

SUSTAINABILITY BRIEFING

Sustainability Briefing

Mitsubishi Electric Human Capital Management

MITSUBISHI ELECTRIC CORPORATION

December 16, 2024



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1

Overview of Human Capital Management

Human Capital Management Policy

Human capital is the foundation of all business growth in the Mitsubishi Electric Group.

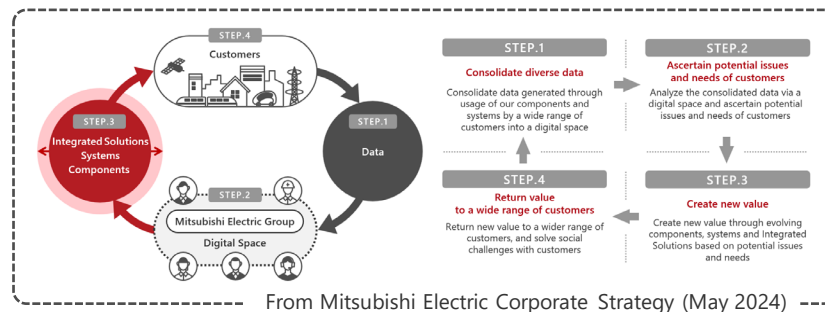
Enhancing human capital management pursuing aimed sustainable value creation to drive execution of our corporate strategy and realize the Ideal “Human Capital,” “Organization,” and “Climate”

Purpose

We, the Mitsubishi Electric Group, will contribute to the realization of a vibrant and sustainable society through continuous technological innovation and ceaseless creativity.

Corporate Strategy

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



Human Capital Management Policy

**Grow our People, Grow our Business,
Grow our Society**

The Ideal “Human Capital,” “Organization,” and “Climate”

Human capital

Think independently, act proactively, and continuously take on challenges

Organization

Identify the needs of society and our customers, and work collaboratively to create new value

Climate

Respect diversity to enhance individual engagement and promote a sense of unity and collaboration with our organization

Key Initiatives and Investments Aimed at Enhancing Corporate Value

Viewing “people as capital that generates future value,” and expanding investments in human capital for a sustained enhancement of our corporate value

Key initiatives

Talent management that fosters mutual growth of people and organization

Establishing a framework to facilitate the mutual growth of people and the organization through strategic assignment and development on a group-wide and global scale as well as enhancement of employees' career ownership

Development and Expansion of Human Capital for Future Growth

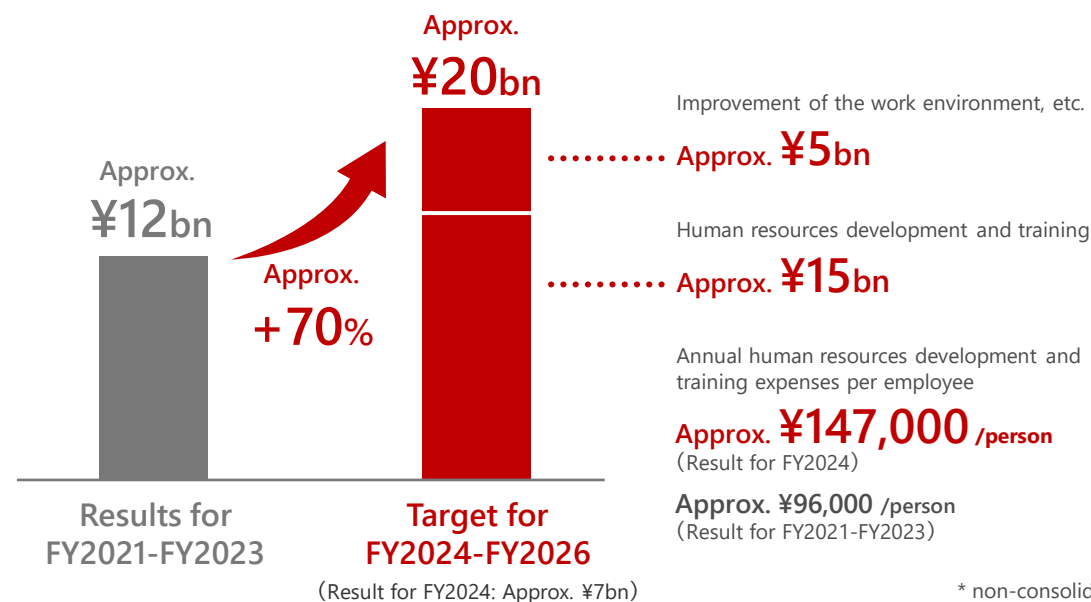
Strengthening DX (digital transformation) human capital essential for realizing “Circular Digital-Engineering”

Strengthening the foundation of human capital

Creating a workplace that maximizes employees' performance and empowering diverse and versatile human capital

Expanding investments in human capital

Increasing investments in human capital and maintain strategic resource allocation moving forward



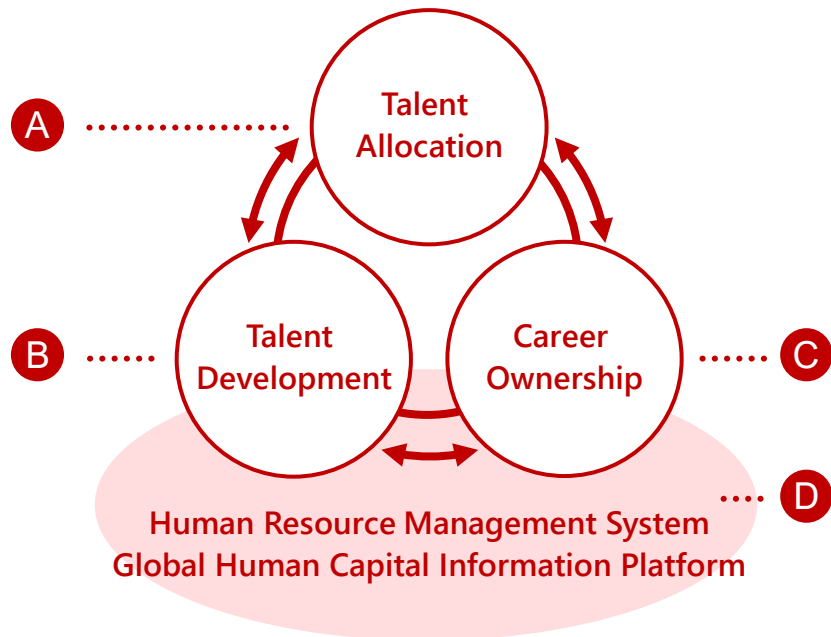
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Talent Management that Fosters Mutual Growth of People and the Organization

Talent Management that Fosters Mutual Growth of People and the Organization

Promoting optimal allocation and development of talent from a group-wide and global perspective and strengthening career ownership of employees, to realize talent management that fosters mutual growth of people and the organization

Talent management that fosters mutual growth of people and the organization



Recent initiatives

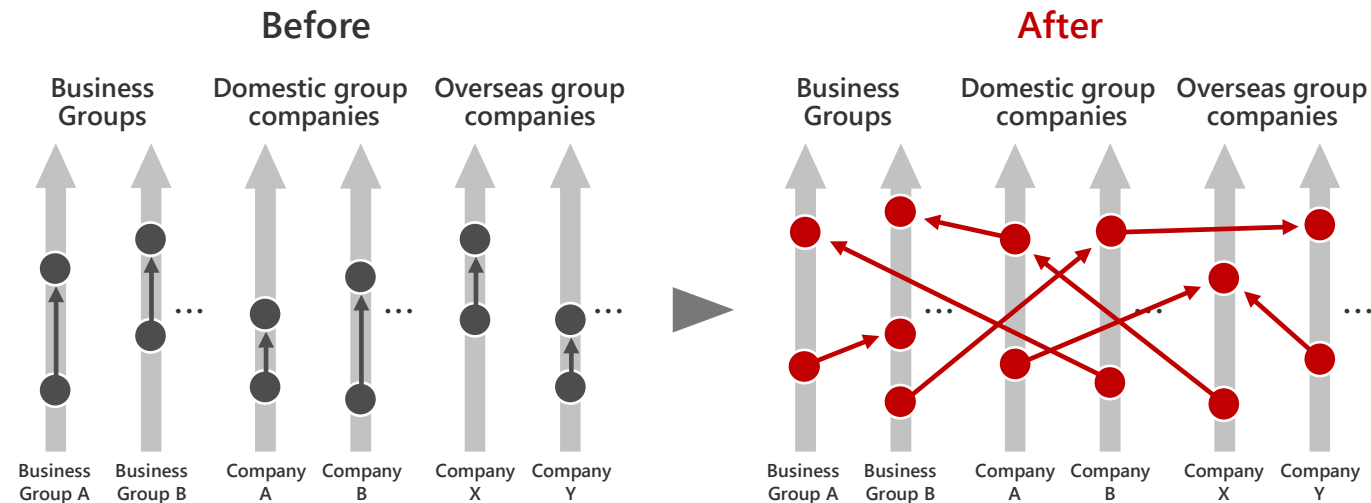
- A Realizing optimal talent allocation across the group and globally**
 - Strategic assignment and utilization of talent by leveraging global job grading
 - Strengthening the organizational structure of global human capital management framework
- B Developing systems for selection, development and assessment of management leadership candidates**
 - Selecting and developing management leaders from a group-wide and global perspective
- C Strengthening career ownership**
 - Enhancing initiatives that balance employees' career fulfillment with their motivation to contribute to the organization
- D Establishing a system and platform to support global talent management**
 - Introduced a new human resources system that contribute to "human development" and ensuring fair evaluation and compensation
 - Developing a global human capital information platform to enable the visualization of human capital

Realize Optimal Talent Allocation Across the Group and Globally

Promote the enhancement of the foundation and framework for talent management to transition from optimization focused on business groups and Japan-centric operations to total optimization across the group and globally

Transform talent management with a group-wide and global perspective

- Strategic talent management across the group and globally, including corporate divisions
- Establishing a company-wide and cross-regional organization and system for talent management



Recent initiatives

Strategic assignment and utilization of talent across the globe

- Introduced global job grading that covers the entire group globally (FY2025)
- Established global mobility guidelines to promote talent utilization across regions (FY2022)

Strengthen the human capital management structure

Reforming the organizational structure of human capital management to unify global policies and key initiatives

- "Global Human Resources Division" established (FY2025)
- Enhancing the organizational structure of Regional HR*1 (planned for FY2026)

*1 Divisions that plan human capital strategies and promote initiatives for each region

Selecting and Developing Management Leaders

Selecting, developing, and assessing management leadership candidates from around the world

Developing global management leaders who will lead transformation toward a “Circular Digital-Engineering” company

L.E.A.D*1 Program (management leadership candidates development program)

- Mitsubishi Electric established the Top Talent Review Committee (TRC) to openly discuss and decide on succession plans and other strategies for management leadership candidates (L.E.A.D500) selected on a global scale
- Developing talent who leads our group globally by promoting a cycle of “open selection,” “appropriate opportunities (assignment and training),” and “assessment and monitoring”

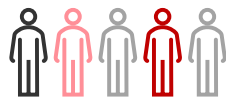
L.E.A.D500

Selection / development / assessment by TRC

Future-generation management leadership candidates

Next candidates of senior management

Excellent Talents



Selecting candidates from a diverse human capital

- The Mitsubishi Electric Group(Japan/Overseas)
- Outside of the group

TRC members discuss about the selection, development, assessment of management leadership candidates who will lead our group in the future

*TRC Members: CEO (Chairperson), CHRO, CSO, Business Area Owners

Promotion and training of talents from overseas



Scene from a Global Meeting

Promoting plans of development and assignment for critical positions in overseas group companies to enhance global operations

Early promotion based on performance

Selecting excellent young talent at each workplace level, and preparing medium-term development plans

Assignment of diverse talents

Recruiting management leadership candidates from outside of the group actively to promote diversity in the talent pool

*1 L.E.A.D: Leadership Enhancement And Development

Strengthening Career Ownership

Establishing a framework that enhances mutual growth of people and the organization while accelerating the strengthening of employees' career ownership

Strengthen career ownership

Each and every employee takes initiative in thinking about and designing their own career



Investment in human capital

Establishing a framework to support employees' self-directed career design

Recent initiatives

Encouraging challenges toward self-directed career design

- Promoting an internal recruitment system (Job-Net) and internal job search system (Career Challenge system)
- Introduced an internal and external side job system that enables employees to leverage external learning to create new value

Providing skill development opportunities accessible anytime and anywhere

Developing a group-wide seminars, "MELCO Seminar," to meet the self-directed skill development needs of each and every employee

Supporting the career development of each and every employee

- Enhancing career advice services with internal and external career consultants
- Expanding support to foster career autonomy for senior employees in their 50s (Increasing training opportunities and additional financial support)

<Results for FY2024>

Internal recruitment system / Internal job search system
Employees transferred through these systems:
approx. 300 employees
(Before the system revision (prior to Oct. 2022): 0–1 person per year)

MELCO Seminar

Number of seminars:
over 450 types
(Result for FY2023: 425 types)

annual participants:
over 32,000 participants
(Result for FY2023: 21,601 participants)

Recent Initiative: The Internal and External Side Job System (EGG*1)

We introduced an internal and external side job system to support employees' self-directed career design and create new value, providing opportunities to gain new experience, broaden knowledge, and achieve fulfillment

The concept of the system

- ✓ "Break out of one's shell" and gain new experiences
- ✓ Grow your career by growing yourself
- ✓ Grow your team



Employees

Take on new job opportunities to gain experience, broaden knowledge, and achieve fulfillment



Company

Expect improvements in employees' engagement and work performance

<Schedule of Introduction>

Internal side job: start from Oct. 2024. External side job: start from Dec. 2024



Case1 : Engineering → Accounting(cost control)

An employee gained an understanding of product cost structures and Improve proposal skills for profitability and decision-making abilities from a managerial perspective.

Case2 : DX promotion → Production engineering

An employee acquired knowledge of production management concepts and enhance proposal skills for inventory management and operational efficiency.



Expected Cases: Entrepreneurship, Freelancing

*1 EGG: Expand your work for Growth & to Gain fulfillment

Establishing a System and Platform to Support Global Talent Management

To enhance the effectiveness of global human capital management, we introduced a new human resources system that contribute to "human development," and develop a global human capital information platform to enable the collection, analysis, and utilization of human capital data

Introducing a new human resources system

Hybrid grade system

- Introduced job grade (based on job duties) that evaluated over 5,000 positions on a six-level scale according to the value and responsibilities of each role for management positions and highly skilled professionals
- Introduced mission grade (based on people) with redefined role values for general employees, aiming to facilitate early promotions and move away from seniority-based factors

Evaluation System that encourage growth and challenge

In addition to the conventional performance evaluation, we introduced a new behavioral evaluation based on the degree of alignment with Mitsubishi Electric's core values, such as innovation, challenge, collaboration, and support

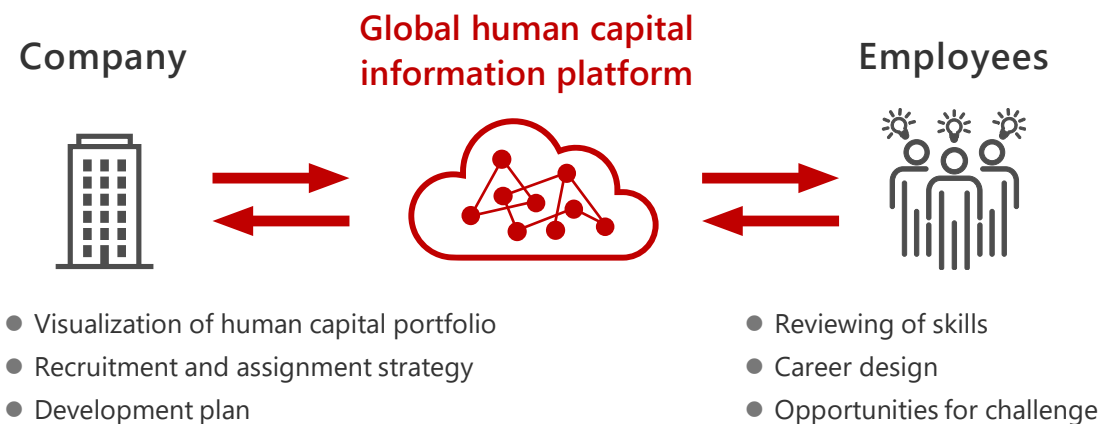
Diverse incentive systems

- Establishing a transparent compensation system that discards seniority factors
- Introducing a stock options incentive aimed at enhancing management participation awareness among executives (planned for FY2026)

Developing a global human capital information platform

Advancing human capital management by utilizing human capital data

Visualizing human capital data across the group globally to enable optimal talent management, including strengthening employees' career ownership



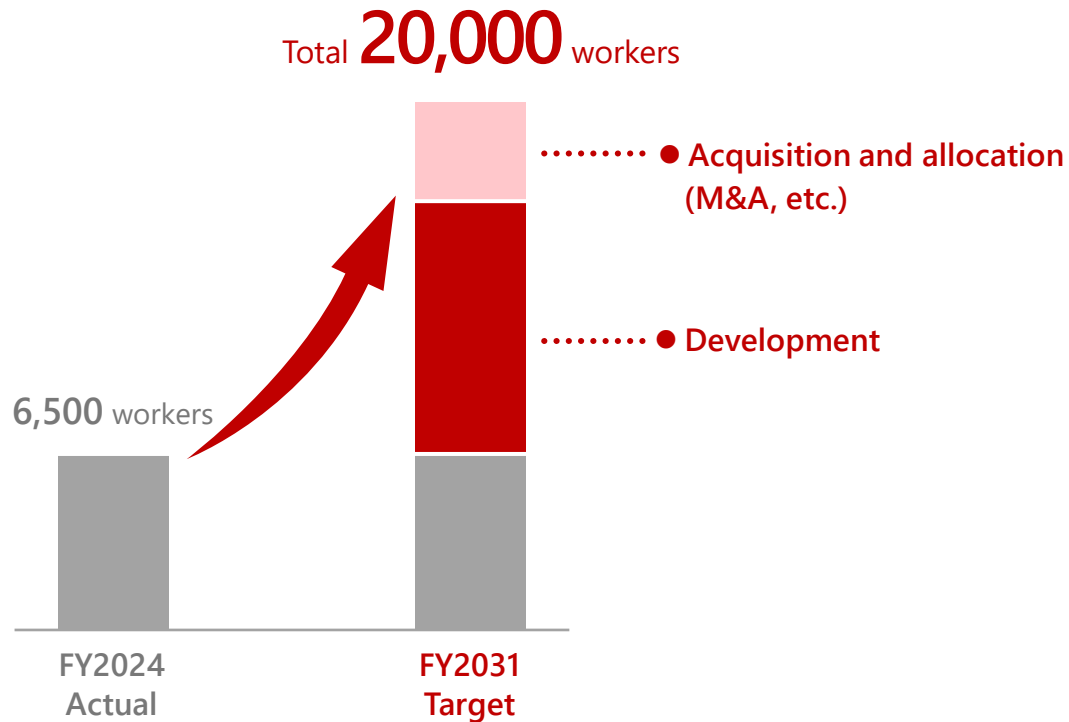
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Development and Expansion of Human Capital for Future Growth

Strengthening DX Human Capital

Strengthening development, acquisition and utilization of DX human capital to transform into a “Circular Digital-Engineering” company and expanding DX human capital for the Mitsubishi Electric Group to 20,000 workers by FY2031

FY2031 target for DX human capital



Initiatives toward achieving the target

Development of DX human capital

- Establishing the “DX Innovation Academy” as a systematic DX human capital development program that includes a certification system
- Enhancing talent development by leveraging external expertise through industry-academia collaboration

Acquisition and allocation of DX human capital

Shifting from standardized talent acquisition focused on Japan to the acquisition, allocation, and utilization of DX human capital on a group-wide and global scale

<DX skill set*1>

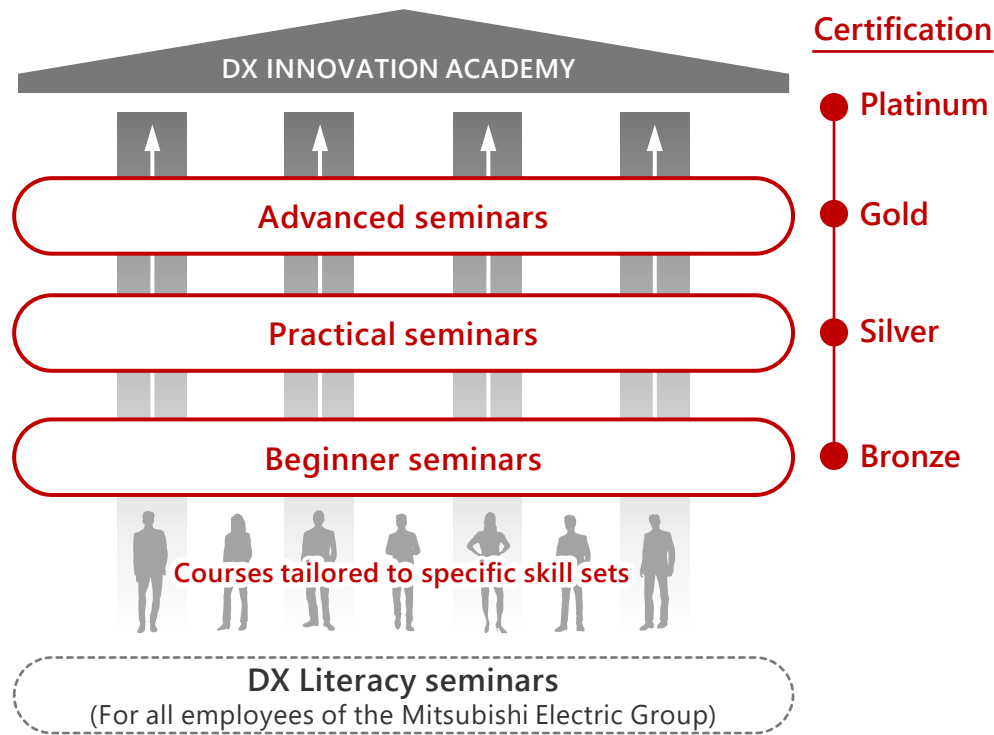


*1 Skill set: The concept of “jobs” that clarifies the characteristics and requirements of each role *2 UI: User Interface, UX: User eXperience

Systematic DX Human Capital Development Program

Establishing the “DX Innovation Academy” as a systematic DX human capital development program
Leveraging all assets within the Mitsubishi Electric Group to strengthen and expand DX human capital

< Overview of DX Innovation Academy >



Features of DX Innovation Academy

Intensive courses tailored to specific DX skill set

- Packaging approximately 50 existing internal DX-related seminars and other seminars into learning courses tailored to specific skill sets and develop DX skills intensively and efficiently
- Providing practical and advanced seminars for employees engaged in DX-related work, as well as beginner seminars for others, to support talent development directly connected to real business operations and step-by-step skill enhancement

Certification system integrated to the development program

Introducing the certification system to visualize DX skills and capabilities, foster motivation through certification, and support the development and utilization of talent based on skill levels

Talent development through industry-academia collaboration

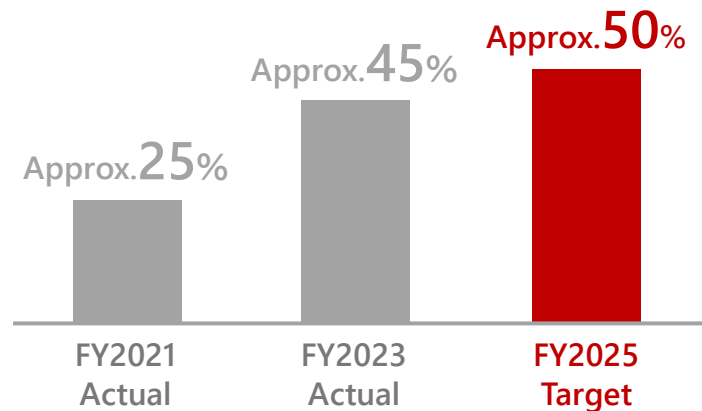
Collaborating with Waseda University focusing on DX. We will provide advanced learning opportunities through the establishment of DX learning curricula for Mitsubishi Electric and promote mutual collaboration through lectures, workshops, and internships

Strengthening Competitiveness in Acquiring Diverse Talent

Expanding and diversifying opportunities for acquiring diverse talent, including DX human capital, essential for the sustained enhancement of corporate value



<Percentage of Mid-career Hires*1 >



*1 The Percentage of Mid-career Hires in the total number of recruits at Mitsubishi Electric

Enhancing Mid-career Hires

Direct recruitment

Strengthening direct approaches to job seekers, focusing on the recruitment of top talent in engineering fields

Referrals

Introduced referrals (introductions from employees) to acquire talent with the ability to actively contribute immediately by utilizing their existing diverse experiences

Establishing alumni network (Re-MELCO)

Regularly providing former employees with information about the Mitsubishi Electric Group, including job opportunities, through the alumni network to increase the effectiveness of comeback recruitment

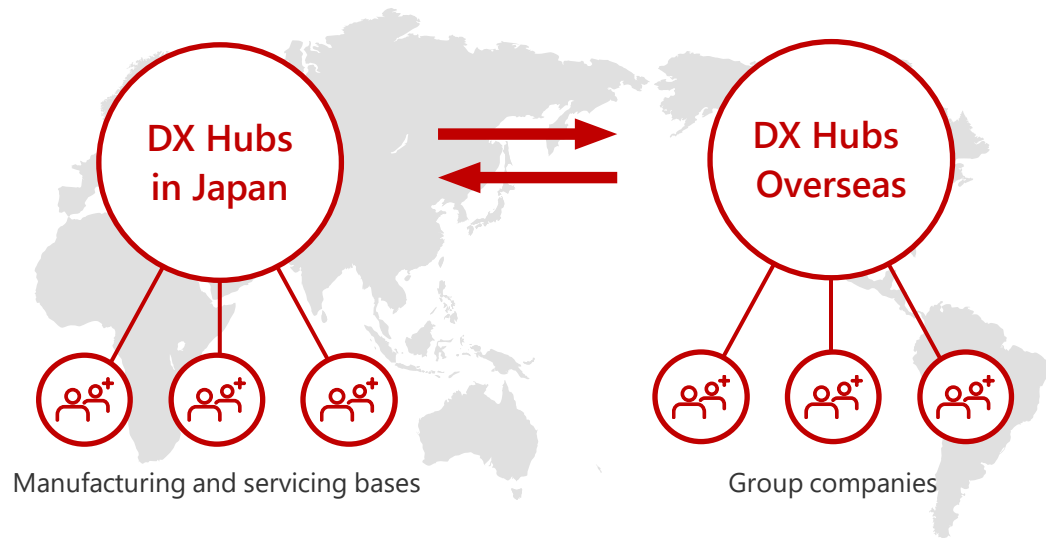
Acquisition and Utilization of DX Human Capital

Accelerating the enhancement of DX human capital from a group-wide and global perspective

Promoting the acquisition and utilization of DX human capital in regions where DX initiatives are advanced

<DX Human capital network>

Effective utilization of DX-related engineering resources worldwide



Strengthening the DX human capital network globally

Enhancing the potential of DX human capital in each region

- Establishing DX hubs in the United States, one of the leader in the digital technologies. Plans to expand this network to Europe and Asia are also under consideration.
- DX hubs in each region take the lead in promoting the effective allocation, utilization, and development of DX-related engineers within the region, as well as talent acquisition through various initiatives, including M&A.

Global allocation and utilization of DX human capital

- Promoting cross-regional utilization of human capital and mobilizing right talent for right roles regardless of nationality by initiatives such as personnel transfers between overseas locations without routing through Japan
- Accelerating borderless management across regions through the optimal use of online communication, including virtual assignments

4

Strengthening the Foundation of Human Capital

Employee-friendly Working Environment and Culture

Promoting multifaceted approaches to enhance employee engagement and maximize the potential of each and every employee

Recent initiatives

Organizational culture reforms

- “Team Sousei (Creation)”, a company-wide transformation project (established in Oct. 2021) leads to foster a culture which “Employees feel that they can consult with their superiors,” “failures are tolerated,” and “problems are solved together”
- To embed the outcomes of organizational culture reform into the corporate culture, a new organizational structure is being considered to carry forward the initiatives of “Team Sousei.”

Enhancing employees’ Well-Being

Promoting initiatives to enhance health satisfaction for every employee through both intangible aspects (mental and physical health) and tangible aspects (workplace environment improvements)

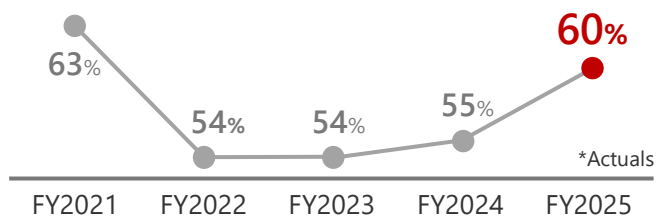
<Health and productivity management>



Mitsubishi Electric Group
Health Management Plan

<Employee engagement score>

(non-consolidated)



ONE JAPAN CONFERENCE 2024 “Volunteer Activities General Election” Winner



An example of Work environment improvements

DE&I*1 Promotion

Creating a working environment and culture that unlocks the potential of diverse and versatile human capital to drive the sustainable growth of the Mitsubishi Electric Group

Recent initiatives

Establishing the Mitsubishi Electric Group DE&I Statement

Articulating the Mitsubishi Electric Group's approach and actions on promoting DE&I to all stakeholders, clarifying the group's policy (July 2024)

Diversity in senior management

- Promoting appointment of non-Japanese and female as management leaders by visualizing senior management candidates and enhancing succession management utilizing a global job grading system
- Joined 30% Club Japan to support Increases in female corporate executives (Sept. 2024)

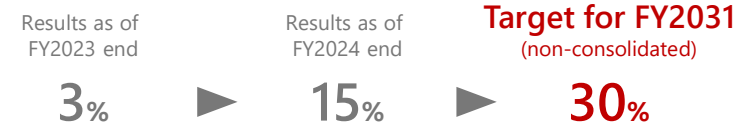
Supporting the career design of employees regardless of gender

- Establishing a work environment where employees are aspiring to collaborate and perform at their best, regardless of gender, by clarifying career paths from an early stage, visualizing potential management candidates, and promoting systematic development
- Received a Gold rating for the third consecutive year under the PRIDE Index 2024 (Nov. 2024)

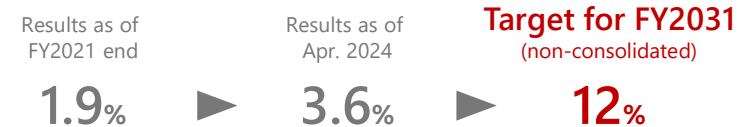


Unconscious Bias Training for all management levels and positions

<Ratio of female/non-Japanese in senior management*2>



<Ratio of female in managerial position>



*1 DE&I: Diversity, Equity & Inclusion *2 Executive Officers and Directors

5

KPI Management and Roadmap

KPI Management for FY2031

Establishing human capital KPIs aligned with corporate strategy to realize the ideal form of the Mitsubishi Electric group

Talent management that fosters mutual growth of people and organization

Human Capital KPIs	FY2024 Actual	FY2031 Targets	
Visualization of human capital and optimal talent allocation	-	100%	
Selecting and developing management leadership candidates	-	200%	
Providing sense of growth and fostering motivation to take on challenges	Percentage of positive responses to the questions about "career design" in the survey (non-consolidated)	43%	60%
	Percentage of transfers who fulfilled one's career plan in Mitsubishi electric (non-consolidated)	3%	10%
Proper evaluations that discard seniority factors	Percentage of employees who responded that they understood compensation system (non-consolidated)	54%	60%

Development and Expansion of Human Capital for Future Growth

DX Human Capital	Expand DX human capital	6,500 workers	20,000 workers
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Strengthening the foundation of human capital

Employee-friendly Working Environment	Employee engagement*3: Employee engagement score*4	50%	60% or more
	Work-life balance*3: Percentage of employees who responded that they had a good work-life balance	63%	70% or more
DE&I promotion	Percentage of females/non-Japanese in senior management (non-consolidated)	15%	30%
	Percentage of females in managerial positions (non-consolidated)	3.1%	12%

Transforming into a
"Circular Digital-Engineering"
company

Realizing Sustainability

Achieving Financial Targets

..... Expanding human capital to create value essential for corporate growth



..... Creating a culture and environment that maximize the potential of human capital

*1 Ratio of successor candidates for strategically critical positions (e.g., if a position has two successors, the successor coverage rate is 200%) *2 Positions at Job Grade 6 or above within the Mitsubishi Electric Group
*3 Mitsubishi Electric and some domestic affiliated companies *4 Ratio of employees who respond that they feel that they are proud and motivated to work for the Company in the employee awareness survey

Roadmap

Promoting active investments in human capital to realize the ideal form of the Mitsubishi Electric Group, pursuing a sustained enhancement of our corporate value, and fulfilling our responsibilities to society

FY2022 - FY2026

Establishing the groundwork for human capital management and expanding investments in human capital

Strengthening human capital management to unlock potential of employees, while leveraging the strengths of our human capital, such as strong teamwork and high execution capability

- ✓ **Talent management that fosters mutual growth of people and organization**
Establishing a framework to facilitate the mutual growth of people and the organization through strategic assignment and development on a group-wide and global scale as well as enhancement of employees' career ownership
- ✓ **Development and Expansion of Human Capital for Future Growth**
Strengthening DX human capital essential for realizing "Circular Digital-Engineering"
- ✓ **Strengthening the foundation of human capital**
Creating a workplace that maximizes employees' performance and empowering diverse and versatile human capital

FY2031

Realizing human capital management that maximizes the value of human capital on a group-wide and global scale

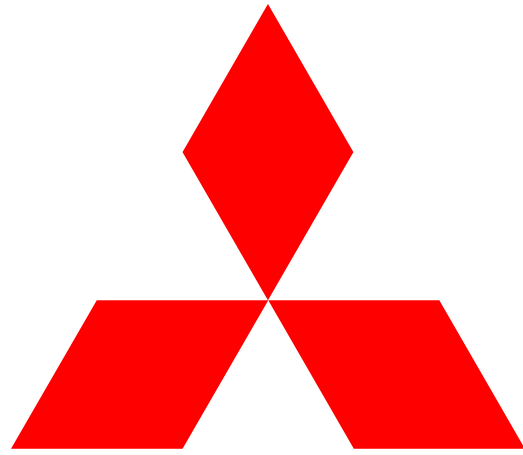
Pursuing to become the corporate group where diverse and versatile human capital gathers and works together

- ✓ **Transition from a Japan-centric approach to global management that maximizes potential of each region on the globe**
- ✓ **Building an organization that transforms diversity into our strength**
- ✓ **Fostering human capital that leads co-creation on a global scale**

While the statements herein, including the forecasts regarding the Mitsubishi Electric Group, are based on assumptions considered to be reasonable under the circumstances on the date of announcement, actual results may differ significantly from forecasts. The main factors materially affecting the expectations expressed herein include but are not limited to the following:

1. Changes in worldwide economic and social conditions, as well as regulations, taxation and other legislation
2. Changes in foreign currency exchange rates
3. Changes in stock markets
4. Changes in the fund-raising environment
5. Changes in the supply and demand of products, as well as the material procurement environment
6. Establishment of important patents, status of significant licenses and disputes related to key patents
7. Litigation and other legal proceedings
8. Issues related to quality and defects in products or services
9. Laws, regulations and issues related to the global environment, especially responses to climate change
10. Laws, regulations and issues related to human rights
11. Radical technological innovation, as well as the development, manufacturing and time-to-market of products using new technology
12. Business restructuring
13. Information security incidents
14. Large-scale disasters, including earthquakes, tsunamis, typhoons, volcanic eruptions and fires
15. Social, economic and political upheaval due to heightened geopolitical risks, war, conflict, terrorism or other factors
16. Social, economic and political upheaval due to pandemics or other factors
17. Important matters related to Mitsubishi Electric Corporation's directors and executive officers, major shareholders, affiliated companies and other stakeholders

Note: This document has been translated from the Japanese original for reference purposes only.
In the event of any discrepancy between this document and the Japanese original, the original shall prevail.



**MITSUBISHI
ELECTRIC**

Changes for the Better