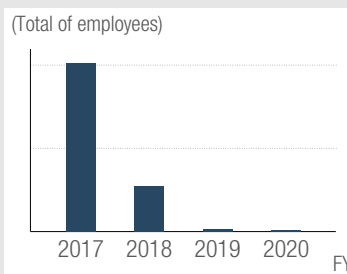
We started the Work Style Reforms in fiscal 2017 and have promoted a variety of measures that contribute to reductions in working hours, proper working hours management, and work quality improvement.

As a result, we reduced monthly overtime hours per employee by 13% from fiscal 2017 and the percentage of employees who responded that they had a good work-life balance increased by 10% according to the employee attitude survey in fiscal 2020.

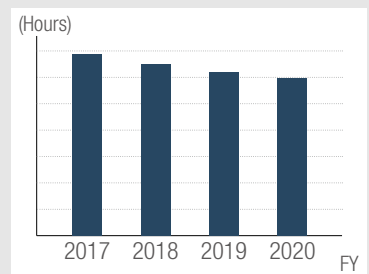
**Percentage of employees who responded that they had a good work-life balance**  
(Employee Attitude Survey)



**Changes in the number of employees who worked more than 80 hours of overtime a month**  
(including managers)



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



## Initiatives to Prevent Recurrence of Work-Related Issues

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

The Group considers the prevention of recurrence of work-related issues as its top management priority, and as a whole, makes every effort to create a work environment where all the employees can maintain mental and physical health and work actively with a sense of security. Specifically, the Group will work together to deploy a variety of measures to innovate the workplace culture, including measures to respond to power harassment and mental health issues, to prevent long working hours and to properly manage working hours.

Item	Initiatives
Workplace culture innovation (measures to respond to power harassment) (measures to respond to mental health issues)	<ul style="list-style-type: none"> <li>Deployment of the Mitsubishi Electric Workplace Culture Innovation Program</li> <li>Enhance anti-harassment education and strengthening of evaluation when assigning leaders, including managers</li> <li>Quantitative workplace culture analysis through attitude survey and continuous improvement based on analysis results</li> <li>Enhance measures to identify and address the workload and mental conditions of individuals at an early stage</li> <li>Engage in thorough and appropriate care of employees with mental health issues (Inspect operations and thoroughly reimplement Mitsubishi Electric Return to Work Support Guidelines)</li> <li>Enhance consultation channels (establishment of multiple channels), etc.</li> </ul>
Measures against long working hours	<ul style="list-style-type: none"> <li>Reduce long working hours and continue proper tracking of working hours</li> <li>Implement appropriate health measures such as consultation by company medical advisors</li> </ul>

## Supply Chain Management

### Basic policy

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

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

Specific requirements for business partners are included in the Green Accreditation Guideline and CSR Procurement Guideline.

### Framework for Promotion of Supply chain Management

Under globally sustainable procurement, target costing and cost co-creation by enhancement of partnership (G-STEP)\* strategy toward strengthening the purchasing structure, the Mitsubishi Electric Group aims to achieve the lowest cost ratio ever starting in fiscal 2021. In this effort, we will develop and promote the following measures toward improving profitability through operational and business transformation as well as strengthening the corporate structure, the Group's business goal, through sustainable and stable procurement.

In cooperation with the Materials Planning Office in regional corporate offices in China, Asia, Europe and the Americas, we implement purchasing strategies through conferences of procurement officers and other such meetings to promote

optimal procurement activities suited to each region.

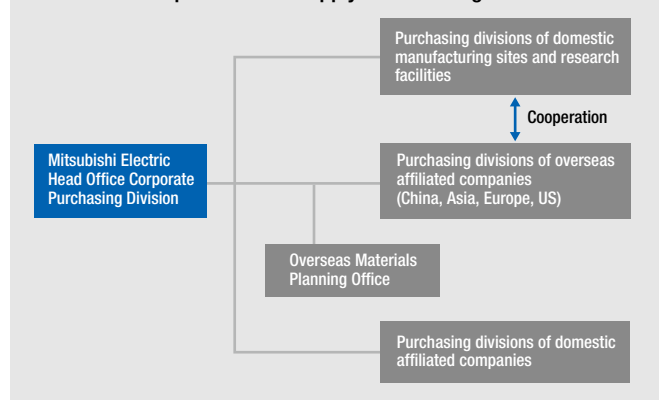
In addition to this initiative, we will also promote activities to mitigate any perceived risks regarding a range of issues related to labor practices and environmental problems in the supply chain and thereby strengthen our business continuity plan (BCP).

\* We have promoted WZ21II activities through March 2020. Starting in April 2020, we are fully rolling out the activities with emphasis on the following:

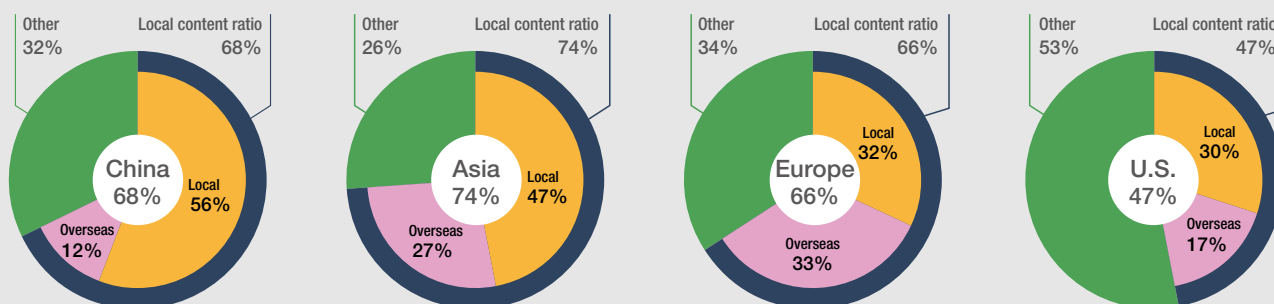
#### Priority activities

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

### Framework for promotion of supply chain management



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



\*1 Local procurement rate: Materials, parts, etc. (regardless of country of origin) that are procured by overseas production sites at their own discretion

\*2 Local production ratio: Among all locally procured items, the procurement ratio of items produced in the country of the overseas site

\*3 Foreign origin: Among all locally procured items, the procurement ratio of items produced in countries other than the country of the overseas site

### Mitsubishi Electric Group Policies for Responsible Minerals Procurement

The Mitsubishi Electric Group aims for transparency in its supply chain to avoid any affiliation with armed groups that trade in conflict minerals<sup>1</sup> as their source of funding. We also recognize the possibilities of human rights violations occurring in the severe labor conditions in cobalt mining sites as a major problem. The Group adheres to the OECD Due Diligence Guidance for Responsible Supply

Chains of Minerals from Conflict-Affected and High-Risk Areas<sup>2</sup>, and removes certain minerals from the supply chain in situations where their procurement encourages or contributes to serious human rights violations or environmental destruction.

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

\*2 OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (PDF:1.6MB)

## Quality Management

### Basic policy

The Mitsubishi Electric Group is committed to improving its technologies and services by applying creativity to all aspects of its business, to thereby enhance the quality of life in our society, as stated in our corporate mission. This commitment inherits the principles outlined in the Keys to Management (in Japanese, Keiei no Yotei) with regard to "our contribution to social prosperity," "quality improvement," and "customer satisfaction," and forms the basic spirit of our relationship with society and our customers.

To give concrete shape to this basic spirit, the Seven Guiding Principles define our actions in response to society and customers. It teaches us to establish relationships based on trust, provide the best products and services with unsurpassed quality, and respond to customer expectations through technology by promoting research and development and pioneering new markets.

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

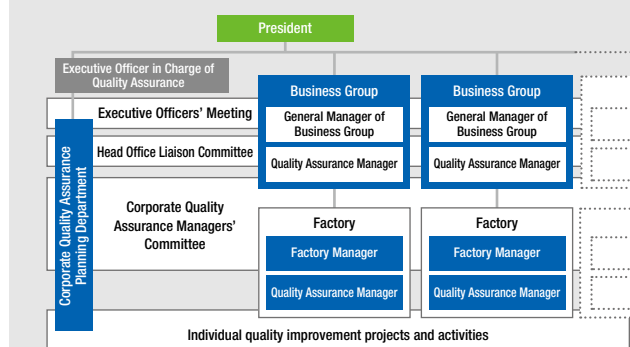
### Management system

Based on the Four Basic Quality Assurance Principles, we have established a system for quality assurance and improvement activities throughout the entire Group, including the appointment of a quality assurance promotion manager in all business group headquarters. We have also formulated quality assurance guidelines to ensure compliance with quality assurance legislation and standards and further develop quality improvement activities. At the level of management, we also regularly report on the status of quality at meetings of executive officers.

Worldwide manufacturing bases take responsibility for the quality assurance of each product and are implementing concrete improvement initiatives in relation to quality assurance measures (quality management) for processes at each stage, from market surveys regarding Mitsubishi Electric products, through product planning, development and design, manufacturing, transportation, storage, installation, maintenance and servicing, and education, to the disposal of the product.

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

### Promotion of Quality Assurance and Improvement Activities



### Product Safety-related Principles

Based on the Corporate Statement and the Seven Guiding Principles, the Mitsubishi Electric Group promotes initiatives to ensure product safety under the following principles:

#### Product Safety-related Principles

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

Particularly in regard to consumer products, Mitsubishi Electric is committed to preventing serious hazards that could result in death, injury, fire, or other damage, by subjecting all products to a quantitative risk assessment at the development stage, while also designing and developing products in consideration of their end-of-life management (to ensure safety even at the stage where products are prone to break or be discarded). Especially in the case of home appliances, Mitsubishi Electric conducts risk assessment for 100% of the products subject to such assessments in pursuit of safety.

At the same time, our Customer Service Center in Japan operates 24 hours a day, 365 days a year, to assist customers and gather their views about Mitsubishi Electric products. Furthermore, we disclose accident information, including information on the status of ongoing investigations, on our Japanese official website.

### The results of re-examination of the quality assurance system of Mitsubishi Electric and its subsidiaries

Mitsubishi Electric and its subsidiaries, etc. have been found to have committed misconduct with regard to quality control for certain products and have submitted inadequate applications to the relevant authority regarding product certification. In addition to thoroughly reviewing and reinforcing the creation of a quality climate in the organization and strengthening the quality control system, we will strive to ensure compliance once again and strengthen internal control.

### About the failure in shipping inspection for certain power semiconductor products of Mitsubishi Electric

During November 2014 to June 2019, Mitsubishi Electric's Power Device Works shipped certain power semiconductor\* products it manufactured without carrying out shipping inspections in accordance with the specification agreed with the customer. This incident was found in the course of the ongoing strengthening of quality control following the efforts described in 1 above made across the entire Group. In addition to thoroughly reviewing and reinforcing the creation of a quality climate in the organization and further strengthening the quality control system, we will strive for quick information sharing.

\* A semiconductor device that efficiently controls power by converting electricity from AC to DC or raising or lowering the voltage.

## ■ Philanthropic Activities

### Philosophy and Policies

The Mitsubishi Electric Group shares a common Philosophy and Policies based on its Corporate Mission and Seven Guiding Principles, and carries out a variety of activities accordingly.

#### Philosophy

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

#### Policies

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

### Community Contributions and Human Resource Development Activities

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

ronment in the vicinity of operational sites with the help of employee volunteers.

The Mitsubishi Electric Science Workshop invites children to experience the fun of science with the aim of nurturing future engineers. In addition to these key activities undertaken by Mitsubishi Electric, employees at Group affiliates in Japan and overseas are strongly committed to philanthropic activities, participating in various volunteer activities and supporting local social welfare organizations and sports teams.

### Foundations

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



"Satoyama" Woodland Preservation Project



Job Assistance for People with Disabilities (the United States)



The Mitsubishi Electric Science Workshop



Local Group companies engaging in joint planting activities (Thailand)



"Mouth and Foot Painting Artists of the World Exhibition"  
(Mitsubishi Electric Building Techno-Service Co., Ltd.)



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

## ESG Information Disclosure List (CSR website)

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More information related to CSR at the Mitsubishi Electric Group, is published on our website

CSR

<https://www.MitsubishiElectric.com/en/sustainability/csr/index.html>

Environment

<https://www.MitsubishiElectric.com/en/sustainability/environment/index.html>

About

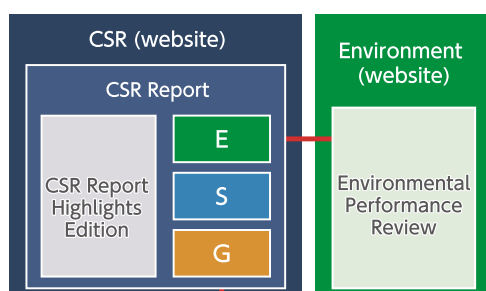
<https://www.MitsubishiElectric.com/en/about/index.html>

## Overview of CSR-related information disclosure

### Financial Information



### Non-financial Information



## Directors and Executive Officers

### Directors (As of June 26, 2020)

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

### Representative Executive Officers (As of April 1, 2020)

Takeshi Sugiyama  
Yasuyuki Ito  
Kei Uruma

### Executive Officers (As of April 1, 2020)

#### President & CEO:

Takeshi Sugiyama

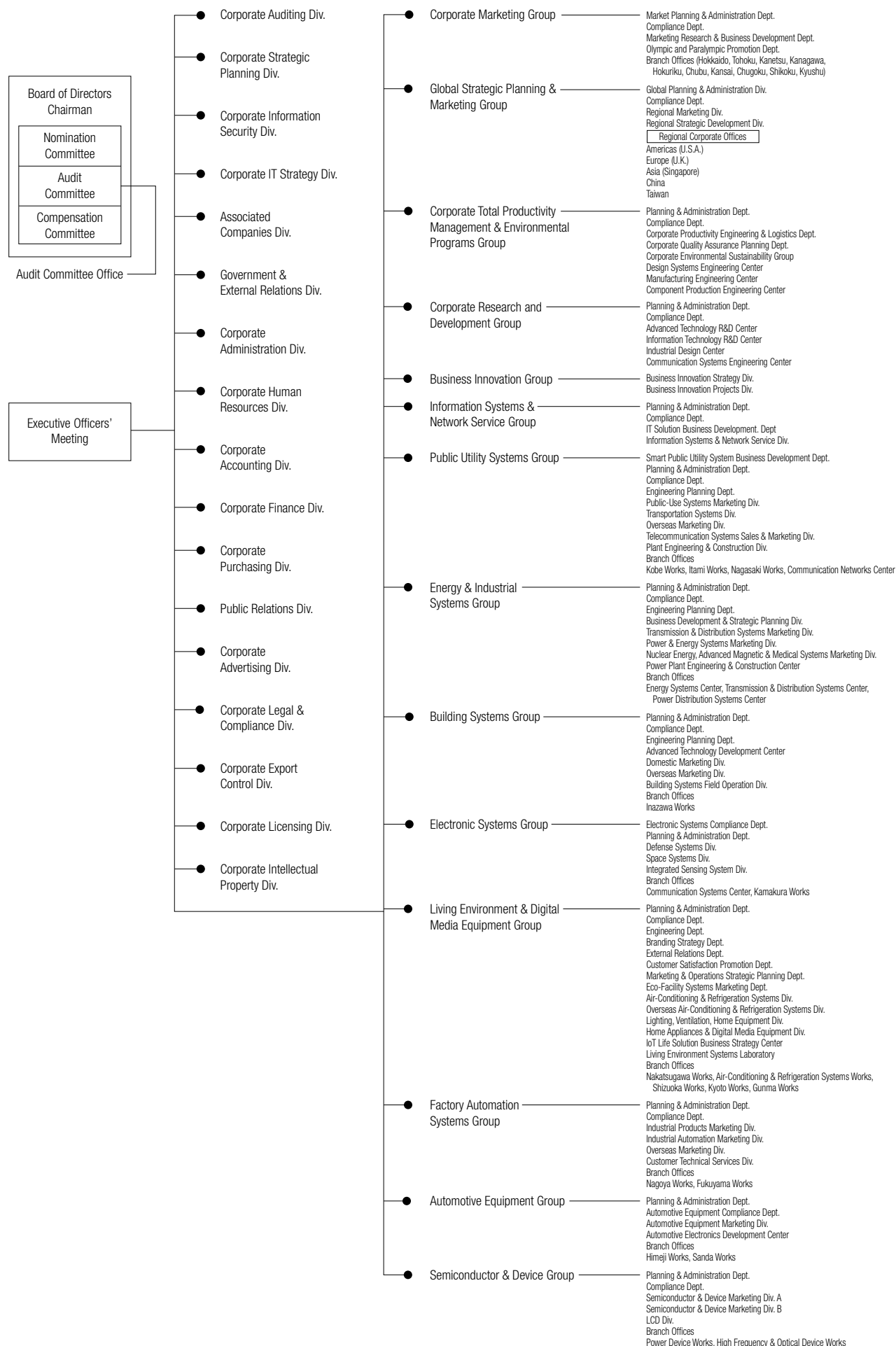
#### Senior Vice Presidents:

Yasuyuki Ito .....	In charge of Export Control and Building Systems
Kei Uruma .....	In charge of Corporate Strategic Planning and Operations of Associated Companies
Satoshi Matsushita .....	In charge of Business Innovation
Hiroshi Onishi .....	In charge of Automotive Equipment
Yoshikazu Miyata .....	In charge of Factory Automation Systems
Tadashi Matsumoto .....	In charge of Living Environment & Digital Media Equipment

#### Executive Officers:

Masahiro Fujita .....	In charge of IT and Research & Development
Jun Nagasawa .....	In charge of Advertising and Domestic Marketing
Shinji Harada .....	In charge of General Affairs, Human Resources and Public Relations
Tadashi Kawagoishi .....	In charge of Accounting and Finance
Takakazu Murozono .....	In charge of Auditing and Legal Affairs & Compliance
Koichi Orito .....	In charge of Information Systems & Network Service
Juichi Shikata .....	In charge of Purchasing
Yoshihisa Hara .....	In charge of Electronic Systems
Atsuhiko Yabu .....	In charge of Information Security and Total Productivity Management & Environmental Programs
Satoshi Kusakabe .....	In charge of Government & External Relations, Export Control and Intellectual Property
Yoji Saito .....	In charge of Global Strategic Planning & Marketing
Hideki Fukushima .....	In charge of Public Utility Systems
Noriyuki Takazawa .....	In charge of Energy & Industrial Systems
Yuzuru Saito .....	In charge of Semiconductor & Device

# Organization (As of June 26, 2020)



## Major Subsidiaries and Affiliates (As of March 31, 2020)

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

### Notes:

- Comprehensive sales companies include several companies that are responsible for selling products from a number of businesses, and therefore these are placed into their own separate category rather than grouped by business segment.
- Consolidated subsidiaries are shaded in  , while equity method companies are shaded in  .
- Toyo Electric Corporation changed its corporate name to Mitsubishi Electric Public Utility Equipment Corporation on April 1, 2020.
- Mitsubishi Electric Business Systems Co., Ltd. changed its corporate name to Mitsubishi Electric IT Solutions Corporation on April 1, 2020.
- As of the end of March 2020, the numbers of consolidated subsidiaries and equity method companies are 203 and 39, respectively.

# Financial Section

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# Five-Year Summary

Mitsubishi Electric Corporation and Subsidiaries

Yen (millions)

Years ended March 31	U.S. GAAP			IFRS		
	2016	2017	2018	2018	2019	2020
Revenue	¥ 4,394,353	¥ 4,238,666	¥ 4,431,198	¥ 4,444,424	¥ 4,519,921	¥ 4,462,509
Operating profit	301,172	270,104	318,637	327,444	290,477	259,661
Profit before income taxes	318,476	296,249	364,578	353,206	315,958	281,986
Net profit attributable to Mitsubishi Electric Corp. stockholders	228,494	210,493	271,880	255,755	226,648	221,834
Total assets	4,059,941	4,172,270	4,264,559	4,305,580	4,356,211	4,409,771
Cash and cash equivalents	574,170	662,469	599,199	599,199	514,224	537,559
Bonds and borrowings	404,039	352,124	311,485	311,950	298,438	267,008
Mitsubishi Electric Corp. stockholders' equity	1,838,773	2,039,627	2,259,355	2,294,174	2,399,946	2,429,743
Cash flows from operating activities	366,677	365,950	240,450	265,768	239,817	395,834
Cash flows from investing activities	(255,443)	(148,632)	(178,219)	(182,015)	(210,668)	(203,997)
Free cash flows	111,234	217,318	62,231	83,753	29,149	191,837
Cash flows from financing activities	(82,144)	(123,495)	(128,291)	(149,813)	(112,067)	(156,454)
Dividends paid	57,963	57,963	68,696	68,696	85,871	85,871
R&D expenditures	202,922	201,330	210,308	210,308	212,794	206,846
Capital expenditures (Based on the recognized value of property, plant and equipment)	177,801	175,542	181,513	181,513	198,442	227,450
Depreciation	¥ 145,249	¥ 141,584	¥ 154,559	¥ 153,161	¥ 152,315	¥ 184,842
<b>Per Share Amounts:</b>						
Earnings per share attributable to Mitsubishi Electric Corp. stockholders (Yen)						
Basic	¥ 106.43	¥ 98.07	¥ 126.70	¥ 119.19	¥ 105.65	¥ 103.41
Diluted	—	—	—	119.19	105.65	103.41
Cash dividends declared (Yen)	27	27	40	40	40	40
Mitsubishi Electric Corp. stockholders' equity (Yen)	¥ 856.52	¥ 950.37	¥ 1,052.96	¥ 1,069.19	¥ 1,118.83	¥ 1,132.69
<b>Financial Ratios:</b>						
Operating profit ratio (%)	6.9	6.4	7.2	7.4	6.4	5.8
Return on revenue (%)	5.2	5.0	6.1	5.8	5.0	5.0
Return on equity (ROE) (%)	12.4	10.9	12.6	11.7	9.7	9.2
Return on assets (ROA) (%)	5.6	5.1	6.4	6.0	5.2	5.1
Mitsubishi Electric Corp. stockholders' equity ratio (%)	45.3	48.9	53.0	53.3	55.1	55.1
Bonds and borrowings to total assets (%)	10.0	8.4	7.3	7.2	6.9	6.1
Employees (persons)	135,160	138,700	142,340	142,340	145,817	146,518
Total Shareholder Return (%)	84.5	115.6	125.7	125.7	109.0	105.6
(Comparison Index : Nikkei stock average) (%)	87.3	98.4	111.7	111.7	110.4	98.5

1. The consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRS) from the year ended March 31, 2019 and also for the fiscal year ended March 31, 2018 as comparative information.
2. The balance of bonds and borrowings and the ratio of bonds and borrowings to total assets include lease liabilities until the fiscal year ended March 31, 2019.
3. R&D expenditures include elements spent on quality improvements which constitute manufacturing costs.
4. Diluted earnings per share attributable to Mitsubishi Electric Corp. stockholders is equal to Basic earnings per share attributable to Mitsubishi Electric Corp. stockholders under IFRS, as no dilutive securities existed.
5. Total shareholder return is calculated based on the stock price as of March 31, 2015.

## Overview

The economy in the fiscal year ended March 31, 2020 generally saw a gradual and slow recovery in Japan, the U.S. and Europe until the end of 2019 but the corporate sector slowed down. The growth of China also slowed down with the corporate sector experiencing a slowdown in exports and capital expenditures for fixed assets. The expansion of the novel coronavirus diseases (COVID-19) and its impact put great downward pressure on the global economy from the beginning of 2020.

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

As a result, the business performance for the fiscal year ended March 31, 2020 is as follows.

<Consolidated Performance>			Yen(billions)
	2019	2020	year on year
Revenue	4519.9	4462.5	down 57.4
Operating profit	290.4	259.6	down 30.8
Profit before income taxes	315.9	281.9	down 33.9
Net profit attributable to Mitsubishi Electric Corp. stockholders	226.6	221.8	down 4.8

## Revenue

Revenue for the fiscal year ended March 31, 2020 decreased by 57.4 billion yen from the previous fiscal year to 4,462.5 billion yen due primarily to a decrease in revenue of Industrial Automation Systems segment, despite that revenue increased in Information and Communication Systems, Home Appliances, Energy and Electric Systems, and Electronic Devices segments. In Industrial Automation Systems segment, revenue for the factory automation system business decreased due mainly to stagnant demand for capital expenditures worldwide and revenue for the automotive equipment business decreased due to a slowdown in demand for new cars worldwide.

Other factors that caused the decrease in revenue include the yen appreciating against foreign currencies and the impact of COVID-19 in the fourth quarter.

### <Impact of Exchange Rate Fluctuations on Revenue>

	2019 Average exchange rate	2020 Average exchange rate	Impact of exchange rate fluctuations on revenue
Consolidated total	—	—	About ¥62.0 billion decrease
US\$	¥111	¥109	About ¥9.0 billion decrease
EURO	¥128	¥121	About ¥20.0 billion decrease
CNY	¥16.5	¥15.6	About ¥17.0 billion decrease

### Operating Profit

Operating profit decreased by 30.8 billion yen from the previous fiscal year to 259.6 billion yen due primarily to a decrease in operating profit of Industrial Automation System segment, despite that operating profit increased in Home Appliances, Information and Communication Systems, and Electronic Devices segments. Operating profit ratio decreased by 0.6% from the previous fiscal year to 5.8% due mainly to increased cost ratio.

The cost ratio increased by 1.2% due primarily to lowered operation, a shift in product mix and upfront investment for growth drivers of Industrial Automation Systems segment in addition to the yen appreciating against other currencies.

Selling, general and administrative expenses decreased by 26.2 billion yen from the previous fiscal year and selling, general and administrative expenses to revenue ratio improved by 0.3%.

Other profit (loss) increased by 13.6 billion yen from the previous fiscal year due mainly to sale of land and other profit (loss) to revenue ratio improved by 0.3%.

### Profit Before Income Taxes

Profit before income taxes decreased by 33.9 billion yen from the previous year to 281.9 billion yen due primarily to a decrease in operating profit, an increase in financial expenses caused by loss on foreign exchange, and a decrease in share of profit of investments accounted for using the equity method. Profit before income taxes to revenue ratio was 6.3%.

### Net Profit Attributable to Mitsubishi Electric Corp. Stockholders

Net profit attributable to Mitsubishi Electric Corporation stockholders decreased by 4.8 billion yen from the previous year to 221.8 billion yen due primarily to decreased profit before income taxes despite reduced income taxes as a result of the reorganization of its affiliated company outside Japan. Net profit attributable to Mitsubishi Electric Corporation stockholders to revenue ratio was 5.0%.

ROE decreased by 0.5% from the previous fiscal year to 9.2%.

## Results by Business Segment

### Revenue by Business Segment

Years ended March 31	U.S. GAAP			IFRS		
	2016	2017	2018	2018	2019	2020
Energy and Electric Systems	¥ 1,264,604	¥ 1,227,906	¥ 1,241,952	¥ 1,253,062	¥ 1,296,745	¥ <b>1,307,389</b>
Industrial Automation Systems	1,321,937	1,310,136	1,444,928	1,444,928	1,467,633	<b>1,349,429</b>
Information and Communication Systems	561,119	447,754	436,068	438,184	426,269	<b>455,596</b>
Electronic Devices	211,580	186,554	202,294	202,294	199,908	<b>208,750</b>
Home Appliances	982,064	1,004,415	1,049,369	1,049,369	1,074,044	<b>1,090,248</b>
Others	707,746	713,603	764,346	659,059	676,736	<b>659,636</b>
Subtotal	5,049,050	4,890,368	5,138,957	5,046,896	5,141,335	<b>5,071,048</b>
Eliminations	(654,697)	(651,702)	(707,759)	(602,472)	(621,414)	<b>(608,539)</b>
Consolidated total	¥ 4,394,353	¥ 4,238,666	¥ 4,431,198	¥ 4,444,424	¥ 4,519,921	¥ <b>4,462,509</b>

Yen (millions)

### Operating Profit by Business Segment

Years ended March 31	U.S. GAAP			IFRS		
	2016	2017	2018	2018	2019	2020
Energy and Electric Systems	¥ 50,342	¥ 44,319	¥ 51,710	¥ 65,457	¥ 82,501	¥ <b>82,309</b>
Industrial Automation Systems	159,160	140,073	190,826	187,350	142,563	<b>68,962</b>
Information and Communication Systems	14,999	12,700	11,987	11,340	12,247	<b>26,457</b>
Electronic Devices	16,870	8,382	14,554	14,164	1,442	<b>8,701</b>
Home Appliances	63,856	69,696	56,057	55,496	59,451	<b>78,206</b>
Others	23,620	23,214	23,900	24,034	24,172	<b>26,050</b>
Subtotal	328,847	298,384	349,034	357,841	322,376	<b>290,685</b>
Eliminations and Corporate	(27,675)	(28,280)	(30,397)	(30,397)	(31,899)	<b>(31,024)</b>
Consolidated total	¥ 301,172	¥ 270,104	¥ 318,637	¥ 327,444	¥ 290,477	¥ <b>259,661</b>

Yen (millions)

### Energy and Electric Systems

The market of the social infrastructure systems business saw buoyant investment in the public utility for preventing and reducing disaster risks in Japan, also buoyant investment in train system business worldwide, and continued demand in the power systems in Japan due to the electricity system reform. In this environment, the business saw an increase in orders from the previous fiscal year due primarily to an increase in the power systems business worldwide and the public utility and transportation systems businesses in Japan. Revenue for this business remained substantially unchanged from the previous fiscal year due mainly to a decrease in thermal power generation business worldwide despite an increase in orders.

The market of the building systems business saw decreased demand for high-end, large-scale office projects in China, continued market stagnation in the Middle East, and an increase in renewals of elevators and escalators in Japan. In this environment, the business saw a decrease in orders from the previous fiscal year due primarily to market stagnation in China and the Middle East. Revenue for this business remained substantially unchanged from the previous fiscal year due mainly to an increase in new installations of elevators and escalators in Japan, mainly in the Tokyo metropolitan area despite a decrease in orders.

As a result, revenue for this segment increased by 1% from the previous fiscal year to 1,307.3 billion yen.

Operating profit decreased by 0.1 billion yen from the previous fiscal year to 82.3 billion yen, due primarily to the yen appreciating against other currencies and a shift in project portfolios.

## Industrial Automation Systems

The market of the factory automation systems business saw continued stagnation in demand for automotive-related investments worldwide, semiconductor and machinery-related investments in Japan, and investments related to organic light emitting diodes (OLED) and smartphones outside Japan. In this environment, the business saw decreases in both orders and revenue from the previous fiscal year due primarily to the yen appreciating against other currencies and a decrease in sales of factory automation devices, processing machines and numerical controllers.

The market of the automotive equipment business saw a slowdown in demand for new cars worldwide and the impact of COVID-19 becoming actual in the fourth quarter, while the market of electric-vehicle related equipment expanded worldwide. In this environment, the business saw decreases in both orders and revenue from the previous fiscal year due mainly to a decrease in sales of electrical components and the yen appreciating against other currencies, while sales of electric-vehicle related equipment such as motors and inverters increased.

As a result, revenue for this segment decreased by 8% from the previous fiscal year to 1,349.4 billion yen.

Operating profit decreased by 73.6 billion yen from the previous fiscal year to 68.9 billion yen due primarily to a decrease in revenue, a shift in product mix and upfront investment for growth drivers.

## Information and Communication Systems

The market of the telecommunications systems business saw buoyant investment by telecommunications carriers to deal with increased traffic caused mainly by the expanding 5G communications networks. In this environment, the business saw increases in both orders and revenue from the previous fiscal year due primarily to increased demand for communications infrastructure equipment.

The market of the information systems and service business saw increased demand relating to the cloud utilization, the enhancement of cyber-security and the improvement of work efficiency. In this environment, the business saw increases in both orders and revenue from the previous fiscal year due mainly to an increase in the system integrations business.

The electronic systems business saw an increase in orders from the previous fiscal year due primarily to an increase in large-scale projects for the space systems business. The revenue also increased from the previous fiscal year due mainly to an increase in large-scale projects for the defense systems business.

As a result, revenue for this segment increased by 7% from the previous fiscal year to 455.5 billion yen.

Operating profit increased by 14.2 billion yen from the previous fiscal year to 26.4 billion yen due primarily to an increase in revenue and a shift in project portfolios.

## Electronic Devices

The market of the electronic devices saw emerging demand relating to 5G communications networks and next-generation data centers, and accelerated development and market launches of electric vehicles. In this environment, the business saw an increase in orders and revenue also increased by 4% from the previous fiscal year to 208.7 billion yen due primarily to increased demand for high frequency and optical devices, particularly for optical communication devices, and power modules used in automotive applications.

Operating profit increased by 7.2 billion yen from the previous fiscal year to 8.7 billion yen due mainly to an increase in revenue and a shift in product mix.

## Home Appliances

The market of the home appliances saw a heightened awareness of environmental issues causing increased demand of ductless air conditioners in North America and heat-pump hot water and heating systems in Europe. The demand for industrial air conditioners for schools also increased in Japan. In this environment, the business saw an increase in revenue by 2% from the previous fiscal year to 1,090.2 billion yen due primarily to an increase in sales of air conditioners for Japan, North America and Europe.

Operating profit increased by 18.7 billion yen from the previous fiscal year to 78.2 billion yen due mainly to an increase in revenue and cost improvement.

## Others

Revenue decreased by 3% from the previous fiscal year to 659.6 billion yen due primarily to decreases in procurements and logistics for the Mitsubishi Electric Group at affiliated companies.

Operating profit increased by 1.8 billion yen from the previous fiscal year to 26.0 billion yen due mainly to cost improvements.

## Results by Geographic Segment

### Revenue from External Customers by the Location of Customers

Years ended March 31	U.S. GAAP			IFRS		
	2016	2017	2018	2018	2019	2020
Japan	¥ 2,521,194	¥ 2,405,552	¥ 2,423,626	¥ 2,438,942	¥ 2,556,644	¥ 2,610,322
North America	447,578	422,259	417,423	419,121	429,451	432,096
Asia (excluding Japan)	963,684	940,150	1,075,683	1,089,176	1,013,883	919,973
Europe	369,978	384,075	431,316	431,316	453,748	437,214
Others	91,919	86,630	83,150	65,869	66,195	62,904
Consolidated total	¥ 4,394,353	¥ 4,238,666	¥ 4,431,198	¥ 4,444,424	¥ 4,519,921	¥ 4,462,509

#### Japan

Revenue increased by 2% year on year to 2,610.3 billion yen primarily due to increases in the social infrastructure systems, electronic systems, and air conditioner businesses, despite a decrease in the factory automation systems business.

#### North America

Revenue increased by 1% year on year to 432.0 billion yen primarily due to an increase in the air conditioner business, despite decreases in the factory automation systems and the automotive equipment businesses.

#### Asia (excluding Japan)

Revenue decreased by 9% year on year to 919.9 billion yen due to decreases in the building systems, factory automation systems, and air conditioner businesses.

In China, revenue decreased by 14% year on year to 420.5 billion yen primarily due to decreases in the factory automation systems and air conditioner businesses.

#### Europe

Revenue decreased by 4% year on year to 437.2 billion yen due to decreases in the factory automation systems and automotive equipment businesses, despite an increase in the air conditioner business.

#### Others

Revenue in other regions, including Oceania, decreased by 5% year on year to 62.9 billion yen.

## Financial Position

Due to the application of IFRS 16 Lease, the Mitsubishi Electric Group has added lease assets of 93.0 billion yen mainly as property, plant and equipment, and liabilities of 95.1 billion yen as bonds, borrowings and lease liabilities as of the date of the initial application.

Total assets as of the end of this fiscal year increased from the end of the previous fiscal year by 53.5 billion yen to 4,409.7 billion yen. The change in balance of total assets was mainly attributable to increases in property, plant and equipment by 93.8 billion yen and cash and cash equivalents by 23.3 billion yen despite decreases in inventories by 35.2 billion yen and other financial assets by 33.4 billion yen.

Inventories decreased due mainly to the slowdown of the Industrial Automation Systems segment, reduced stock of the Home Appliances segment caused by the consumption tax hike and increased demand for industrial air conditioners for schools, and the yen appreciating against other currencies. Inventory turnover improved by 0.23 from the end of the previous year to 6.43.

Total liabilities increased from the end of the previous fiscal year by 25.8 billion yen to 1,870.9 billion yen. The outstanding balances of bonds, borrowings and lease liabilities increased by 78.5 billion yen, while trade payables decreased by 32.3 billion yen, and net defined benefit liabilities also decreased by 12.8 billion yen. Meanwhile, bonds and borrowings decreased by 8.9 billion yen from the end of the previous fiscal year to 267.0 billion yen, with the ratio of bonds and borrowings to total assets recording 6.1%, representing a 0.2 percentage point decrease compared to the end of the previous fiscal year.

Mitsubishi Electric Corporation stockholders' equity increased by 29.7 billion yen compared to the end of the previous fiscal year to 2,429.7 billion yen. The stockholders' equity ratio was recorded at 55.1%, representing no changes from the end of the previous fiscal year. These changes referred to above primarily result from an increase from recording a net profit attributable to Mitsubishi Electric Corporation stockholders of 221.8 billion yen despite a decrease due to dividend payment of 85.8 billion yen and a loss in accumulated other comprehensive income of 81.6 billion yen caused by the yen appreciating against other currencies and a decline in stock prices.

### <Indices related to the Statement of Financial Position>

	As of Mar. 31, 2019	As of Mar. 31, 2020	YoY changes
Trade receivables turnover (times)	3.66	3.59	(0.07)
Inventory turnover (times)	6.20	6.43	0.23
Bonds and borrowings to total assets (%)	6.3	6.1	(0.2)
Mitsubishi Electric Corp. stockholders' equity ratio (%)	55.1	55.1	0.0

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

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

## Capital Resources and Funding Liquidity

### Basic Policies Regarding Financial Strategies

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

The Group is promoting capital cost-conscious management in order to further increase its corporate value and will continue to further improve profitability and capital efficiency by optimizing resource distribution including R&D investments and capital investments.

As the Group implements its growth strategies, it will use cash on hand and funds from operations for the funds necessary for capital investment and M&As, while flexibly raising funds from financial institutions as necessary. The Group will maintain the ratio of bonds and borrowings to total assets below 15% which is one of our management targets to be continuously and stably achieved in the event of capital procurement from financial institutions, etc.

### Status of Cash Flows and Liquidity

Cash flows from operating activities was 395.8 billion yen (cash in) while cash flows from investing activities was 203.9 billion yen (cash out). As a result, free cash flow for the fiscal year ended March 31, 2020 increased by 162.6 billion yen compared to the previous fiscal year to 191.8 billion yen (net cash in). Meanwhile, cash flows from financing activities was 156.4 billion yen (cash out), and cash and cash equivalents at end of period increased by 23.3 billion yen from the previous fiscal year to 537.5 billion yen.

Net cash provided by operating activities increased by 156.0 billion yen from the previous fiscal year due primarily to a decrease in payment for inventories, an increase in collection of trade receivables, and an increase in depreciation caused by the application of IFRS 16 Leases.

Net cash used in investing activities increased by 6.6 billion yen from the previous fiscal year due primarily to an increase in proceeds from sale of property, plant and equipment despite an increase in purchase of investment securities and property, plant and equipment.

Net cash used in financing activities decreased by 44.3 billion yen from the previous fiscal year due mainly to increased repayment of lease liabilities caused by the application of IFRS 16 Leases.

### Status of Funding and Liquidity

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

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

The balance of cash and cash equivalents is 537.5 billion yen and the balance of bonds, borrowings and lease liabilities totaled 377.0 billion yen as of March 31, 2020. Of these, short-term borrowings totaled 52.9 billion yen, bonds and long-term borrowings totaled 214.0 billion yen, and lease liabilities totaled 109.9 billion yen.

As of March 31, 2020, the Group had unused committed lines of credit amounting to 82.7 billion yen. However, in preparation for declines in cash inflow resulting from decreases in revenue caused by the COVID-19 situation, the Group is currently striving to curb expenditures and secure liquidity by increasing borrowings and increasing its unused committed lines of credit to about 300.0 billion yen, etc.

## Research and Development Expenditures / Capital Expenditures

### Research and Development Expenditures

Years ended March 31	Yen (billions)					
	U.S. GAAP			IFRS		
	2016	2017	2018	2018	2019	2020
Energy and Electric Systems	¥ 33.7	¥ 35.5	¥ 35.4	¥ 35.4	¥ 34.7	¥ 35.1
Industrial Automation Systems	70.8	66.4	69.5	69.5	70.8	67.4
Information and Communication Systems	18.9	18.2	17.9	17.9	15.3	13.4
Electronic Devices	10.6	10.0	13.4	13.4	14.1	12.5
Home Appliances	39.8	41.1	41.8	41.8	43.8	44.9
Others	28.7	29.7	32.2	32.2	33.9	33.2
Consolidated total	¥ 202.9	¥ 201.3	¥ 210.3	¥ 210.3	¥ 212.7	¥ 206.8
R&D expenditures /revenue (%)	4.6	4.7	4.7	4.7	4.7	4.6

### Capital Expenditures

Years ended March 31	Yen(millions)					
	U.S. GAAP			IFRS		
	2016	2017	2018	2018	2019	2020
Energy and Electric Systems	¥ 39,456	¥ 39,574	¥ 30,861	¥ 30,861	¥ 27,165	¥ 29,414
Industrial Automation Systems	54,653	60,233	68,376	68,376	79,257	78,722
Information and Communication Systems	17,366	16,599	17,522	17,522	21,925	29,982
Electronic Devices	15,458	9,485	17,197	17,197	21,072	31,298
Home Appliances	31,448	36,295	32,849	32,849	31,199	38,720
Others	3,300	4,122	4,758	4,758	7,437	6,426
Commons	16,120	9,234	9,950	9,950	10,387	12,888
Consolidated total	¥ 177,801	¥ 175,542	¥ 181,513	¥ 181,513	¥ 198,442	¥ 227,450

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

# Consolidated Statement of Financial Position

Mitsubishi Electric Corporation and Subsidiaries  
March 31, 2019 and 2020

	Yen (millions)	
	2019	2020
<b>(Assets)</b>		
Cash and cash equivalents	¥ 514,224	¥ 537,559
Trade receivables	938,264	900,430
Contract assets	295,652	343,637
Other financial assets	48,768	56,765
Inventories	729,098	693,890
Other current assets	98,287	95,752
Current assets	2,624,293	2,628,033
Investments accounted for using the equity method	197,959	196,237
Other financial assets	303,834	262,367
Property, plant and equipment	760,540	854,382
Goodwill and intangible assets	137,615	146,323
Deferred tax assets	233,087	249,830
Other non-current assets	98,883	72,599
Non-current assets	1,731,918	1,781,738
Total assets	¥ 4,356,211	¥ 4,409,771

# Consolidated Statement of Financial Position

	Yen (millions)	
	2019	2020
<b>(Liabilities)</b>		
Bonds, borrowings and lease liabilities	¥ 104,969	¥ 133,369
Trade payables	559,641	527,307
Contract liabilities	138,877	147,781
Other financial liabilities	159,579	160,810
Accrued expenses	268,651	265,059
Accrued income taxes	24,298	21,335
Provisions	106,006	99,215
Other current liabilities	54,314	47,789
Current liabilities	1,416,335	1,402,665
Bonds, borrowings and lease liabilities	193,469	243,634
Net defined benefit liabilities	176,087	163,240
Provisions	6,905	5,210
Deferred tax liabilities	10,164	10,193
Other non-current liabilities	42,096	45,970
Non-current liabilities	428,721	468,247
Total liabilities	1,845,056	1,870,912
<b>(Equity)</b>		
Common stock	175,820	175,820
Capital surplus	202,834	202,832
Retained earnings	1,960,466	2,071,817
Accumulated other comprehensive income (loss)	63,809	(17,802)
Treasury stock, at cost	(2,983)	(2,924)
Mitsubishi Electric Corp. stockholders' equity	2,399,946	2,429,743
Non-controlling interests	111,209	109,116
Total equity	2,511,155	2,538,859
Total liabilities and equity	¥ 4,356,211	¥ 4,409,771

## Consolidated Statement of Profit or Loss

Mitsubishi Electric Corporation and Subsidiaries  
Years ended March 31, 2019 and 2020

	Yen (millions)	
	2019	2020
Revenue	¥ 4,519,921	¥ 4,462,509
Cost of sales	3,186,869	3,200,170
Selling, general and administrative expenses	1,043,294	1,017,075
Other profit (loss)	719	14,397
Operating profit	290,477	259,661
Financial income	9,747	10,285
Financial expenses	4,382	7,008
Share of profit of investments accounted for using the equity method	20,116	19,048
Profit before income taxes	315,958	281,986
Income taxes	78,304	48,474
Net profit	237,654	233,512
Net profit attributable to:		
Mitsubishi Electric Corp. stockholders	226,648	221,834
Non-controlling interests	¥ 11,006	¥ 11,678
<b>Earnings per share (attributable to Mitsubishi Electric Corp. stockholders)</b>		
		Yen
Basic	¥ 105.65	¥ 103.41
Diluted	105.65	103.41

# Consolidated Statement of Comprehensive Income

Mitsubishi Electric Corporation and Subsidiaries  
Years ended March 31, 2019 and 2020

	Yen (millions)	
	2019	2020
Net profit	¥ 237,654	¥ 233,512
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to net profit		
Changes in fair value of financial assets measured at fair value through other comprehensive income	(39,284)	(31,874)
Remeasurements of defined benefit plans	12,234	(23,574)
Share of other comprehensive income of investments accounted for using the equity method	(995)	(1,528)
Total items that will not be reclassified to net profit	(28,045)	(56,976)
Items that may be reclassified to net profit		
Exchange differences on translating foreign operations	(6,756)	(49,360)
Net changes in the fair value of cash flow hedges	(37)	20
Share of other comprehensive income of investments accounted for using the equity method	(2,645)	(2,434)
Total items that may be reclassified to net profit	(9,438)	(51,774)
Total other comprehensive income (loss)	(37,483)	(108,750)
Comprehensive income	200,171	124,762
Comprehensive income attributable to:		
Mitsubishi Electric Corp. stockholders	189,306	117,132
Non-controlling interests	¥ 10,865	¥ 7,630

# Consolidated Statement of Changes in Equity

Mitsubishi Electric Corporation and Subsidiaries  
Years ended March 31, 2019 and 2020

Yen (millions)

2019								
Mitsubishi Electric Corp. stockholders' equity								
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost	Total	Non-controlling interests	Total equity
<b>Balance at beginning of year</b>	¥ 175,820	¥ 199,442	¥ 1,811,348	¥ 109,492	¥ (1,928)	¥ 2,294,174	¥ 103,045	¥ 2,397,219
Comprehensive income								
Net profit			226,648			226,648	11,006	237,654
Other comprehensive income (loss), net of tax				(37,342)		(37,342)	(141)	(37,483)
Comprehensive income	—	—	226,648	(37,342)	—	189,306	10,865	200,171
Reclassification to retained earnings			8,341	(8,341)		—		—
Dividends			(85,871)			(85,871)	(5,872)	(91,743)
Purchase of treasury stock					(1,055)	(1,055)		(1,055)
Disposal of treasury stock		0			0	0		0
Transactions with non-controlling interests and others		3,392				3,392	3,171	6,563
<b>Balance at end of year</b>	¥ 175,820	¥ 202,834	¥ 1,960,466	¥ 63,809	¥ (2,983)	¥ 2,399,946	¥ 111,209	¥ 2,511,155

Yen (millions)

2020								
Mitsubishi Electric Corp. stockholders' equity								
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost	Total	Non-controlling interests	Total equity
<b>Balance at beginning of year</b>	¥ 175,820	¥ 202,834	¥ 1,960,466	¥ 63,809	¥ (2,983)	¥ 2,399,946	¥ 111,209	¥ 2,511,155
Cumulative effects of changes in accounting policies			(1,521)			(1,521)	(7)	(1,528)
Adjusted balance at beginning of year	175,820	202,834	1,958,945	63,809	(2,983)	2,398,425	111,202	2,509,627
Comprehensive income								
Net profit			221,834			221,834	11,678	233,512
Other comprehensive income (loss), net of tax				(104,702)		(104,702)	(4,048)	(108,750)
Comprehensive income	—	—	221,834	(104,702)	—	117,132	7,630	124,762
Reclassification to retained earnings			(23,091)	23,091		—		—
Dividends			(85,871)			(85,871)	(7,826)	(93,697)
Purchase of treasury stock					(785)	(785)		(785)
Disposal of treasury stock		(844)			844	0		0
Transactions with non-controlling interests and others		842				842	(1,890)	(1,048)
<b>Balance at end of year</b>	¥ 175,820	¥ 202,832	¥ 2,071,817	¥ (17,802)	¥ (2,924)	¥ 2,429,743	¥ 109,116	¥ 2,538,859

# Consolidated Statement of Cash Flows

Mitsubishi Electric Corporation and Subsidiaries  
Years ended March 31, 2019 and 2020

	Yen (millions)	
	2019	2020
<b>Cash flows from operating activities</b>		
Net profit	¥ 237,654	¥ 233,512
Adjustments to cash flows from operating activities		
Depreciation and amortization	176,247	210,686
Impairment losses	2,645	1,332
Loss (gain) on sales and disposal of property, plant and equipment, net	369	(10,834)
Income taxes	78,304	48,474
Share of profit of investments accounted for using the equity method	(20,116)	(19,048)
Financial income and financial expenses	(5,365)	(3,277)
Decrease (increase) in trade receivables	(13,949)	23,956
Decrease (increase) in contract assets	(26,831)	(48,213)
Decrease (increase) in inventories	(82,718)	18,504
Decrease (increase) in other assets	(3,981)	15,220
Increase (decrease) in trade payables	(20,792)	(28,582)
Increase (decrease) in net defined benefit liabilities	(11,692)	(16,113)
Increase (decrease) in other liabilities	(29,713)	(11,172)
Others, net	8,843	9,540
Subtotal	288,905	423,985
Interest and dividends received	24,788	23,448
Interest paid	(2,428)	(2,284)
Income taxes paid	(71,448)	(49,315)
Cash flows from operating activities	239,817	395,834
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(188,042)	(192,833)
Proceeds from sale of property, plant and equipment	4,170	19,571
Purchase of intangible assets	(29,985)	(24,364)
Purchase of investment securities, net of cash acquired	(13,304)	(20,019)
Proceeds from sale of investment securities, net of cash disposed	11,824	13,687
Others, net	4,669	(39)
Cash flows from investing activities	(210,668)	(203,997)
<b>Cash flows from financing activities</b>		
Proceeds from bonds and long-term borrowings	77,604	35,350
Repayments of bonds and long-term borrowings	(91,138)	(41,676)
Increase (decrease) in short-term borrowings, net	(2,077)	(2,093)
Repayments of lease liabilities	(9,358)	(53,947)
Dividends paid to Mitsubishi Electric Corp. stockholders	(85,871)	(85,871)
Purchase of treasury stock	(1,055)	(785)
Disposal of treasury stock	0	0
Dividends paid to non-controlling interests	(6,617)	(6,929)
Transactions with non-controlling interests	6,445	(503)
Cash flows from financing activities	(112,067)	(156,454)
Effect of exchange rate changes on cash and cash equivalents	(2,057)	(12,048)
Net increase (decrease) in cash and cash equivalents	(84,975)	23,335
Cash and cash equivalents at beginning of year	599,199	514,224
Cash and cash equivalents at end of year	¥ 514,224	¥ 537,559

**Cautionary Statement**

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

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

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



## Corporate Data

Mitsubishi Electric Corporation  
 Tokyo Building, 2-7-3, Marunouchi,  
 Chiyoda-ku, Tokyo 100-8310, Japan  
 Tel: +81(3)3218-2111  
 Established: January 15, 1921  
 Paid-in Capital: ¥175,820 million  
 Shares issued: 2,147,201,551 shares  
 Employees: 146,518

## Shareholders' Meeting

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

## Stock Exchange Listings

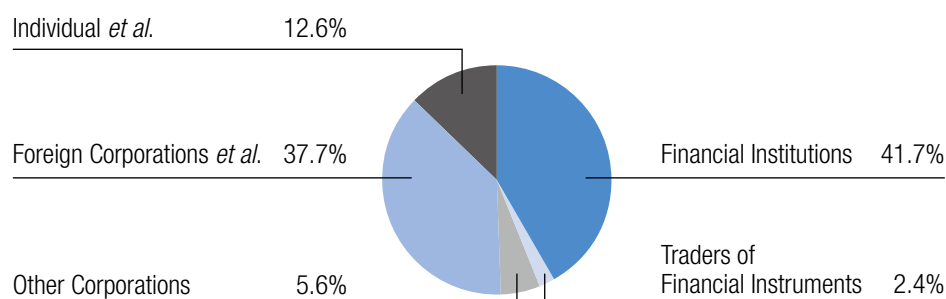
Japan: Tokyo  
 Europe: London

## Major Shareholders

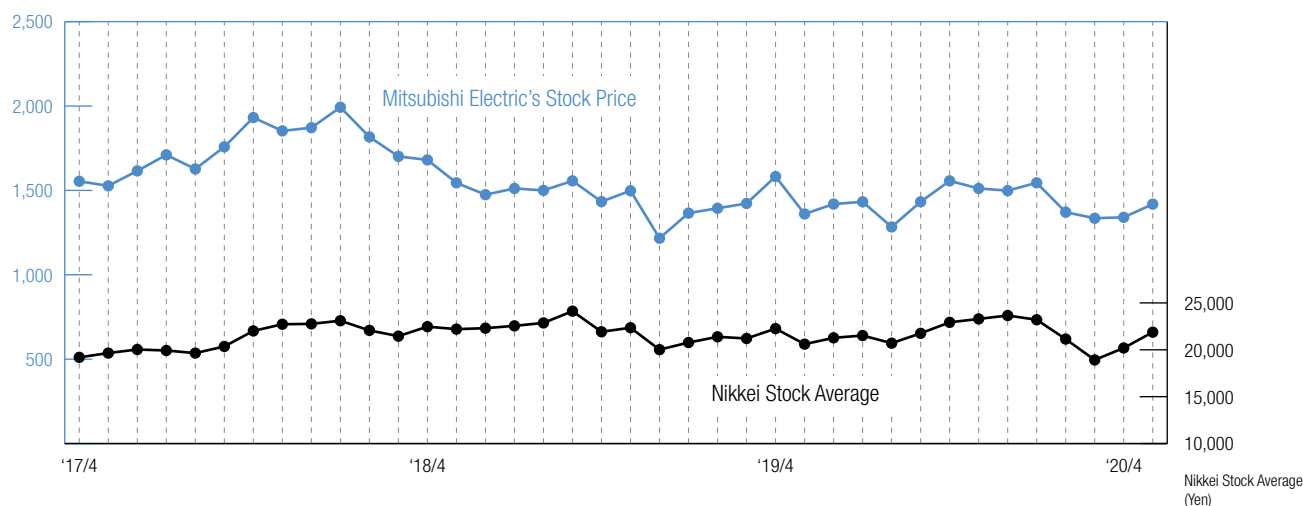
	Number of Shares (thousands)	Percentage of Ownership
The Master Trust Bank of Japan, Ltd. (Trust Account)	181,049	8.4%
SSBTC CLIENT OMNIBUS ACCOUNT	120,935	5.6%
Japan Trustee Services Bank, Ltd. (Trust Account)	106,511	5.0%
Meiji Yasuda Life Insurance Company	81,862	3.8%
Nippon Life Insurance Company	61,639	2.9%
Japan Trustee Services Bank, Ltd. (Trust Account 7)	46,530	2.2%
Mitsubishi Electric Group Employees Shareholding Union	42,932	2.0%
Japan Trustee Services Bank, Ltd. (Trust Account 5)	40,731	1.9%
JP MORGAN CHASE BANK 385151	39,170	1.8%
Japan Trustee Services Bank, Ltd. (Trust Account 4)	36,641	1.7%

Note: Shareholder ratio calculations deduct 426,598 company-owned shares.

## Distribution of Shareholders



## Stock Price (Yen)



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

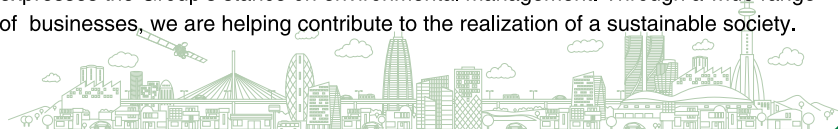
# MITSUBISHI ELECTRIC CORPORATION

<http://www.MitsubishiElectric.com>



**for a greener tomorrow**

Eco Changes is the Mitsubishi Electric Group's environmental statement, and expresses the Group's stance on environmental management. Through a wide range of businesses, we are helping contribute to the realization of a sustainable society.



Please address inquiries for further information to:  
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Phone: 81-3-3218-2391