Technology Transfer Control of Mitsubishi Electric Corporation

Feb. 24, 2016

Corporate Export Control Div,
Mitsubishi Electric Corporation, Japan

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* SEC: Security Export Control

Corporate Mission

The Mitsubishi Electric Group will continually improve its technologies and services by applying creativity to all aspects of its business. By doing so, we enhance the quality of life in our society. To this end, all members of the Group will pursue the following Seven Guiding Principles.

Seven Guiding Principles

Trust, Quality, Technology, Citizenship,

Ethics and Compliance, Environment, and Growth

Corporate Statement

Our corporate statement, "Changes for the Better," signifies the goal and stance of the Mitsubishi Electric Group to continually innovate for the better.

Changes for the Better

Corporate Data

Mitsubishi Electric Corporation

Head Office Location:	Tokyo Building, 2-7-3 Marunouchi Chiyoda-ku, Tokyo 100-8310, Japan
President & CEO:	Masaki Sakuyama
Established:	January 15, 1921
Consolidated Net Sales:	¥4,323,041 million (US$36,025 million)
Paid-in Capital:	¥175,820 million (US$1,465 million)
Shares Issued:	2,147,201,551 shares
Consolidated Total Assets:	¥4,059,451 million (US$33,828 million)
Employees:	129,249

(As of March 31, 2015. US dollar amounts are converted from yen at the rate of ¥120=US $1)

Corporate Overview

Products

■ Wide range of products, which includes certain controlled items.

Building Systems	Factory Automation Systems	Information/ Communication Systems
	・Numerically controlled machines	・Information security equipment using encryption
Air Conditioning Systems	Semiconductors /Devices	Visual Information Systems
	・Microwave devices	
Space Systems	Transportation Systems	Public Systems
・Satellites and earth stations ・Solar panels for Satellites		
Energy Systems	Automotive Equipment	Home Appliances

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Corporate Overview

Organization of Mitsubishi Electric Corporation (MELCO)

Board of Directors **President & CEO**

Executive Officers

■ Practical Security Export Control activities are carried out at each Business Division

Administration Divisions   Business Divisions

Administration Divisions:
- Auditing
- Strategic Planning
- IT Strategy
- Associated Companies
- Government & External Relations
- Administration
- Human Resources
- Accounting
- Finance
- Purchasing
- Public Relations
- Advertising
- Legal & Compliance
- Export Control Division (ECD)
- Licensing
- Intellectual Property
- Marketing
- Global Strategic Planning & Marketing

Regional Corporate Offices:
Americas (U.S.A.) / Europe (U.K.) / Asia (Singapore) / China / Taiwan
- Total Productivity Management & Environmental Programs
- Research & Development

Business Divisions:
- Public Utility Systems Group
- Energy & Industrial Systems Group
- Building Systems Group
- Electronic Systems Group
- Communication Systems Group
- Living Environment & Digital Media Equipment Group
- Factory Automation Systems Group
- Automotive Equipment Group
- Semiconductor & Device Group
- Information Systems & Network Service Group

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Global Network of Mitsubishi Electric Corporation (MELCO) Group

Growing international network of R&D, production, sales, associated companies, and other operations throughout the world (includes only consolidated subsidiaries)

Europe
10 companies

North America
11 companies

Middle East & Africa
2 companies

■ Head Office

Asia (excluding Japan)
53 companies

Central & South America
2 companies

Oceania
1 company

(as of Nov., 2015)

Security Export Control Organization

President

Senior Vice President
(The ultimate responsibility)

ECD※

Business Units

Overall responsible for administering Corporate Export Control

Principally responsible for executing Export Control in daily business operations
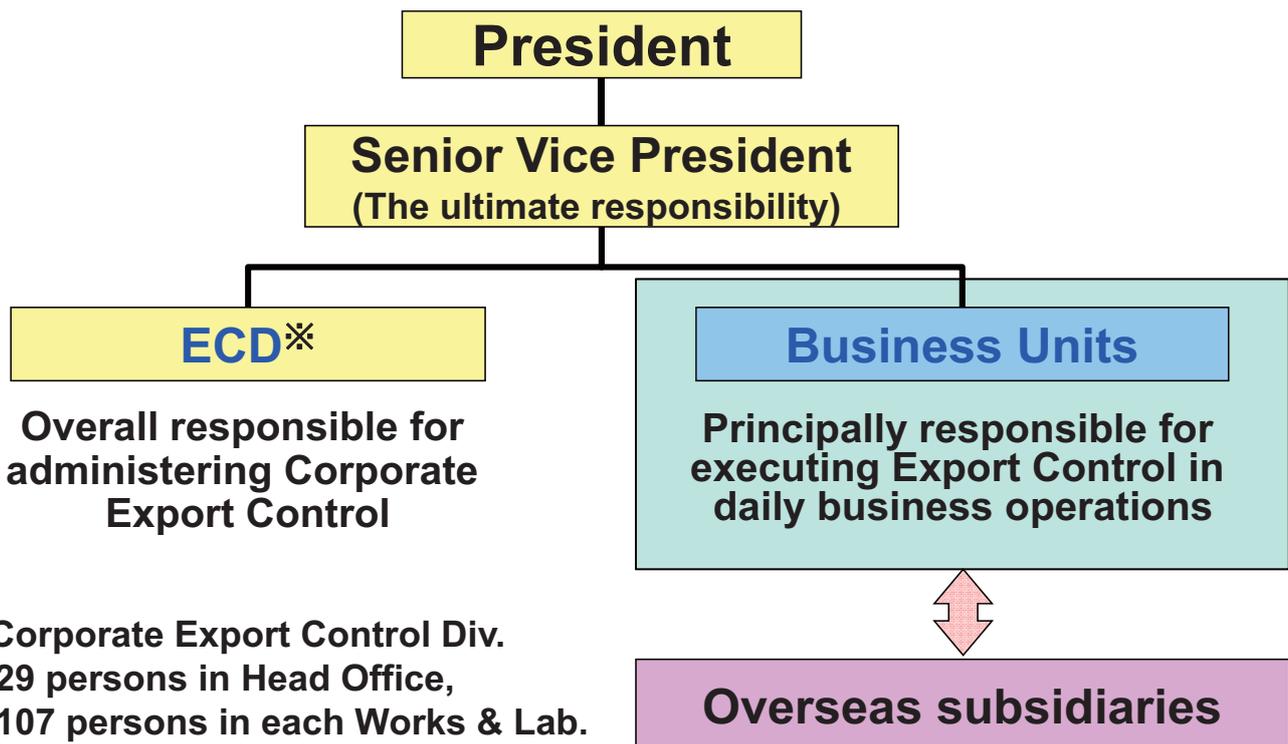
※**Corporate Export Control Div.**
29 persons in Head Office,
107 persons in each Works & Lab.

Overseas subsidiaries

(as of Oct., 2015)

Basic Policy of Mitsubishi Electric Corporation (MELCO)

- ## Legal control
  - Comply with the applicable Laws and Regulations

- ## Risk control
  - Respect the principles of the law of Japan
    - International Export Control Regimes
  - Corporate risk management
    - Avoid involvement in third party's illegal transactions

Common basic policy of all group companies are described in "Compliance Program(CP)"

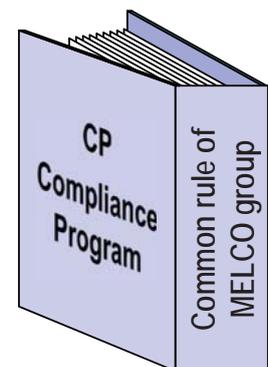Contents of CP

- ## Internal Structure
  - Organization, Job scope
- ## Operating procedure
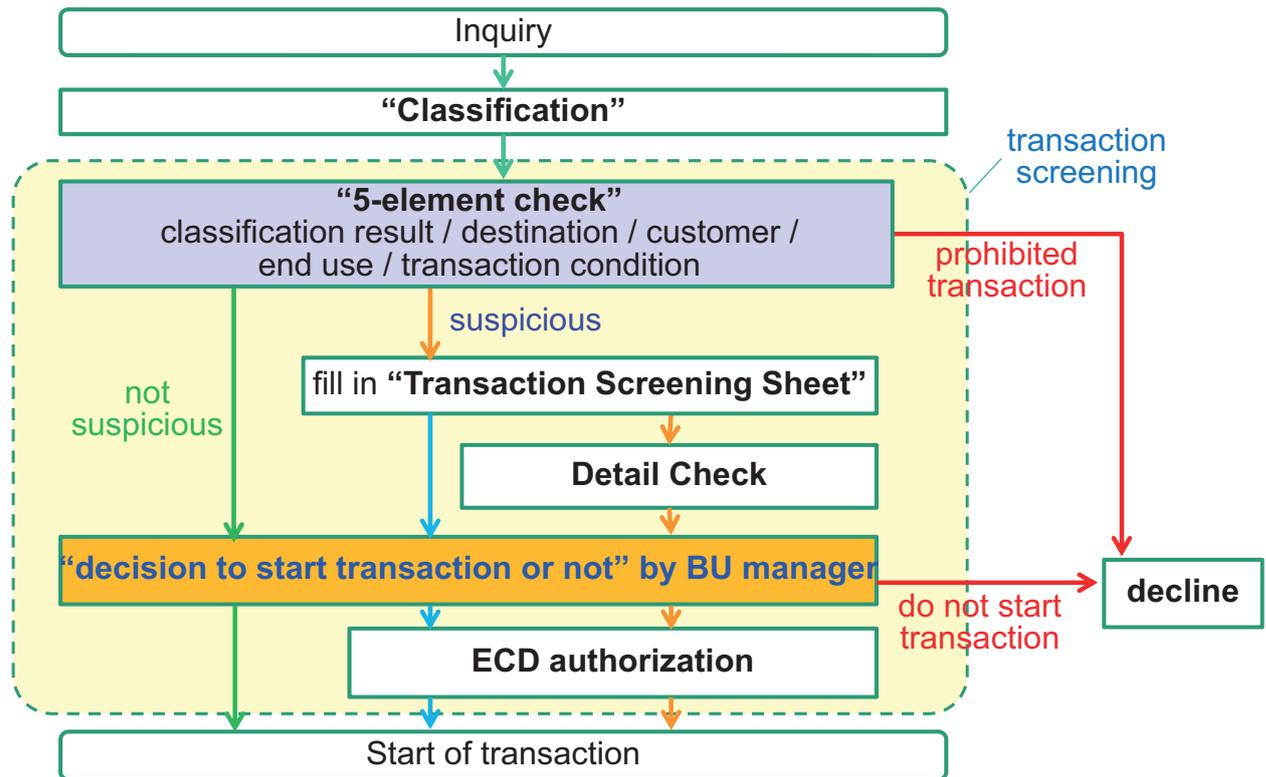 - Classification, Transaction Screening, Shipping Control
- ## Maintenance
  - Audit, Training, Record Keeping, Guidance to Subsidiaries, Prevention of Recurrence

CP Compliance Program

Common rule of MELCO group

SEC of MELCO

Basic Procedure of Security Export Control

```
┌─────────────────────────────────────────────┐
│                   Inquiry                     │
└─────────────────────────────────────────────┘
                      ↓
┌─────────────────────────────────────────────┐
│               "Classification"                │
└─────────────────────────────────────────────┘
                      ↓
                                    transaction screening
┌───────────────────────────────────────────────────┐
│              "5-element check"                       │──── prohibited transaction ───┐
│  classification result / destination / customer /    │                                │
│        end use / transaction condition               │                                │
└───────────────────────────────────────────────────┘                                │
     │ not suspicious    │ suspicious                                                   │
     │                   ↓                                                              │
     │         ┌─────────────────────────────────┐                                    │
     │         │ fill in "Transaction Screening Sheet" │                               │
     │         └─────────────────────────────────┘                                    │
     │                   ↓                                                              │
     │              ┌──────────────┐                                                   │
     │              │ Detail Check │                                                   │
     │              └──────────────┘                                                   │
     │                   ↓                                                              │
┌──────────────────────────────────────────────────┐    do not start transaction      ↓
│ "decision to start transaction or not" by BU manager │───────────────────────→ ┌─────────┐
└──────────────────────────────────────────────────┘                            │ decline │
     │                   ↓                                                        └─────────┘
     │         ┌──────────────────┐
     │         │ ECD authorization │
     │         └──────────────────┘
     ↓                   ↓
┌─────────────────────────────────────────────┐
│              Start of transaction             │
└─────────────────────────────────────────────┘
```

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Technology Transfer Control

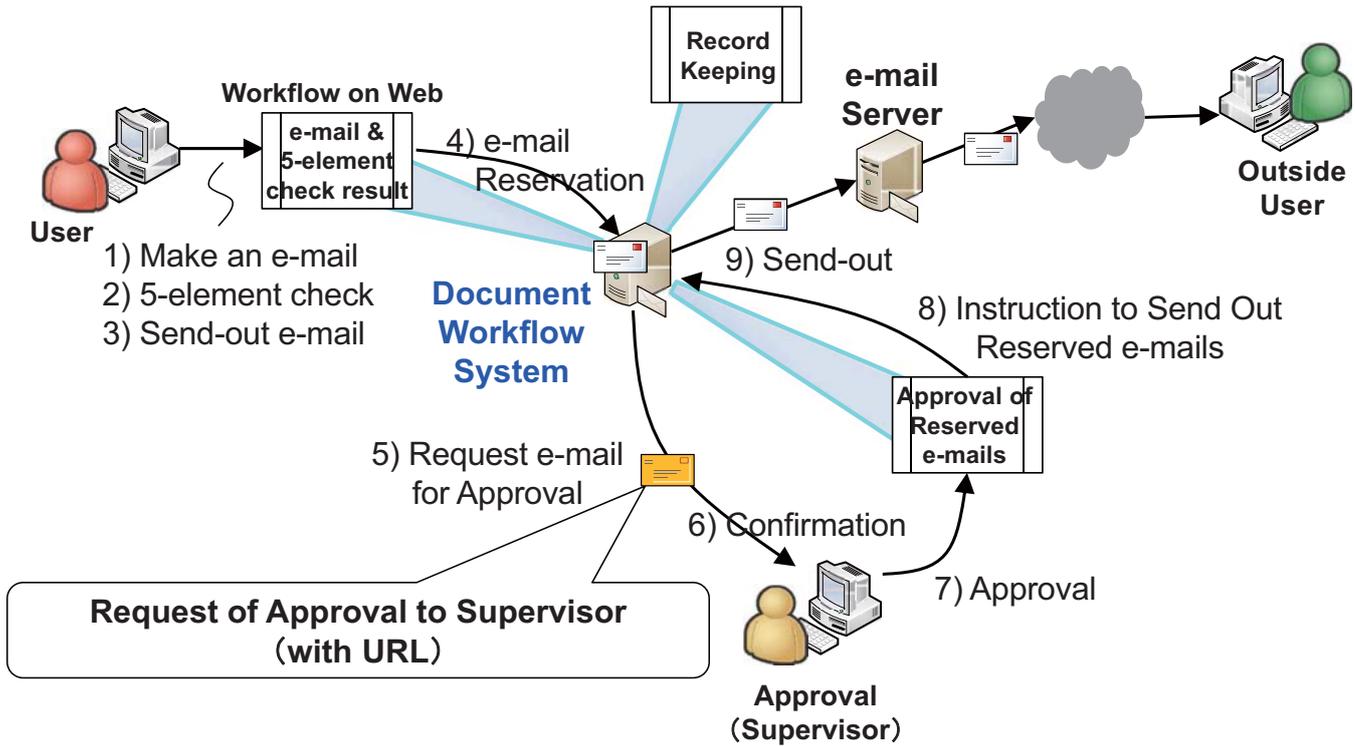## Difficulty of Technology Transfer Control

Special attention is required for Technology Transfer
(Technology is Very Easy to Transfer and Difficult to Recall)

- **All transactions are subject to Security Export Control**
  - Shipping of technical materials or delivering them in person
  - Providing technology through electronic method such as e-mail
  - Providing technology through oral communication
  - Providing technology through visual inspection such as factory visit

- **Procedure**
  - Technology Transfer can be started after transaction screening
  - All transactions, including intangible transfer, need approval by managers who are responsible for the transaction (Transfer)

- **Focal subjects**
  - Methods of transaction screening & transfer control for intangible transfer through electronic and oral communication
    - ➢ Approval of transaction screening, and record keeping of evidence materials
    - ➢ Approval in case of emergency or absence of manager

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Technology Transfer Control

Situation: Providing technical data to overseas customers by e-mail
An Example using "Document Workflow System"

Record Keeping

Workflow on Web

e-mail & 5-element check result

4) e-mail Reservation

e-mail Server

Outside User

User

1) Make an e-mail
2) 5-element check
3) Send-out e-mail

Document Workflow System

9) Send-out

8) Instruction to Send Out Reserved e-mails

5) Request e-mail for Approval

Approval of Reserved e-mails

6) Confirmation

7) Approval

Request of Approval to Supervisor （with URL）

Approval （Supervisor）

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Technology Transfer Control

Situation: Providing technical data to overseas customers by e-mail
An Example using "Document Workflow System"

Approval Path

Person in charge

Approval (Manager)

e-mail address

FROM
Control No.
Title
Confidentiality
Date of transfer
Transfer method
Transfer medium
TO(country)
Description of Technology
Classification Result
5-element check
Confirm completion of classification
e-mail message

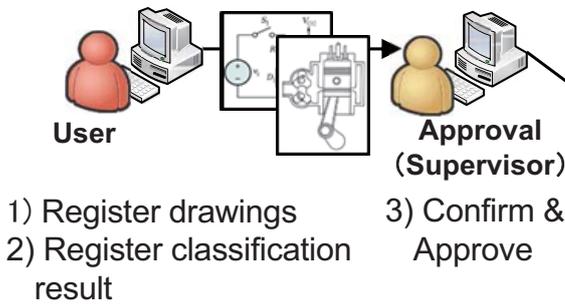Unless you check 5-element, you are not allowed to send this e-mail.
[*]classification
[*]destination
[*]customer
[*]end use
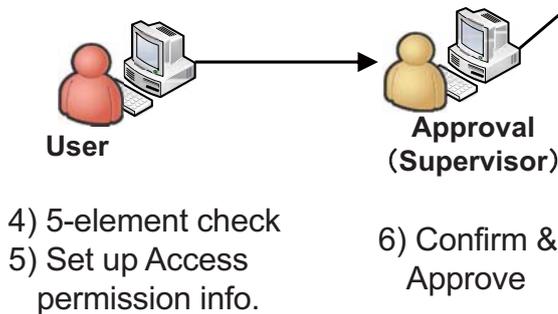[*]transaction condition

Screen shot of Document Workflow System

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Situation: Providing drawings to overseas factory through data server
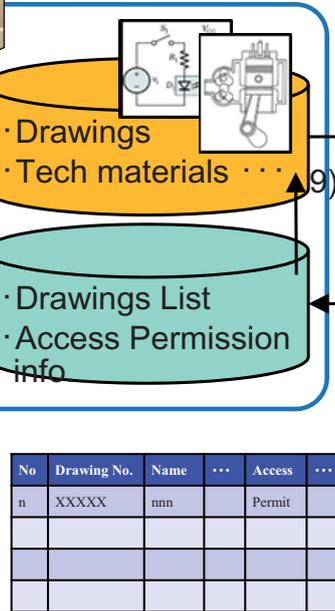### An Example using "Shared Data Server"

1. Register drawings

User

1) Register drawings
2) Register classification result

Approval (Supervisor)

3) Confirm & Approve

2. Set up Access permission info.

User

4) 5-element check
5) Set up Access permission info.

Approval (Supervisor)

6) Confirm & Approve

Shared Data Server

· Drawings
· Tech materials ···

· Drawings List
· Access Permission info

Overseas associated companies

10) Display drawings

9) Access to selected drawings

Outside User

7) Access to drawings list & Check permission status
8) Select drawings

No	Drawing No.	Name	···	Access	···
n	XXXXX	nnn		Permit	

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Situation: Providing information at a technical meeting
An Example of "Technical Meeting with foreign customer"

Business Trip Workflow System

Approval Path

2) Classification

4) 5-element check result
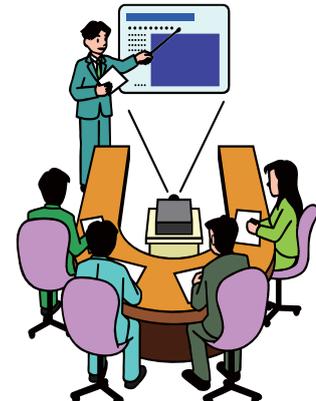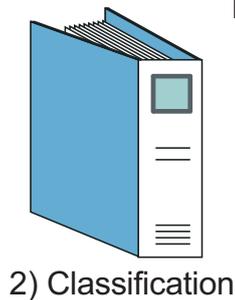
1) Request for a meeting overseas
2) Classification of materials which may contain technology to be transferred
3) 5-element check
4) Register 5-element check result in Business Trip Workflow System (overseas)
5) Approval by a manager

6) Technology transfer within the scope of the prior classification(2)
7) 5-element check need to be conducted for materials beyond scope of prior classification(2)
(approval shall depend on result of the check)

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Conclusion

- **Tools are useful to assist SEC procedure**
  - Stop & consider for SEC procedure
  - Prevent mis-transfer by careless mistake

- **Education & training is a key**
  - SEC procedure never be conducted automatically, even if tools are used.
    It should be done by human.
  - It is important to provide sufficient Education & training for persons in charge of SEC, in order to avoid misjudgment or mis-screening.

Thank you for your attention.