

*Changes for the Better*



## CSR Policy



### ▶ CSR Philosophy

An introduction to the Mitsubishi Electric Group's views of and promotional system for Corporate Social Responsibility (CSR).

▶ More

### ▶ President's Message

Setsuhiro Shimomura, President & CEO of Mitsubishi Electric Corporation, introduces the CSR of the Mitsubishi Electric Group.

▶ More

### ▶ Corporate Governance

Pursuing continuous growth by enhancing flexibility in our operations and by promoting management transparency.

▶ More

### ▶ Compliance

Ensuring legal compliance and carrying out corporate activities that are in accordance with laws and ethics.

▶ More

### ▶ Risk Management

We have a multi-dimensional risk management system to ensure the stable continuation of business activities while fulfilling our responsibilities to stakeholders.

▶ More



## **Our Policy of Corporate Social Responsibility**

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The Mitsubishi Electric Group promotes its Corporate Social Responsibility (CSR) activities based on the conviction that all business activities must take CSR into consideration. The Group's Corporate Mission and Seven Guiding Principles form its basic CSR policies.

We are vigilant in our enforcement of corporate ethics and compliance and constantly work to improve educational programs and strengthen our internal control system. At the same time, we pursue initiatives related to quality management, environmental preservation, philanthropy and improved communication with all stakeholders.

## **Promotional System for CSR**

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Considering that our CSR activities involve a wide range of initiatives such as corporate ethics and compliance, securing as well as improvement of quality, environmental preservation, philanthropy and improved communication with all stakeholders, Mitsubishi Electric's CEO is assigned as the officer responsible for overseeing these measures. The executive officers are in charge of carrying out each initiative within the scope of their assigned duties.

## CSR Policy

### President's Message



Within the spirit of our corporate statement, "Changes for the Better," we will continually seek to improve, pressing ahead with sincerity, and we will continue our efforts indefinitely in order to help realize a sustainable society.

#### **Prioritizing Corporate Social Responsibilities Since the Time of Our Founding**

In recent years, the corporate operating environment has been undergoing dramatic changes reflecting the global situation, revisions of laws, and other factors. What must remain steadfast regardless of how the times may change is a commitment to corporate ethics and compliance and not to compromise on environmental issues and product quality.

This commitment of the Mitsubishi Electric Group was first articulated in the Keiei no Yotei, or Keys to Management, which was drawn up at the time of the company's founding in 1921. The spirit of this document, which states our contributions in areas such as the prosperity of society, product quality and customer satisfaction, lives on today in our Corporate Mission and Seven Guiding Principles. With these tenets as our core principles, the company promotes various initiatives in order to carry out our Corporate Social Responsibilities.

**Economic Aspects: Enhancing Corporate Value**

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In fiscal 2008, the Mitsubishi Electric Group maintained its focus on making strong businesses stronger, implementing various structural reform initiatives for greater profitability, and establishing and strengthening operations in Japan and overseas to fortify our production and sales forces. As a result, we have achieved our target ratio of operating income to net sales and ROE, and improved our ratio of interest-bearing debt to total assets over the previous fiscal year, a management target that was revised upward in fiscal 2008.

In fiscal 2009, we will further endeavor to adhere to constant achievement of all established targets. We will build on our solid foundations, firmly rooted in the "craftsmanship" integral to our operations. Our path to steady growth is charted by business strategies that focus on the global environment and take us into newly emerging markets.

**Management Targets to be Continuously Achieved**

	Management Target	2007 results
Operating income ratio	5% or more	6.6%
ROE	10% or more	15.1%
Interest-bearing debt to total assets	15% or less	15.8%

\* As of April 2007, the then-valid target of 20% or less was replaced with a tighter and lower target of 15% or less.

**Environmental Aspects: Promoting Environmental Initiatives based on Environmental Vision 2021**

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The Mitsubishi Electric Group promotes environmental management through its Environmental Plan, which we develop every three years. In fiscal 2008, the second year of our Fifth Environmental Plan, we implemented countermeasures against global warming and reduced 13,000 tons of CO<sub>2</sub> emissions from our production processes, among other significant results. In October 2007, we announced Environmental Vision 2021, which sets 2021 as the target year, in commemoration of the 100th anniversary of the company's founding. It defines initiatives to prevent global warming and to create a recycling-based society, including a 30% reduction (compared to fiscal 2001) of CO<sub>2</sub> emissions from product use and measures to reduce, reuse and recycle (the 3Rs) throughout the product life cycle.

In fiscal 2009, we will continue our efforts to achieve the targets of the Fifth Environmental Plan, while also promoting initiatives based on Environmental Vision 2021.

## Social Aspects: Contribution to Society through Technology

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As a member of society, we are responsible for upholding corporate ethics and compliance and engaging in social activities. We also have a responsibility to contribute to society through the technologies we have accumulated over the years. One example is the DIGUARD total security solution, which we launched in fiscal 2008. As the culmination of the Mitsubishi Electric Group's expertise in security-related products, systems, maintenance technologies, and services, we believe it will contribute to providing safety and security in a sustainable society. In fiscal 2009, we will continue our efforts to uphold corporate ethics and compliance and take an active part in social activities, while also contributing to society through our technologies, products, and services.

Through these initiatives, the Mitsubishi Electric Group will work to gain trust from stakeholders and help realize a sustainable society. Within the spirit of our corporate statement, "Changes for the Better," we will constantly pursue improvement and continue to make our best efforts. We greatly appreciate everyone's understanding and support.



## **Basic Corporate Governance Policy**

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To realize sustained growth and boost corporate value, Mitsubishi Electric works to maintain the flexibility of its operations while promoting management transparency. These endeavors are supported by an efficient corporate governance structure that clearly defines and reinforces the supervisory functions of management while ensuring that the Company is responsive to the expectations of customers, shareholders, and all of our stakeholders.

## **Corporate Management and Governance Structure**

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### **Corporate Management Structure and Internal Control System**

In June 2003, Mitsubishi Electric became a company with a 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.

The present board is comprised of 12 directors (five of whom are outside directors), who objectively supervise and advise the Company's management. The board of directors has three internal bodies: the Audit, Nomination and Compensation committees. Each body has five members, three of whom are outside directors. The Audit Committee is supported by dedicated independent staff.

Further ensuring effective corporate governance, the roles of Chairman and President & CEO are clearly defined and exclusive. The Chairman heads the board of directors and the President & CEO is in charge of the Company's executive officers. Neither the Chairman nor the President & CEO is a member of the Nomination or Compensation committees.

Executive officers are responsible for ensuring compliance and management efficiency in their assigned areas of operations. Internal auditors monitor executive officers' performance of duties. Internal and external auditors report on the results of such monitoring to the Audit Committee and executive officers in charge.

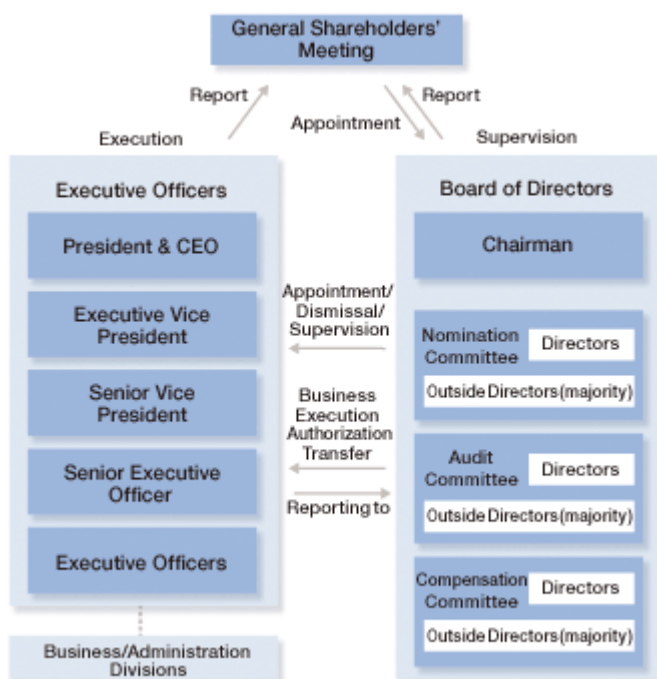
**The Corporate Auditing Division, Audit Committee and Accounting Auditors**

Acting independently, 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 profound knowledge of the particular field, assigned from certain business units.

Overseeing this department is the Audit Committee, which is made up of five directors, three of whom are outside directors. In accordance with the policies and assignments agreed to by the committee, the performances of directors and executive officers as well as affiliated companies are audited.

The Corporate Auditing Division submits reports to the Audit Committee, which holds periodic meetings to exchange information and discuss auditing policies. In addition, the Audit Committee discusses policies and methods of auditing with accounting auditors, who furnish it with reports on the status and results of the audits of the Company that they themselves conduct.

KPMG AZSA & Co. has been retained as Mitsubishi Electric's accounting auditor. This firm has appointed Mr. Yoshihiko Nakamura, Mr. Ryoji Fujii and Mr. Toshihiro Otsuka as the partners in charge of handling the auditing of Mitsubishi Electric along with certified public accountants and junior accountants as support staff. Mitsubishi Electric maintains an environment in which fair and impartial audits can be conducted and furnishes relevant management information to KPMG AZSA & Co.







**Familiarizing Employees with the Corporate Ethics and Compliance Statement**

Mitsubishi Electric first clarified and formulated its code of corporate ethics in April 1990. The code has since undergone a series of revisions to reflect amendments to legislation and changes in the social environment. In 2001, we released the Corporate Ethics and Compliance Statement, which identifies six basic policies: compliance with the law, respect for human rights, contributing to society, collaboration and harmonization with the community, consideration of environmental issues and recognition of personal integrity.

To raise awareness of this statement throughout the Mitsubishi Electric Group, we display posters and have each employee in Japan carry a card with the statement written on it. In addition, every employee is issued a Corporate Ethics and Compliance Code of Conduct booklet, which contains the Corporate Ethics and Compliance Statement and specific action policies. The booklet has been revised four times to reflect revisions to laws and changes in society, most recently in March 2007.



Corporate Ethics and Compliance Statement Poster



Portable Card



Corporate Ethics and Compliance Code of Conduct Booklet

## The Corporate Ethics and Compliance Statement

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### **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 could be achieved with conduct that would violate applicable laws or generally accepted community standards.

### **Respect for Human Rights**

We will conduct ourselves always with a respect for human rights. We will not tolerate discrimination based on nationality, race, religion, gender, disability or any other reason prohibited by applicable laws nor will we tolerate other conduct that violates international laws, covenants or principles regarding respect for individual and human rights.

### **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 the entire society.

### **Collaboration and Harmonization with the Community**

As a good corporate citizen and neighbor, we will support worthwhile civic and charitable organizations and activities in the communities where we reside or work that contribute to community development.

### **Consideration of Environmental Issues**

As part of our goal to achieve a recycling-oriented society, we will do our best to 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, will use company resources, including monetary resources, time and information for legitimate business purposes. We will use company computers and various networks and on-line services, including e-mail and Internet access, primarily for company business.

## Structure to Thoroughly Implement Compliance

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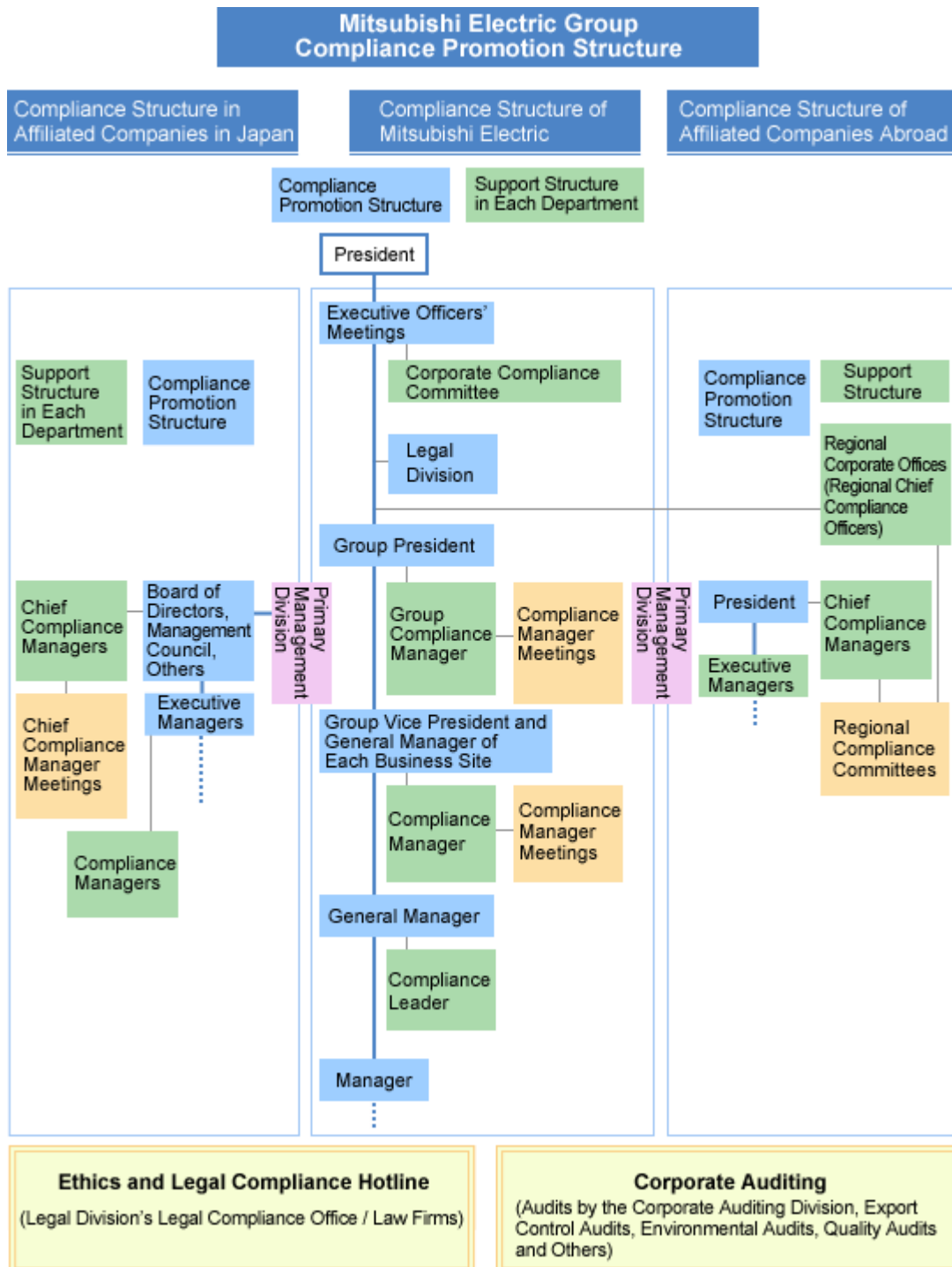
The formulation of the Group's policies and action codes with regard to corporate ethics and compliance is the responsibility of the Corporate Compliance Committee, which was established in 1991, the year in which the Nippon Keidanren created its Corporate Conduct Charter. The committee is chaired by an executive officer responsible for legal affairs and holds regular meetings twice annually and extraordinary meetings as required. Compliance is an essential element of conducting business. Recognizing this, in April 2007, we reinforced our primary compliance promotion systems in each division and the organizations that support them.

At each of the Company's divisions and operational sites, a compliance promotion committee determines the specific compliance measures that should be taken in its operations. To support compliance promotion, group compliance managers, compliance managers and compliance leaders are assigned at all organization levels. Also, in each business division and at each operational site, compliance managers and compliance leaders form a compliance information communication committee and hold regular meetings.

In April 2008, we reorganized the compliance system for Mitsubishi Electric Group companies to more closely reflect the parent Company's compliance policies and promotion systems.

For affiliates in Japan, we appoint chief compliance managers to support executive functions related to compliance promotion, and compliance managers to assist general managers in each business unit. In addition, chief compliance managers from each affiliate are required to attend chief compliance manager committee meetings.

Overseas, regional chief compliance managers have been appointed in every region in which we operate, extending our support of compliance at affiliates. Chief compliance managers are assigned to affiliates in the United States and Europe to support executive functions related to compliance promotion, while regional chief compliance managers form a regional compliance committee and work to improve the level of compliance. Depending on the region and local circumstances, we are gradually redeveloping relevant systems.



## **Communication Channel "Ethics and Legal Compliance Hotline" Established Inside and Outside the Company**

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Mitsubishi Electric has set up an ethics and legal compliance hotline to prevent improper conduct before it occurs. The information communicated through the hotline is investigated by the Legal Division's Legal Compliance Office, and if improper conduct is discovered, the investigated division is requested to punish the perpetrator, or institute corrective measures. Anonymity and other protections for the whistleblower are prescribed in internal rules along with a prohibition against unfair treatment of whistleblowers.

In April 2006, an external communication channel was set up at the offices of legal counsel in conjunction with enforcement of the Whistleblower Protection Act. These communication channels are open to affiliate companies in Japan as well.

The ethics and legal compliance hotline is explained in the Code of Conduct for Corporate Ethics and Compliance, which is distributed to each employee. As well as posters displayed in each department, the employees are acquainted with the communication channels through the Legal Division's intranet site and other information outlets.

## **Compliance Audits**

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The Auditing Division assumes a central role in auditing compliance as part of the internal audits of corporate ethics and legal compliance at the business divisions of Mitsubishi Electric and affiliated companies in Japan and overseas. Divisions are requested to make improvements if found in need of corrective actions by the Auditing Division.

## **Compliance Education Using Manifold Methods**

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Mitsubishi Electric conducts seminars on compliance with various laws that must be abided by in conducting business, to each division as necessary. Additionally, from fiscal 2006, all employees receive compliance training either through e-learning programs, group classes, or correspondence courses.

Mitsubishi Electric's Legal Division and Associated Companies Division provide support for training at affiliated companies in Japan to hold compliance seminars as necessary. Overseas, our affiliated companies run compliance training while taking into account local laws, regulations, culture and customs.

Additionally, to prevent the occurrence of misconduct, we distribute educational materials on preventing misconduct, to all managers in Mitsubishi Electric and affiliated companies in Japan, via our compliance managers.



## Risk Management System

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Mitsubishi Electric 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 operations. In addition, executive officers exchange information and participate in important management initiatives and decisions through regularly scheduled executive officers' meetings.

Strictly adhering to this management structure and system, the Mitsubishi Electric Group is implementing countermeasures that are intended to detect potential risks at an early stage. In its efforts to minimize business risk and eliminate risks that may have significant social impact, such as those related to corporate ethics and compliance, the environment and product quality, the Group is taking steps toward fulfilling its responsibilities to stakeholders.

## Responding to Environmental Risk

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The Mitsubishi Electric Group works to quickly discover latent risks in business activities that can impact or potentially impact the environment in a substantial way.

In order to prepare for the event of an accident or emergency, head office divisions, which are responsible for manufacturing facilities, R&D centers, branch offices and affiliates, as well as branch offices, which handle sales operations, have developed detailed risk descriptions and procedure manuals that specify departmental responsibilities. Mitsubishi Electric also anticipates the possibility of accidents, claims, or violations of the law occurring by construction subcontractors or companies working under outsourcing agreements, and informs these outside parties of our risk response procedures, as well as request that they ensure to implement the proper procedures in their respective organizations.

Each of our business sites run tests once a year to determine if the managers in charge are capable of appropriately responding to an emergency. The tests simulate an emergency that has the potential of occurring to determine whether communication channels, the chain of command, movement methods at the site, and reporting procedures function properly. When problems are uncovered, the procedures are revised and the new version is publicized throughout the organization. The tests also serve as drills to help employees become proficient in the proper response procedures.

## Responding to Information Security Needs

### Protection of Personal Information and Management of Confidential Corporate Information

The Mitsubishi Electric Group has occasions to obtain personal information from customers through questionnaires, registration of purchased products, and after-sales service. At times, we also obtain personal information from people who desire employment in the Mitsubishi Electric Group. To take care in the handling and proper management of this information, we created company rules pertaining to the protection of personal information in October 2001, and strictly require all Mitsubishi Electric personnel (executives, employees, part-time workers, temporary employees, etc.) and affiliated persons to abide by those rules. After announcing our personal information protection policy in April 2004, we established a management system to strengthen our management of personal information, and obtained Japan's "Privacy Mark" certification in January 2008.

We strengthened security management not only for personal information but also for confidential corporate information, which includes information on sales, technical matters and intellectual property. This information is managed through organizational, human, physical and technological security measures. As a part of this effort, in February 2005 we announced the "Declaration of Confidential Corporate Information Security Management" in order to clearly publicize our stance both internally and externally that the company enforces the proper handling of various types of information. For information that has been entrusted to us by other companies, we uphold confidentiality agreements by all means, and we also work to manage and protect such information using the same security measures we use for our own information.

### Confidential Corporate Information and Security Measures



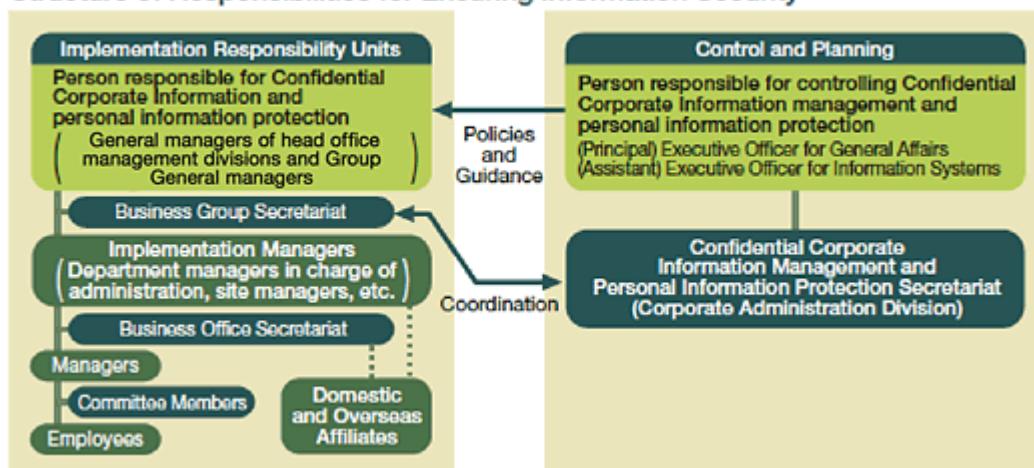
### PDCA Cycle Applied to Information Security Management

Mitsubishi Electric constantly strives to improve its activities for managing confidential corporate information and to protect personal information through application of a plan-do-check-act, or PDCA, cycle. First of all, we revised internal rules as needed to comply with current laws. In fiscal 2005, we began offering e-learning educational training to all Mitsubishi Electric employees on an ongoing basis, to ensure they are fully aware of the goals of the "Declaration of Confidential Corporate Information Security Management." Furthermore, we have distributed procedures for the management of company secrets and protection of personal information, to firmly establish fundamental conduct in daily business.

In addition, self-audits are conducted at the workplace level along with internal audits by staff from the head office on the status of confidential corporate information and personal information management.

Systems and structures have been established at affiliate companies as well, based on the policies laid out by Mitsubishi Electric and in accordance with the conditions prevailing at each company and location. We intend to improve the quality of management across the entire Mitsubishi Electric Group by building and following PDCA procedures for the protection of Confidential Corporate Information and personal information.

### Structure of Responsibilities for Ensuring Information Security





## Ensuring the Safety of People and Infrastructure

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Mitsubishi Electric has a system for responding to accidents and natural disasters in which the Disaster Response Headquarters, Management Response Headquarters and Business Group Response Headquarters work together under General Headquarters, which is headed by the President.

In the event an emergency situation involving an accident or natural disaster arises, we first ensure the safety of people and physical infrastructure, then work to restore operations. The safety of people and physical infrastructure is our utmost priority, so educational activities are conducted by our Health and Safety Committee on a regular basis to ensure prompt action is taken, and general disaster prevention drills are conducted every year that include drills on escape routes and extinguishing initial outbreaks of fire.

In addition, reporting on the impact inside and outside the company follows a set channel, from the business site to the business group's administrative department to the Group president of the business group to the president. A company-wide response is determined and taken while instituting emergency measures at each stage.

## Creation of Disaster Response Manual for Major Earthquakes

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Mitsubishi Electric created a disaster response manual in April 1996 to minimize injuries and physical damage and facilitate prompt relief and recovery in the event of a major earthquake. It includes measures in advance and establishes an emergency response measures directly following an earthquake, including setting up a disaster response organization and a code of conduct. Presently we are working on our business continuation plan based on the latest disaster response manual.

We have also established use of a digital Multi Channel Access (MCA) wireless system as an emergency lifeline. In addition, the information communication system and safety confirmation system using cell phone-based email have been introduced and well used in the earthquakes on Japan's Noto Peninsula and in Mie prefecture. We will continue to enforce the operational and hardware aspects in order to attain information efficiently in emergency situations.



Emergency drill