

Improper Quality Control Practices and Three Reforms

1. Overview of Incidents

Mitsubishi Electric would like to reiterate its sincere apologies to all customers, valued stakeholders, and broader society for the impact of these incidents. At Mitsubishi Electric, we take these incidents seriously and ensure that thorough measures are taken to prevent recurrence by analyzing the relevant factors and pursuing the root causes. We also regularly disclose details on these initiatives via our portal site as soon as information becomes available.



Portal site (in Japanese text)
<https://www.MitsubishiElectric.co.jp/reform/>
 Portal site (in English text)
<https://reform.MitsubishiElectric.com/>

2. Investigative Committee's Investigation

We have established the Emergency Response Division headed by the president and commissioned a quality-related investigation by an Investigative Committee of external experts in response to the series of improper quality control practices. First, we will focus on completing the investigation with the Investigative Committee.

Investigation Method

Target: Mitsubishi Electric
 Method: Questionnaire survey; information brought to a dedicated email address of the third party committee or Nishimura & Asahi separately; forensic investigation; interview survey

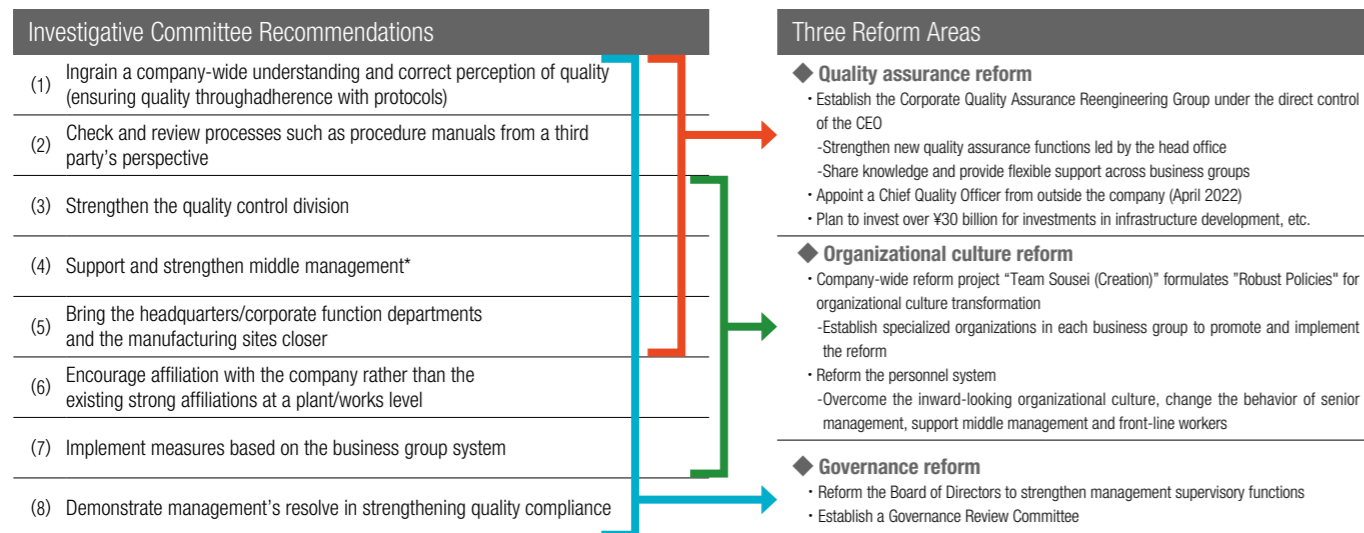
Investigation Committee members
 Chairman: Hiroshi Kameda
 (Attorney-at-law, Nishimura & Asahi)
 Member: Mitsuhiro Umezu
 (Professor at Keio University, specializing in corporate ethics)
 Member: Masahiko Munechika
 (Professor at Waseda University, specializing in quality management)

Summary of the number of cases of improper quality control practices pointed out by the Investigative Committee

| | Disclosed in Oct. 2021 | Disclosed in Dec. 2021 | Disclosed in May 2022 | Subtotal |
|--|------------------------|------------------------|-----------------------|----------|
| Number of sites investigated: | 2 | 5 | 22 | 22 |
| Bases among these at which improper quality control practices occurred: | 2 | 5 | 15 | 16 |
| *There is an overlap in the number of bases within the figures released in Oct. 2021, Dec. 2021, May 2022. | | | | |
| Number of cases of improper quality control practices: | 18 | 29 | 101 | 148 |

3. Overview of Measures to Prevent Recurrence

Based on the report submitted by the Investigative Committee, we will proceed with implementing the three reforms.

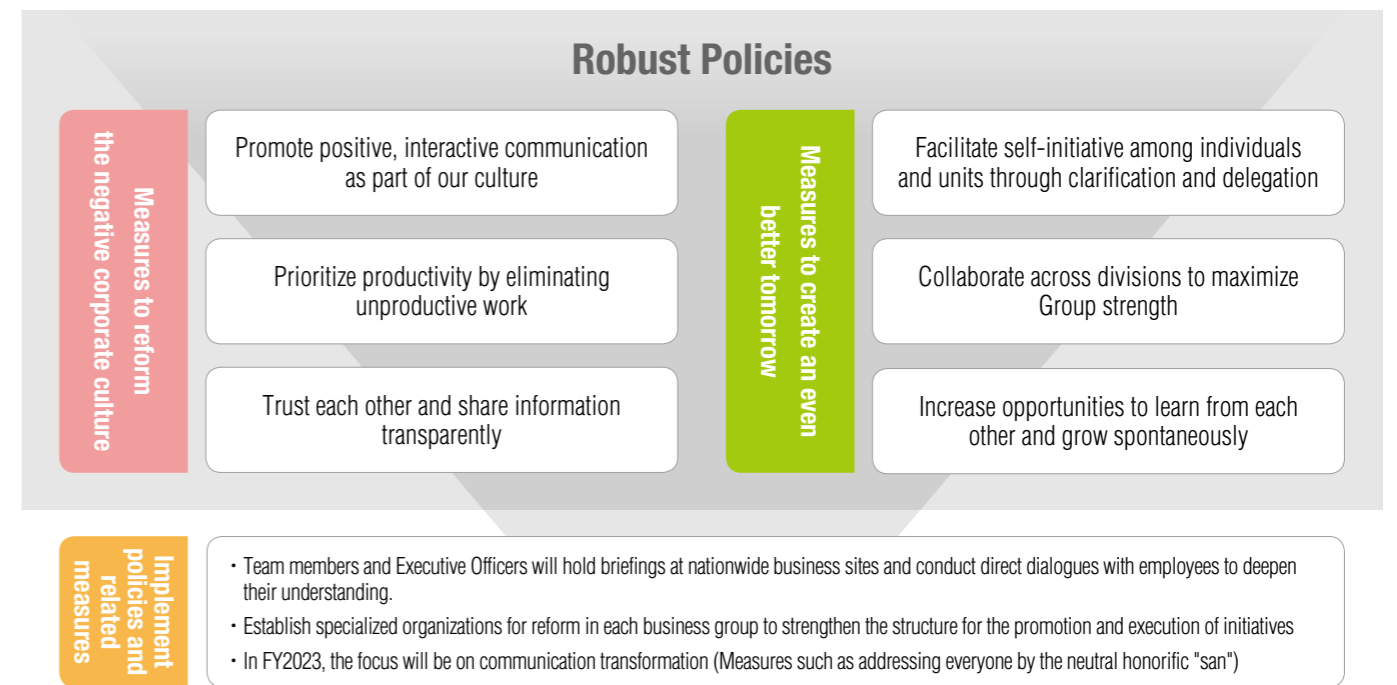


* General managers and section chiefs of manufacturing site/office

4. Initiatives for the Three Reforms

Organizational culture reforms: "Robust Policies" for the creation of a New Mitsubishi Electric Group

"Team Sousei (Creation)," a company-wide reform project consisting of 45 members selected through internal recruitment, formulated the "Robust Policies" for organizational culture reforms. Various measures have been implemented based on the policies since FY2023.



Changes for the Better start with ME

"Employees feel that they can consult with their superiors," "failures are tolerated," and "problems are solved together"

Quality assurance reforms: Strengthen quality governance by going back to the premise that "Product quality is our top priority"

Under the leadership of the new Chief Quality Officer, the Corporate Quality Assurance Reengineering Group will lead efforts to "reconstruct the control function," "address issues relating to technical capabilities and resources," and "re-foster an awareness of quality compliance."



Governance reforms: Reform the Board of Directors and establish the Governance Review Committee

Strengthen management supervisory function, and improve internal control and governance systems

- Undertake sustainable, medium- to long-term initiatives to reform the functions, composition, and secretariat of the Board of Directors, as well as the three statutory committees.
- Form a Governance Review Committee, comprising of three lawyers with no existing commercial relationships with the company, to assess internal control and governance systems.

