

SUSTAINABILITY BRIEFING

Sustainability Briefing

Initiatives of “Trade-On” (mutual benefits) for Realizing Sustainability

MITSUBISHI ELECTRIC CORPORATION

December 16, 2024



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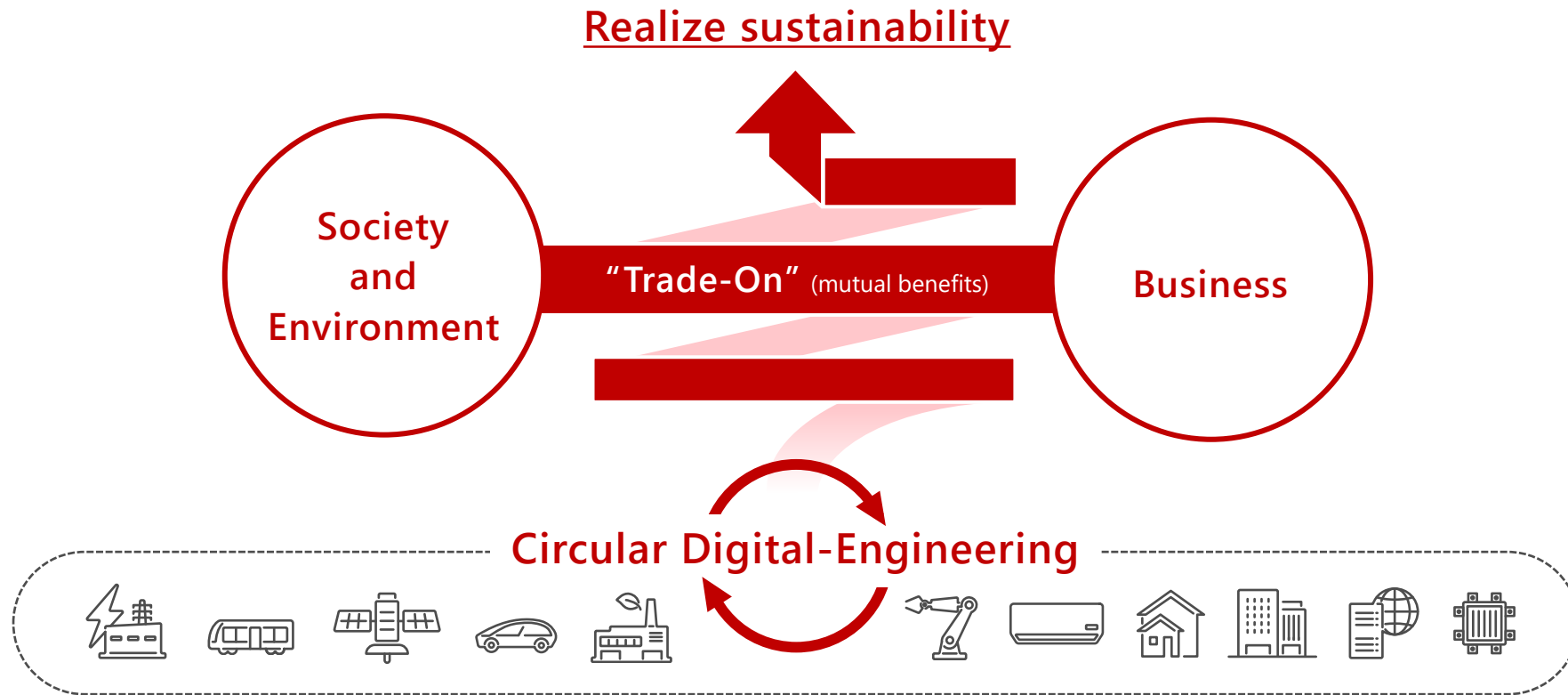
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Mitsubishi Electric Group's Sustainability Management

Mitsubishi Electric Group Strives to Achieve “Trade-On” (mutual benefits)

Through innovations by Circular Digital-Engineering, we will realize sustainability by accelerating activities that achieve “Trade-On” (mutual benefits), growing our business while enriching society and the environment.



Creating New Innovations to Accelerate “Trade-On” Activities

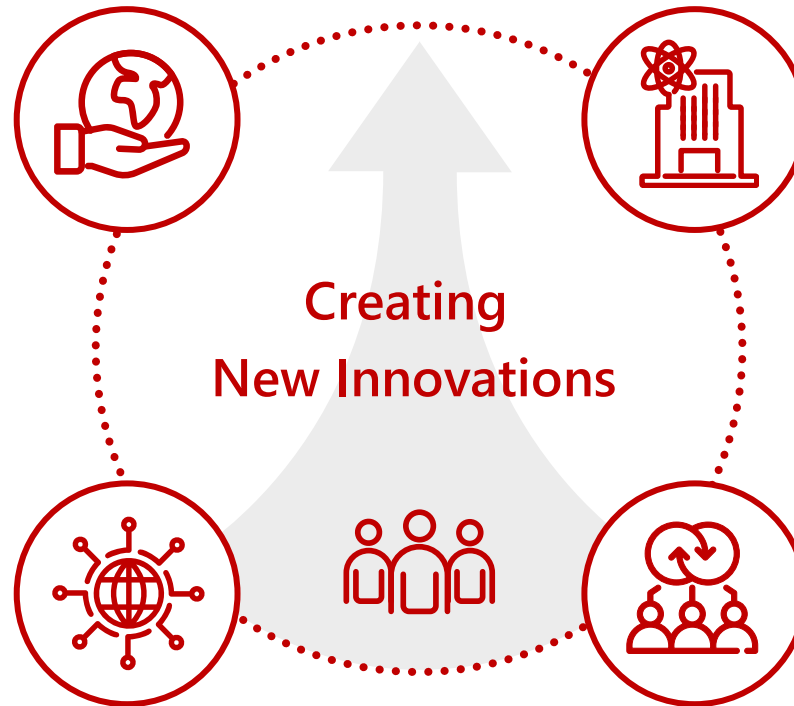
By combining the various initiatives driven and enhanced by the Mitsubishi Electric Group, we create new innovations to accelerate “Trade-On” activities.

Sustainability

Creating new businesses through a backcasting approach with a focus on addressing societal challenges

Digital

Enhancing value creation by leveraging data through the digital platform “Serendie™”



Open Innovation

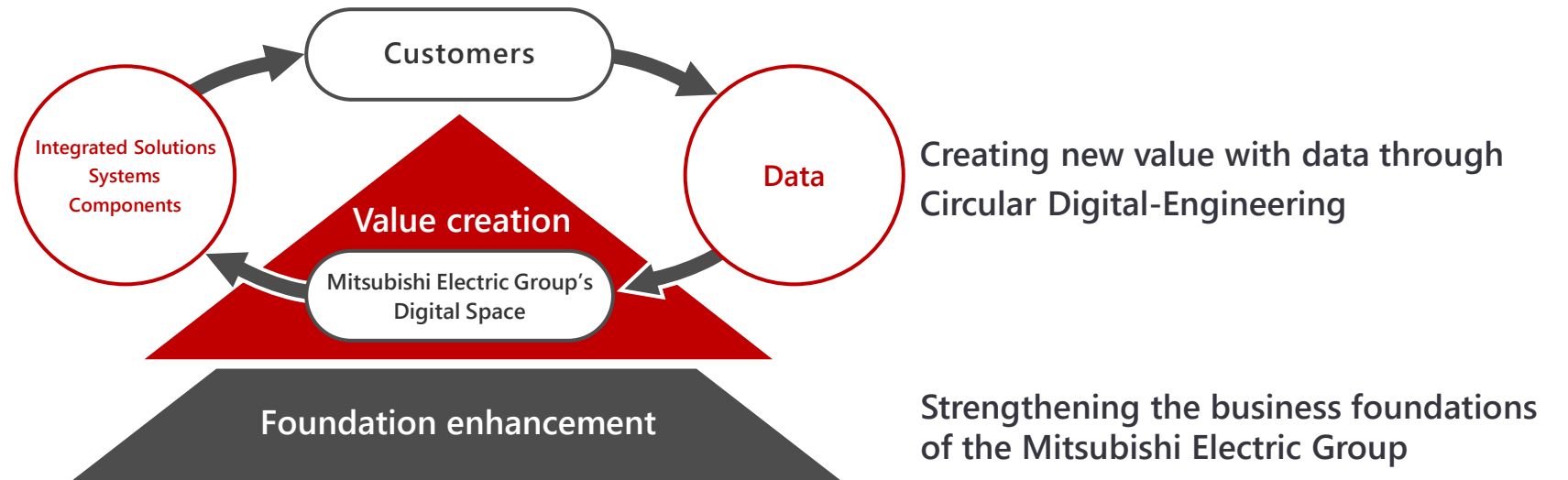
Strengthening collaborations with startups, universities, and research institutions

Business Synergies

Maximizing cross-business synergies through business area management

Foundation Enhancement and Value Creation

Enhancing the business foundations of the Mitsubishi Electric Group and continuously creating new values through Circular Digital-Engineering are critical to addressing the Group's five key social challenges



Mitsubishi Electric Group's Materiality

Five areas identified as materiality from two viewpoints: to “provide solutions to social challenges through our businesses” and to “strengthen our business foundation to enable sustainable growth”

Continuous activities for improvement are promoted by setting KPIs and implementing the PDCA cycle

Mitsubishi Electric Group's Materiality

Provide solutions to social challenges through our businesses

Strengthen our business foundation to enable sustainable growth



Realize a sustainable global environment

- FY2051: Aiming for net zero greenhouse gas emissions in the entire value chain
- Contributing to the realization of a circular economy



Realize a safe, secure, and comfortable society

- Achieving safety/security, inclusion, and well-being through our business activities



Respect for all people

- Human Right: Establishing human rights initiatives based on international norms and achieve responsible supply chain
- Human Capital: Realize workplace where diverse and versatile human capital gathers and works together



Strengthen corporate governance and compliance on a sustainable basis

- Three Key Reforms: Prevent recurrence of improper quality control practices, Increase effectiveness of the Board of Directors, Understanding and practice of compliance motto “Always Act with Integrity”
- Improve the Cybersecurity maturity level



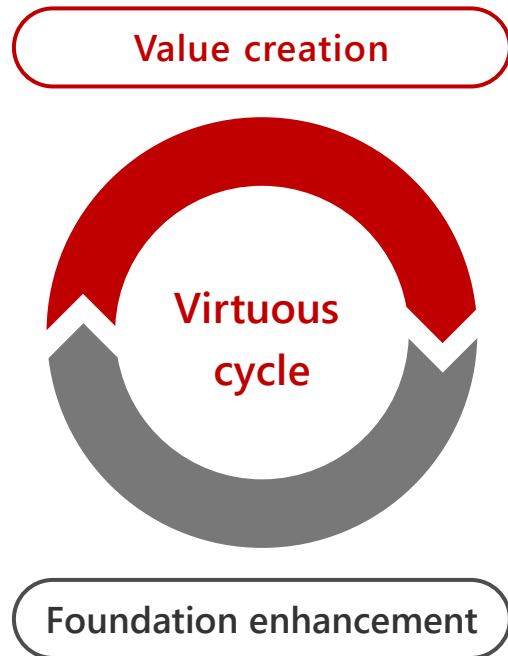
Create a sustainability-oriented corporate culture

- Understanding and practices of sustainability by employees
- Promote communication with stakeholders both inside and outside the company

Strengthening the Organizational Structure to Drive Sustainability

Mitsubishi Electric's Sustainability Innovation Group drives comprehensive and strategic initiatives to promote both value creation and foundation enhancement to achieve sustainability throughout the Mitsubishi Electric Group.

Sustainability Innovation Group



Creating and expanding businesses that contribute to the environment and society as well as business growth

GIST*1 project

Creating new businesses with a global and sustainability perspective

Recycling Co-Creation Center

Developing plastic resource circulation solutions utilizing recycling technology for home appliances

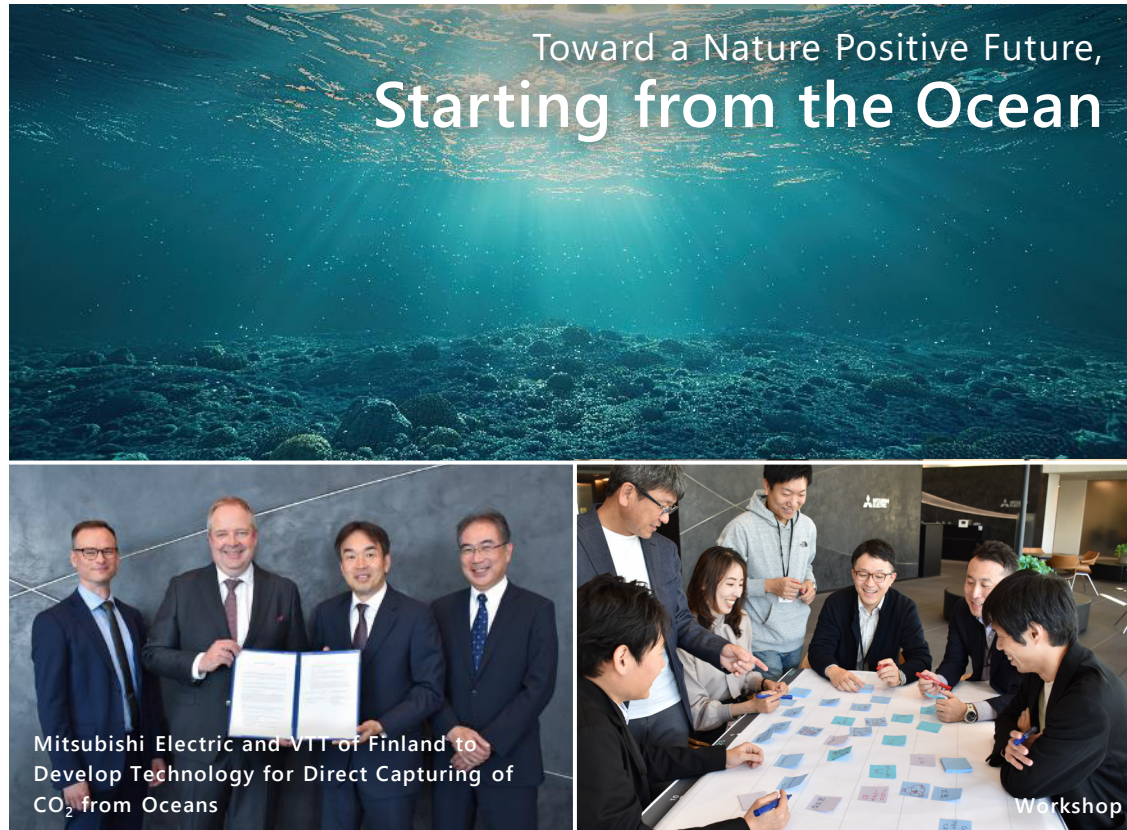
Strengthening the business foundation that supports sustainable growth, and pre-engaging in activities to meet environmental/social challenges by addressing changes in the environment or legal requirements

Promoting Group-wide initiatives addressing the environment, DE&I, human rights, and philanthropic activities, dealing with disclosures, and supporting mindset shifts within the Mitsubishi Electric Group, etc.

*1 GIST: Global Initiative for Sustainable Technology

GIST Project

Diverse team members from throughout the Mitsubishi Electric Group are working together to create and enhance new businesses from global and sustainability perspectives.



Creating new businesses through a backcasting approach centered on the theme of “the ocean”

Starting the exploration of new businesses related to “the ocean” toward to be Nature Positive*¹ frontrunner

<Recent initiatives>

Collaborating with VTT Technical Research Centre of Finland Ltd., to develop DOC*² technology for the direct removal of CO₂ from seawater

Driving co-creation both within and outside the Mitsubishi Electric Group to lead new business creation

- Organizing sustainability workshops within the Mitsubishi Electric group to enhance a sustainability-oriented corporate culture that drives the creation of new businesses addressing societal challenges
- Promoting effective communication to find co-creation partners

*1 To stop the loss of and restore natural capital *2 DOC: Direct Ocean Capture

Strengthening Business Foundations for Sustainable Growth

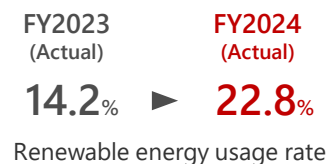
Fulfilling corporate social responsibility and enhancing business foundations for sustainable growth

Environmental Management

Accelerating the reduction of environmental impact across the value chain to achieve carbon neutrality, circular economy, and nature positive goals

Reducing greenhouse gas emissions at factories and offices

Driving initiatives to achieve carbon neutrality at factories and offices by FY2031, including expanding the adoption of renewable energy, enhancing energy conservation, and promoting electrification in the manufacturing process



Initiatives for contribution to achieving nature positive

- Endorse TNFD*1 recommendations and registered as a TNFD Adopter *2 (Sep. 2024)
- Power Distribution Systems Center was certified as Nationally Certified Sustainably Managed Natural Site by Japan's Ministry of the Environment (Sep. 2024)

Received top-ratings from CDP*3 in 2023

- "A List" rating for both climate change and water security (Sixth time in each category since 2016)
- Supplier Engagement Leader (Fourth consecutive selection since 2020 and seventh time)



Human rights

Human rights initiatives based on international norms

- "Mitsubishi Electric Group Human Rights Policy" revised (Aug. 2024)
- Continuing activities to identify and address risks involving major human rights violations in the supply chain

Corporate Governance

Further improving the effectiveness of the Board of Directors, and strengthening the supervisory function

- Ensuring that independent outside directors account for more than half of the Board of Directors and the three statutory committee members
- Appointed independent outside directors to chairpersons of the Board of Directors and the three statutory committees

*1 TNFD: The Taskforce on Nature-related Financial Disclosures *2 An organization that has committed to start making disclosures aligned with the TNFD Recommendations in its corporate reporting by fiscal year 2024 (or earlier) or by 2025
*3 An international NGO that surveys, evaluates, and discloses environmental initiatives of corporations and governments

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Addressing Social Challenges Through Our Businesses

Heat-related Total Solutions to Reduce Energy Costs and Support Decarbonization

Providing solutions to enable manufacturers, building owners and heat-supply operators to reduce their electricity and heat-energy costs and support decarbonization efforts

Optimizing the usage of electricity and heat-energy through the analysis and integration of energy and facility data

- One-stop support for heat-related issues, from consulting to energy operations and ongoing support
- Comprehensive energy saving achieved with EMS that optimizes the use of electricity and heat
- Power systems ICT solution to support environmental value management of electricity and procurement plans

<Systems and components related to heat-related total solutions>



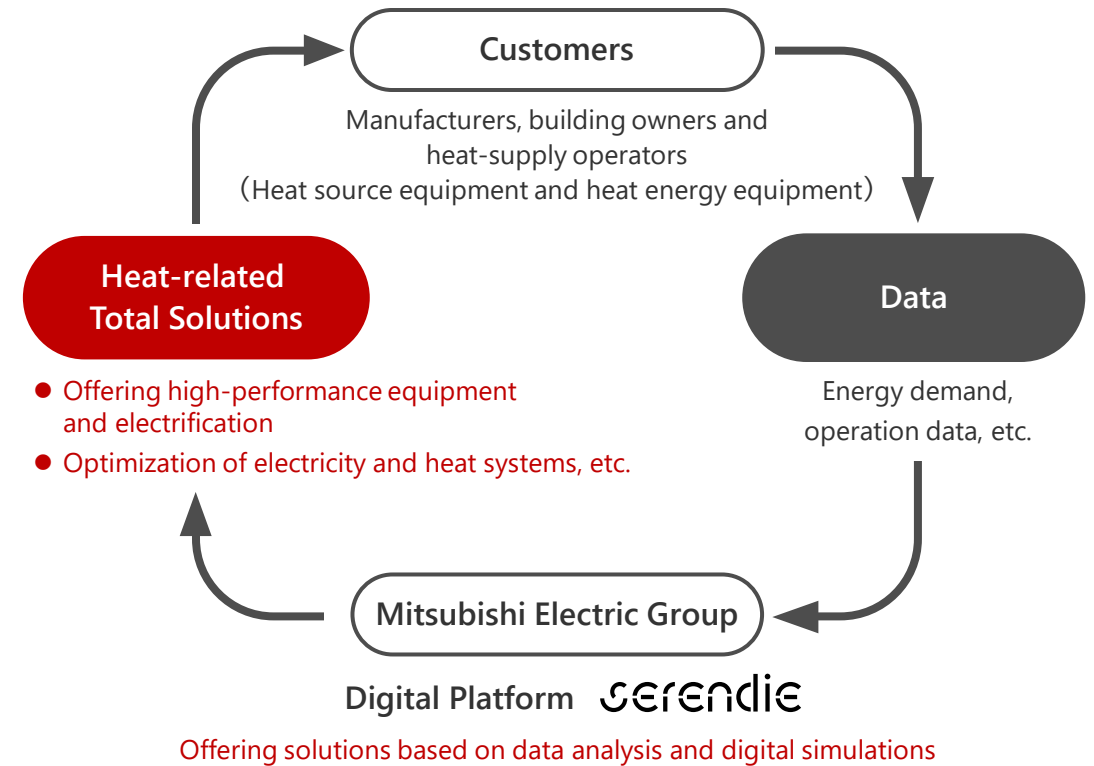
Hot water heat pumps and chillers



Building management system



Power systems ICT solution

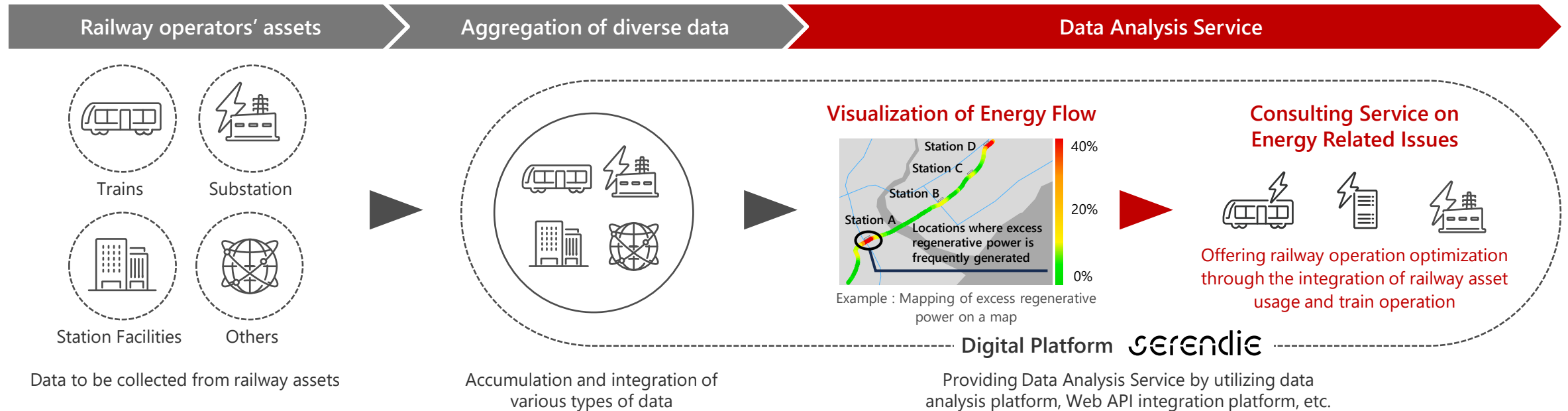


Railway Data Analysis Service

Supporting the efficient utilization of energy and the optimal deployment and operation of railway assets

Offering railway operators new solutions to utilize energy through digital transformation

- By leveraging the digital platform "Serendie," we help to integrate and analyze data such as the energy consumption of trains, substations and stations, and train operation data.
- Offering solutions for the optimal use of energy through the analysis of train, substation and station facility data, which would support the integrated use of railway assets and energy-saving train operations



Smart Plastic Separation DX Solution “RaaS*1”

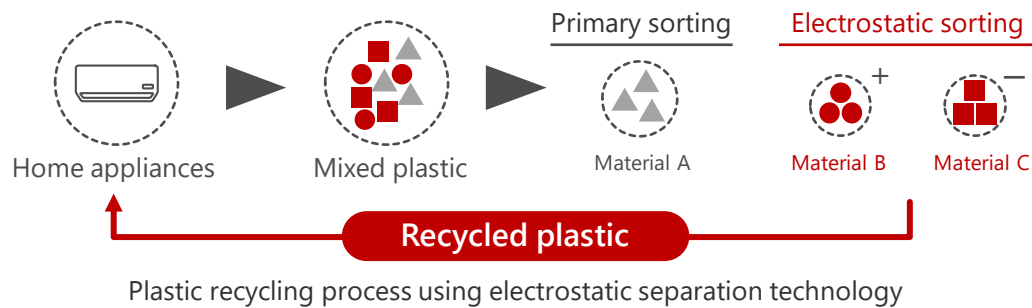
Developing plastic recycling service with the aim of realizing a circular economy, which is gaining importance due to regulations such as the EU’s End of Life Vehicles Directive (ELV)*2 that encourages the use of recycled plastics

Stable supply of high-quality recycled plastic

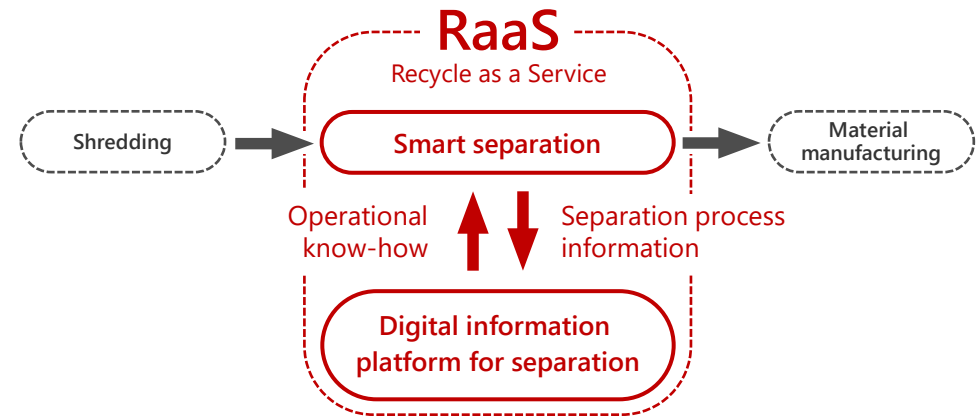
Working towards the commercialization of Smart Plastic Separation DX (digital transformation) solution “RaaS” to contribute to the stable supply of high-quality recycled plastic by leveraging technology cultivated in the home appliance recycling business

<Mitsubishi Electric Group’s Technology>

- Started the first mass-production application of electrostatic separation technology in home appliance plastic recycling in Japan in 2010
- Enables high-purity sorting of black plastics and small-particle plastics, which are difficult to sort using optical technology



<Concept of RaaS>



<Recent initiatives>



Started operation of advanced plastic sorting demonstration equipment jointly with Daisan Co., Ltd.

*1 RaaS: Recycle as a Service *2 EU rules to make the automotive sector circular, to maximize the efficient use of resources and to protect the environment

3

Summary

Towards the Realization of Sustainability



We drive sustainability initiatives by striving for “Trade-On” (mutual benefits), in which we grow our business while solving social challenges.








We create new innovations by strengthening efforts in sustainability, digital, open innovation, and business synergies.



Our people are the driving force for realizing sustainability.
By harnessing the creativity of every employee, we take on the challenge of sustainability innovation.

Appendix

Major Non-financial Indicators

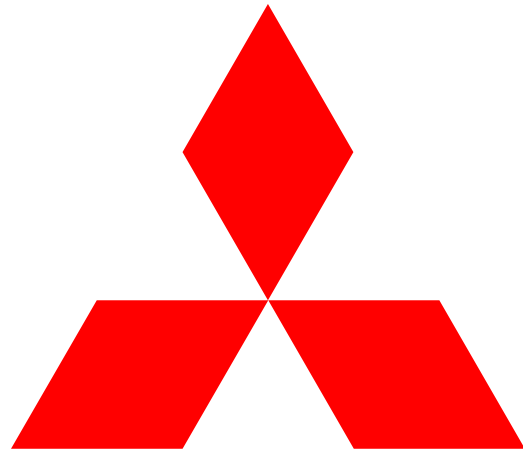
Materiality	Targets/Initiative Indicators
 Realize a sustainable global environment	FY2051: Aiming for net zero greenhouse gas emissions for entire value chain <ul style="list-style-type: none"> ● FY2031: [Scope 1^{*1}, 2^{*2}] Aim for net zero greenhouse gas emissions from factories and offices ● FY2031: [Scope 3^{*3}] Aim for at least 30% net reduction in greenhouse gas emissions versus FY2019 ● Provide products, services and solutions that contribute to carbon neutrality
	Contributing to achieving circular economy <ul style="list-style-type: none"> ● FY2036: 100% effective use (Japan) of wasted plastics
 Realize a safe, secure, and comfortable society	Achieving safety/security, inclusion, and well-being through our business activities <ul style="list-style-type: none"> ● Provide products, services and solutions that contribute to safety/security, inclusion and well-being
 Respect for all people	Human Right: Establishing human rights initiatives based on international norms and achieve responsible supply chain <ul style="list-style-type: none"> ● FY2028: Conduct human rights due diligence across the Group based on international norms ● FY2028: Reduce negative impact on human rights in supply chain based on the RBA^{*4} process
	Human Capital: Realize workplace where diverse and versatile human capital gathers and works together <ul style="list-style-type: none"> ● FY2026: Employee engagement score^{*5} 70% or more (non-consolidated), 60% or more (some domestic affiliated companies) ● FY2031: Ratio of females/non-Japanese in senior management 30% or more (non-consolidated) ● FY2031: Ratio of females in managerial positions 12% or more (non-consolidated)
 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 reforms by the Board of Directors, and appropriate information disclosure
	Prevent recurrence of improper quality control practices <ul style="list-style-type: none"> ● Build quality systems for prevention
	Increase effectiveness of the Board of Directors <ul style="list-style-type: none"> ● Maintain the ratio of independent outside directors at 50% or more (non-consolidated)
	Understanding and practice of compliance motto "Always Act with Integrity" <ul style="list-style-type: none"> ● Provide compliance education on a continuous basis
 Create a sustainability-oriented corporate culture	Improve the Cybersecurity maturity level <ul style="list-style-type: none"> ● FY2029: Achieve level 2 or higher^{*6} in the Cybersecurity Maturity Model Certification across the Group
	Understanding and practices of sustainability by employees <ul style="list-style-type: none"> ● FY2026: Understanding on the operation of business in line with the corporate purpose and goals according to the results of the employee awareness survey 75% or more (non-consolidated)
	Promote communication with stakeholders both inside and outside the company <ul style="list-style-type: none"> ● Introduce sustainability initiatives through integrated reports, sustainability briefings, online/in-person events and conduct in-house sustainability workshops

*1 Direct emissions from use of own fuel *2 Indirect emissions from use of electricity and heat purchased outside the company *3 Indirect emissions from the entire value chain excluding Scope 1, 2 *4 RBA: Responsible Business Alliance (An alliance of companies promoting social responsibility in global supply chains) *5 Ratio of employees who respond that they feel that they are proud and motivated to work for the Company in the employee awareness survey *6 Framework for Cybersecurity Maturity Model Certification set forth by the U.S. Department of Defense (CMMC 2.0)

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

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In the event of any discrepancy between this document and the Japanese original, the original shall prevail.



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Changes for the Better