

Basic Corporate Governance Policy

To realize sustained growth and increase 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

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.

Mitsubishi Electric's President & CEO is not a member of either the Nomination Committee or the Compensation Committee. This allows for the clear division of executive and supervisory functions, thereby enabling Mitsubishi Electric to ensure effective corporate governance.

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.

Risk Management System

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 operation. 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 measures 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 fulfilling its responsibilities to stakeholders.

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 their particular fields, 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.

