

Materiality (Important Challenges)

Mitsubishi Electric Group's Materiality

To address sustainability at the management level and ensure long-term commitment, the Mitsubishi Electric Group has identified five areas as materiality (important challenges) to "Provide solutions to social challenges through our businesses" and to "Strengthen our business foundation to enable sustainable growth." The Group is taking a "Trade-On (mutual benefits)" approach to realizing sustainability by implementing materiality initiatives to create business solutions for social challenges while securing its own business growth at the same time. For our materiality initiatives, we set targets and key performance indicators (KPIs) and carry out continuous improvement activities using the PDCA cycle.

	Materiality (Important Challenges)	Reasons why it is important
Provide solutions to social challenges through our business	Realize sustainable global environment	Environmental challenges such as climate change and resource/energy issues are hurdles at a global scale. The Mitsubishi Electric Group will contribute to solving these issues with the aim of realizing a sustainable global environment.
	Realize a safe, secure, and comfortable society	Since its founding, the Mitsubishi Electric Group has contributed to society by providing products and services in a wide range of fields, from home to space. In order to realize a "vibrant and sustainable society" as outlined in our Purpose, we aim to contribute to solve diversifying social challenges through our business activities.
	Respect for all people	The protection of human rights is a global issue. Everyone's rights as an individual must be respected. The Mitsubishi Electric Group respects human rights in all of its activities and provides workplace environments that help all employees to work actively.
Strengthen our business foundation to enable sustainable growth	Strengthen corporate governance and compliance on a sustainable basis	Corporate governance and compliance are fundamental preconditions for a company's continued existence. The Mitsubishi Electric Group continuously reinforces these areas.
	Create sustainability-oriented corporate culture	The Mitsubishi Electric Group contributes to achieving sustainability through all of its activities. To this end, we proactively communicate with stakeholders and foster a corporate culture that encourages employees to pursue initiatives from a mid- to long-term perspective.

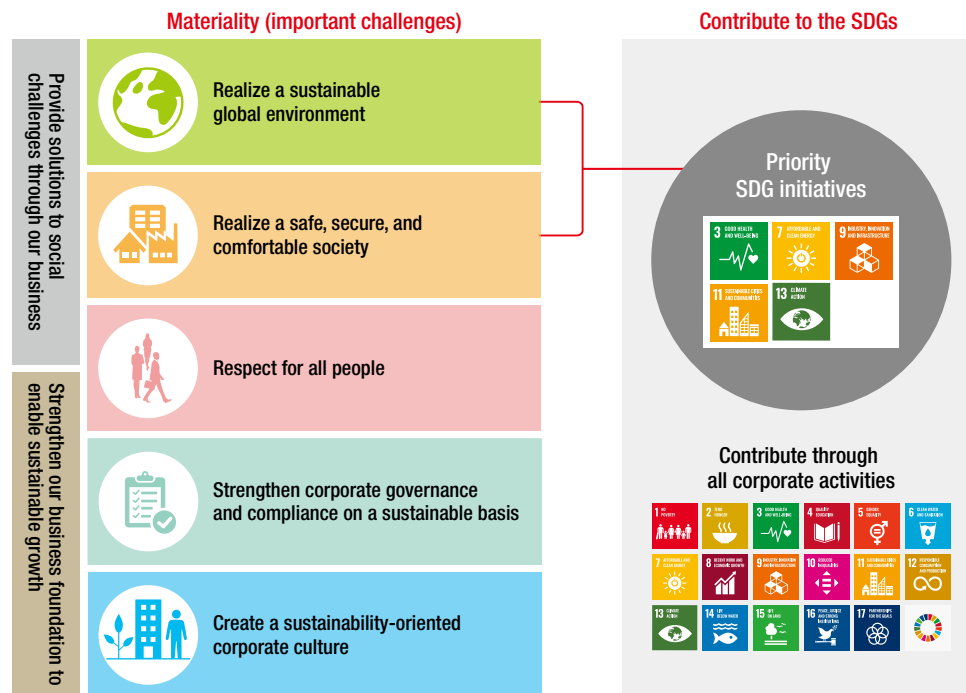
Materiality at the Mitsubishi Electric Group

Materiality and SDGs

Under its Purpose that "We, the Mitsubishi Electric Group, will contribute to the realization of a vibrant and sustainable society through continuous technological innovation and ceaseless creativity" the Group aims to contribute to solving social issues. This policy aligns with the objectives of the globally shared Sustainable Development Goals (SDGs). *

Through our numerous businesses and the entirety of our corporate activities, including environment, social and governance (ESG)-related activities, the Mitsubishi Electric Group is contributing to meeting the 17 SDGs.

In particular, we believe that the Mitsubishi Electric Group can also contribute greatly as a comprehensive electrical and electronic manufacturer handling a wide range of technologies, products, and services, ranging from familiar home electronics products to satellites and projects on a national scale.



* The Sustainable Development Goals (SDGs) are a set of global goals that are to be achieved between 2016 and 2030. They were adopted by the United Nations General Assembly in September 2015 as a successor to the Millennium Development Goals (MDGs) that were formulated in 2001, and are composed of 17 goals and 169 targets for achieving a sustainable world.

Process of Identification and Review of Materiality

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

In fiscal 2021, a full internal review of the materiality, mid-to-long-term initiatives, and targets/key performance indicators (KPIs) was conducted. This review involved subjective evaluations from both inside and outside the company, along with questionnaires and interviews with a total of 1,551 participants, including Mitsubishi Electric Group employees, suppliers, investors, analysts, and general consumers.

We have carried out stakeholder questionnaires targeted at general consumers (600 respondents) since fiscal 2017, and we also held a questionnaire in fiscal 2024. We will take evaluation from external parties into account as we review these mid-to-long-term initiatives and targets.

Step 1 Awareness of Social Issues (Fiscal 2021)

Candidate materiality (357 issues) were identified based on ISO26000,^{*1} the GRI Standards,^{*2} the SASB standards,^{*3} and the Sustainable Development Goals (SDGs).

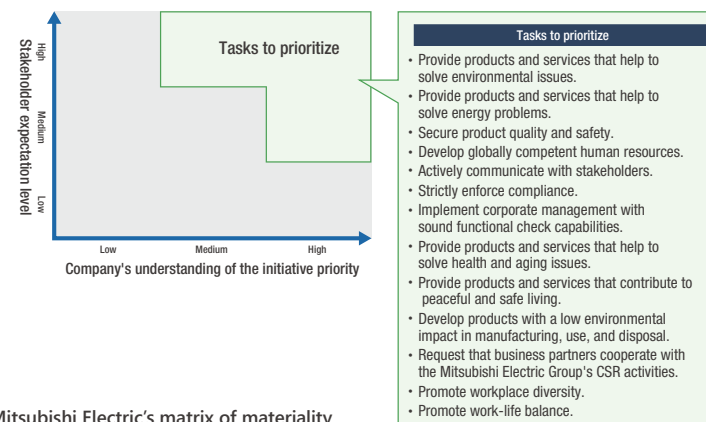
*1 Guidelines concerning social responsibility issued by the International Organization for Standardization (ISO)

*2 International standards for sustainability reporting issued by the international NGO, Global Reporting Initiative (GRI)

*3 Information disclosure rules concerning the environment, society, and governance (ESG) created by the Sustainability Accounting Standards Board (SASB), a non-profit organization in the U.S.

Step 2 Assessment of Internal and External Views and Study of Materiality (Fiscal 2021)

Next, questionnaire surveys were conducted with stakeholders such as consumers, suppliers, investors, and Mitsubishi Electric Group employees to assess their expectations of the Group regarding addressing social issues. In addition, through interviews and dialogues with experts, we gained their views and opinions of the Mitsubishi Electric Group. Based on the results obtained, we narrowed down the issues that needed to be addressed with the highest priority and examined their materiality.



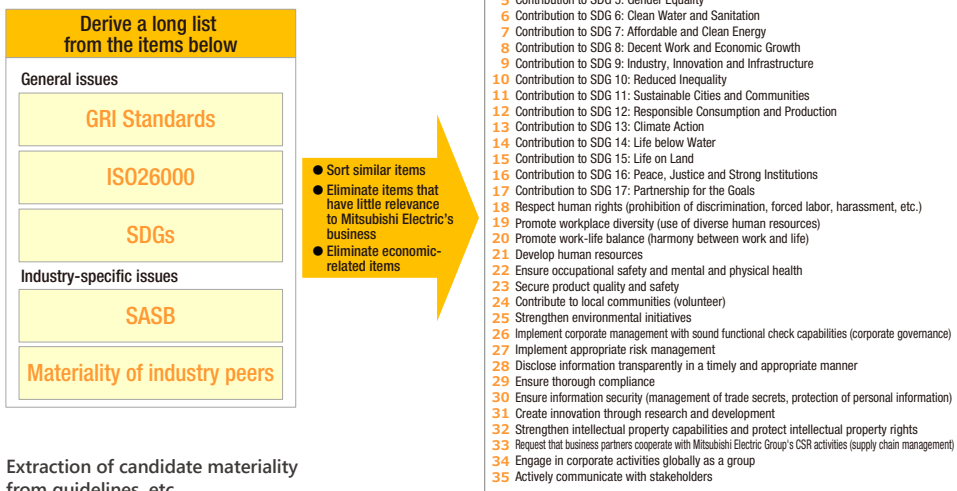
Mitsubishi Electric's matrix of materiality

Step 3 Identification of Materiality (Fiscal 2021)

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

Priority SDG Initiatives

In line with the materiality identified for fiscal 2022, we reviewed the priority SDGs determined in fiscal 2019. When we conducted an internal survey to confirm items for which there are high expectations in terms of contribution to the SDGs, we found that Mitsubishi Electric is expected to contribute to resolving social challenges through its business activities. Based on these results, we set SDGs Goals 3 (Good Health and Well-being, 7 (Affordable and Clean Energy), 9 (Industry, Innovation and Infrastructure), 11 (Sustainable Cities and Communities), and 13 (Climate Action) as the five areas that the Group will focus on going forward.



Extraction of candidate materiality from guidelines, etc.

Mid- to Long-Term Initiatives, Goals for Fiscal 2025, and Results for Fiscal 2024

The Mitsubishi Electric Group has identified a set of particularly important issues as company-wide goals related to sustainability in fiscal 2025. The Sustainability Committee will confirm and promote progress toward the achievement of these goals as the Group works to enhance corporate value.

Materiality	Long-term target	Mid-term target	Single fiscal year target/initiative indicator (KPI) and results			Scope
			FY2025 target	FY2024 target	Main FY2024 results	
Realize a sustainable global environment	[Scope 1, 2, 3] FY2051: Aim for net zero greenhouse gas emissions in the entire value chain			Improvement rate of new products over previous models 1% or more	2.5%	Mitsubishi Electric Group
		[Scope 1, 2] FY2031: Aim for net zero greenhouse gas emissions	FY2026: Reduce by 53% or more*1	Reduce by 30% or more*1	Reduced by 37%*1	
		[Scope 3] FY3031: Reduce by 30% or more*2	FY2026: Reduce by 17.5% or more*2	—	—	
		Provide products, services and solutions that contribute to carbon neutrality			<ul style="list-style-type: none"> Entered into cooperative agreement with EVERCOMM SINGAPORE PTE. LTD. To provide solutions that support carbon neutrality in the manufacturing sector Mitsubishi Electric to Release J3-Series SiC and Si Power Module Samples Began large-scale in-house demonstration utilizing Multi-Region EMS (in Japanese) 	
	Contribute to the realization of a circular economy	FY2036: 100% effective use of waste plastics (in Japan)	FY2026: 92% or more effective use of plastic waste (in Japan)	90% or more effective use of plastic waste (in Japan)	95%	Mitsubishi Electric Group (in Japan)
Realize a safe, secure, and comfortable society	Ensure safety/security, inclusion, and well-being across our business activities			Provide products, services and solutions that contribute to safety/security	<ul style="list-style-type: none"> Received CES 2024 Innovation Award for "Rulerless" 3D measurement application (in Japanese) Received orders for elevators for new capital relocation project in Indonesia 	Mitsubishi Electric Group
				Provide products, services and solutions that contribute to inclusion and well-being	<ul style="list-style-type: none"> Released the FZ, FD, Z and ZD Series of the FY2025 Mitsubishi Kirigamine room air conditioner (in Japanese) Partnered with Uber Eats and Cartken on an autonomous delivery service using AI (in Japanese) 	

*1 Base year for Scope 1 and 2 reduction targets is fiscal 2014

*2 Base year for Scope 3 reduction targets is fiscal 2019

Materiality	Long-term target	Mid-term target	Single fiscal year target/initiative indicator (KPI) and results			Scope		
			FY2025 target	FY2024 target	Main FY2024 results			
Respect for all people	Establish human rights initiatives based on international norms and achieve responsible supply chains	FY2028: Conduct human rights due diligence** ³ across the Group based on international norms	Implementation rate of improvement measures for identified human rights issues: 45% or more	Implement the Human Rights Impact Assessment in all business groups	Identified potential human rights issues in the value chain through hearings for all business groups (Human Rights Impact Assessment)	Mitsubishi Electric Group		
		FY2028: Reduce negative impact on human rights in supply chain based on the RBA** ⁴ process	Agreement to the Mitsubishi Electric Group Supply Chain Code of Conduct from major suppliers (top 80% of purchase amount): 100%	Develop operations for the transition to the RBA supplier human rights due diligence process	Explained the Mitsubishi Electric Group's approach to sustainability, efforts to respect human rights, and RBA process initiatives to suppliers			
	Build workplaces where diverse and versatile human capital gathers and works together	FY2026: Percentage of positive responses on employee engagement** ⁵ in employee engagement survey 70% or more (Mitsubishi Electric) 60% or more (some associated companies in Japan)			55% (Mitsubishi Electric, FY2024 second half)		Mitsubishi Electric Group (in Japan)	
		Ensure implementation of organizational culture reforms (related measures)			<ul style="list-style-type: none"> Coaching-style training (84 employees at general manager level and higher) 1-on-1 training with external instructors (approx. 3,000 managers) Town hall meetings with the President at company sites (held more than 130 meetings) 		Mitsubishi Electric	
		Implement systematic "investment in people"		Strengthen support for career autonomy	<ul style="list-style-type: none"> Raised internal awareness of and instilled the Career Development Concept Reviewed operation of various internal measures/training (job-level specific training, management training, lifestyle design training, etc.) 			
		Introduction of a new personnel treatment system		Consider a new personnel treatment system	Introduced the new system in April 2024			
		FY2031: Ratio of women/non-Japanese in senior management** ⁶ 30% or more	Promotion of strategic recruitment of external human capital			Achieved number of mid-career hires in FY2024 plan (externally published figure)		Mitsubishi Electric
			Promote diversity in management leaders based on succession management utilizing the global job grading	Conduct planned succession for management candidates within the company		Ratio of women/non-Japanese in senior management:** ⁶ Approx. 15% (as of March 31, 2024)		
		FY2031: Ratio of women in managerial positions 12% or more				3.1% (as of March 31, 2024)		Mitsubishi Electric
			Conduct programs to promote women to managerial positions			Selected FY2024 candidates for managerial positions		
Link with management candidate development programs, etc.			Selected FY2024 group of management candidates					

*3 Implementation of PDCA cycle to correct and prevent human rights violations

*4 Responsible Business Alliance: An alliance of companies promoting corporate social responsibility in global supply chains

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

*6 Directors, Executive Officers and Executive Officers (Associate)

Materiality	Long-term target	Mid-term target	Single fiscal year target/initiative indicator (KPI) and results			Scope					
			FY2025 target	FY2024 target	Main FY2024 results						
Strengthen corporate governance and compliance on a sustainable basis	Three Key Reforms	<ul style="list-style-type: none"> Promote Three Key Reforms (quality assurance, organizational culture and governance) Monitoring of the Three Key Reforms by the Board of Directors, and appropriate information disclosure 	<ul style="list-style-type: none"> Summarize progress of Three Key Reforms and disclose information semi-annually Hold meetings of the Three Key Reforms Monitoring Committee on an ongoing basis 	<ul style="list-style-type: none"> Promote Three Key Reforms (quality assurance, organizational culture and governance) Monitoring of the Three Key Reforms by the Board of Directors, and appropriate information disclosure 	<ul style="list-style-type: none"> Summarized progress of Three Key Reforms and disclosed information semi-annually (in April and October 2023) Held the Three Key Reforms Monitoring Committee meetings 6 times a year 	Mitsubishi Electric Group					
							Increase effectiveness of the Board of Directors	Maintain the ratio of independent outside director of Mitsubishi Electric over 50%	Maintain the ratio of independent outside director of Mitsubishi Electric over 50% (60% as of June 30, 2024)	58.3% (as of March 31, 2024) Directors: 12 (including 7 independent outside directors)	Mitsubishi Electric
									Continued disclosure of the skills matrix in General Meeting of Shareholders reference documents	Continued disclosure	
									Appointment of an outside director as Chairperson of the Board of Directors	Continued appointment	
	Prevent the recurrence of improper quality control practices	Build quality systems for prevention	Reform engineering processes and promote improvement of the environment	Create framework for reforming engineering processes	Made steady progress in general on 19 measures for quality assurance reform	Mitsubishi Electric Group					
			Provide compliance education on a continuous basis	Provide compliance education on a continuous basis	Provide compliance education on a continuous basis	Provide compliance education on a continuous basis	Attendance rate in FY2024 e-learning programs about the Code of Conduct: 100%	Mitsubishi Electric Group			
	Maintain 100% attendance rate in e-learning programs about the Code of Conduct	Mitsubishi Electric									
	Ensure proper understanding and practice of the compliance motto "Always Act with Integrity"	Provide compliance education on a continuous basis			Serious anti-monopoly law and bribery incidents: 0	—	0	Mitsubishi Electric Group			
			Improve the cybersecurity maturity level	FY2026: Mitsubishi Electric Group (Japan) Achieve Level 2 on Cybersecurity Maturity Model Certification* ⁷				Expand security measures implemented internally to associated companies in Japan	Achieve level 2 or higher on Cybersecurity Maturity Model Certification* ⁸	Associated companies in Japan: Completed 6 out of 17 measures, including mail security	Mitsubishi Electric Group
	FY2029: Mitsubishi Electric Group Achieve Level 2 on Cybersecurity Maturity Model Certification* ⁷	Review and correct information system environment and consider expanding the monitoring and operation system in Asia, the Americas, and Europe		<ul style="list-style-type: none"> China: Completed deployment of measures and commencing operation Asia, Europe, and the Americas: Commenced establishing operation framework and correcting information system environment 							
Create a sustainability-orientated corporate culture	Ensure proper understanding and practice of 'sustainability by employees	FY2026: Achieve 75% or higher positive responses to "Conduct operations in line with Purpose and goals" in the employee engagement survey.	<ul style="list-style-type: none"> Promotion of sustainability awareness via internal newsletters, the intranet, training, etc. Achieve 75% positive responses to "Conduct operations in line with Purpose and goals" in the employee engagement survey. 	Promotion of sustainability awareness via internal newsletters, the intranet, training, etc.	Achieved 72% positive responses to "Conduct operations in line with the Purpose and goals" in the employee engagement survey	Mitsubishi Electric					
	Promote communication with stakeholders both inside and outside the company	<ul style="list-style-type: none"> Issue the Sustainability Report and the Integrated Report Hold dialogues with experts, and conduct sustainability report questionnaires 	<ul style="list-style-type: none"> Issue the Integrated Report Hold the Sustainability Briefing Introduce sustainability initiatives to students, general users and employees through the web and events Conduct internal sustainability workshops 	<ul style="list-style-type: none"> Issue the Sustainability Report and the Integrated Report Hold dialogues with experts, and conduct sustainability report questionnaires 	<ul style="list-style-type: none"> Issued the Sustainability Report and the Integrated Report Held the first Sustainability Briefing Conducted ESG interviews with shareholders and investors 	Mitsubishi Electric Group					

*7 Framework for Cybersecurity Maturity Model Certification set forth by the U.S. Department of Defense (CMMC 2.0). Level 2 is the industry expected standard for companies the size of Mitsubishi Electric.

*8 Target year is fiscal 2029