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Mitsubishi Electric Moves to Reform its Quality Culture

TOKYO, July 2, 2021 – [Mitsubishi Electric Corporation](https://www.mitsubishielectric.com) (TOKYO: 6503) announced today that, in response to the discovery (disclosed June 30, 2021) of improper testing of HVAC (Heating, Ventilation and Air Conditioning systems) for railcars and other products for railcars manufactured at the company's Nagasaki Works (Togitsu-Cho, Nishisonogi-Gun, Nagasaki Prefecture), it has established an emergency response division led by the company president to investigate the facts surrounding the improper conduct, elucidate the causes and formulate measures for preventing any recurrence, as well as implement reforms in the company's quality culture.

Company-wide Structures for Strengthening Quality Control

To date, Mitsubishi Electric has inspected its own company and subsidiaries in relation to improper conduct concerning quality on three occasions (FY2017, FY2018 and FY2019–2020).

The company-wide inspection conducted between FY2019 and FY2020, in particular, was informed by past experiences and covered all of Mitsubishi Electric's domestic business sites as well as 121 subsidiaries. The process involved on-site inspections of quality data by Mitsubishi Electric divisions and subsidiaries, and objective verifications by an internal inspection team formed from Mitsubishi Electric's Corporate Auditing Division, Corporate Strategic Planning Division, Corporate Quality Assurance Planning Department, R&D Centers, and other related divisions.

Accordingly, this new discovery that other product inspections were conducted improperly is cause for great concern and much regret, which is why the company established the emergency response division led by the company president today. In addition, the company will set up an investigative committee chaired by an external lawyer to liaise with the board of directors' Audit Committee, aiming to incorporate external perspectives into the process of clarifying the current situation. The committee will conduct a company-wide investigation of the facts surrounding the improper conduct and elucidate the causes, based on which it will formulate recommendations for preventing any recurrence.

The emergency response division will receive reports and recommendations from the investigative committee, based on which it will establish and implement reforms in the company's quality culture.

Future Schedule

By this coming September, Mitsubishi Electric expects to announce the results of the investigation of the matter of improper testing in its Nagasaki Works together with measures aimed at preventing any recurrence. The investigation will be carried out across all company divisions simultaneously and the announcement will follow as soon as possible once the process is complete.

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About Mitsubishi Electric Corporation

With 100 years of experience in providing reliable, high-quality products, Mitsubishi Electric Corporation (TOKYO: 6503) is a recognized world leader in the manufacture, marketing and sales of electrical and electronic equipment used in information processing and communications, space development and satellite communications, consumer electronics, industrial technology, energy, transportation and building equipment. Mitsubishi Electric enriches society with technology in the spirit of its "Changes for the Better." The company recorded a revenue of 4,191.4 billion yen (U.S.\$ 37.8 billion*) in the fiscal year ended March 31, 2021. For more information, please visit www.MitsubishiElectric.com

*U.S. dollar amounts are translated from yen at the rate of ¥111=U.S.\$1, the approximate rate on the Tokyo Foreign Exchange Market on March 31, 2021