

Our Roadmap for the Three Key Reforms

We give serious weight to the findings and recommendations of the Investigative Committee and the Governance Review Committee with regard to the improper quality control practices that have come to light, and the entire Group is working to prevent recurrence. In October 2021, we formulated Three Key Reforms (quality assurance, organizational culture, and governance), including measures to prevent recurrence, and the entire company is working to implement fundamental reform initiatives while deepening and developing the Three Key Reforms to restore confidence in the company.

Regarding the progress of the Three Key Reforms and other efforts, we established the "Monitoring Committee for the Three Key Reforms" under the Board of Directors in December 2022 and started monitoring on the supervisory side with the participation of outside experts.

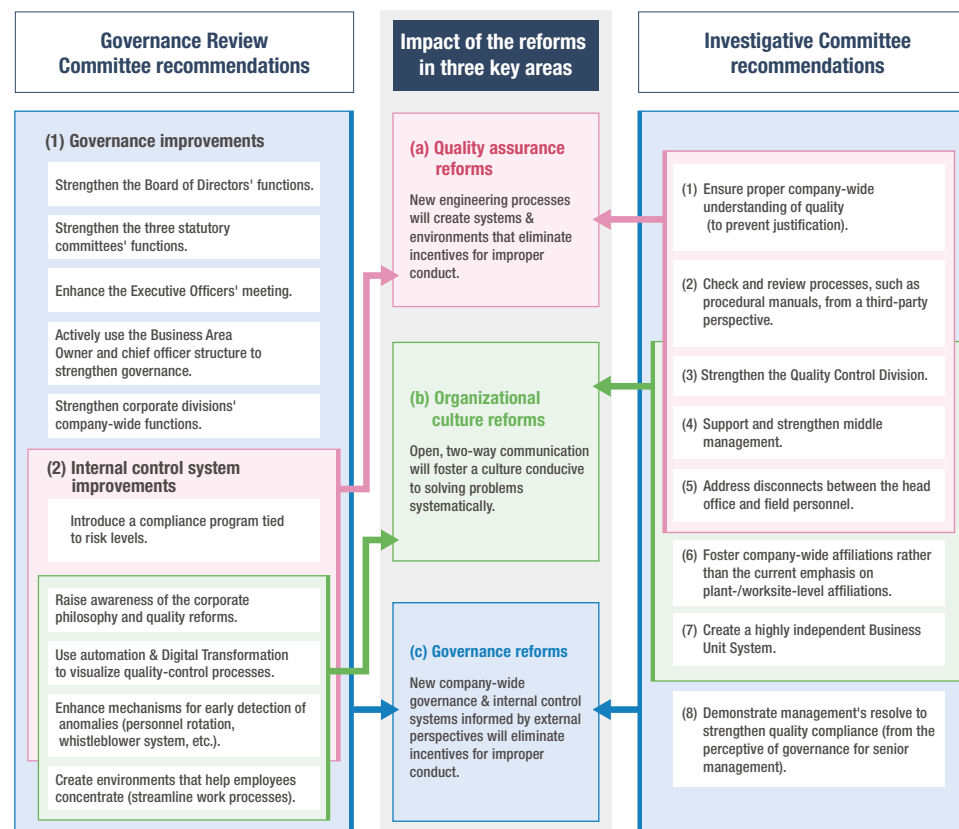
We continue to announce the progress of measures to prevent recurrence on our website.

 Restoring trust: Our roadmap for reform



Overall Concept of Recurrence Prevention Measures

Based on the surface causes, true causes, and proposed countermeasures brought to attention by the Investigation Committee and the Governance Review Committee to date, we will steadily promote reforms in the three areas of quality assurance, organizational culture, and governance at the company-wide level to prevent recurrence.



Enhancement and Development of the Three Key Reforms

Prevent the recurrence of improper quality control practices and restore trust

Quality assurance reforms

- Revising engineering processes -

- Creation of a manufacturing management environment (optimization of resources, control span and health diagnosis for plants, etc.)
- New design review method, designer training program
- Data-driven quality control, development of rules, and monitoring

Organizational culture reforms

- Facilitating two-way communication -

- Coaching for executives, town meetings, and communication via internal social media
- Rotation, 1-on-1 meetings, psychological safety, "On-Site Capabilities and Cultural Reform" workshops
- Behavioral changes initiated by management that lead to organizational solutions

Governance reforms

- Building a compliance system focused on preventive measures -

- Enhancement of the management monitoring function of the Board of Directors (making the majority outside directors)
- Establishment of an internal control system that emphasizes predictive and preventive measures, and enhancement of the company-wide risk control function
- Monitoring of the implementation of the Three Key Reforms by the Board of Directors

Progress

Generally, we are making progress as planned with respect to system building and implementation of activities for each item. We have also confirmed progress in spreading quality compliance awareness through the employee awareness surveys, and we will continue to work to get quality compliance activities to take root and spread.

In addition, since December 2021, the Quality Governance Subcommittee (chaired by the General Manager of the Corporate Legal & Compliance Division) has been monitoring and checking the effectiveness of each initiative carried out under the quality assurance reform on a regular basis with the advice of outside experts.



Discussions among employees



Internal social media community

Progress

With regard to strengthening communication skills, we are actively providing a variety of training programs for employees and increasing opportunities for executives to deliver messages directly to employees.

While we will continue our efforts to review the control span and authorities of middle managers, we have already established a framework for the personnel system as planned, including implementation of the rotation system among offices and positions as well as the establishment of an internal recruitment system and a career consulting office, and we will continue to make efforts to get these activities to take root.

Progress

Regarding the monitoring of the Board reforms and company-wide reforms, we have completed the construction of the framework, and the implementation phase commenced from FY2024. We have already started a variety of studies to improve the internal control system, and in FY2024, we will formulate the details of compliance strategies.

Investigation status of improper quality control practices

Quality Assurance Reforms

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 the relevant factors.

Results of Investigative Committee's investigation

Mitsubishi Electric has commissioned a quality-related investigation by the Investigative Committee of outside experts in June 2021, and its investigation of improper quality control practices was completed in October 2022.

Investigation Method :

Target : Mitsubishi Electric

- Method :
- Questionnaire survey
 - Information brought to a dedicated email address of the Investigative Committee or Nishimura & Asahi separately
 - Forensic investigation and interview survey

Investigative Committee members

- Chairman Hiroshi Kimeda**
(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

| | Results of the investigation |
|---|------------------------------|
| Survey respondent / Response rate | 55,502 / 93% |
| Number of cases necessary to investigate | 2,362 |
| Number of cases of improper quality control practices | 197 |
| Number of sites to investigate | 22 sites in Japan |

Results of quality assessments at Group affiliates

Mitsubishi Electric has been leading the investigation into the improper quality control practices at its affiliated companies in Japan. The results of this investigation were reviewed for validity and appropriateness by the Nishimura & Asahi, which participated in the Investigative Committee. All reported cases of improper quality control practices from this investigation involved misconduct that impacted contractual requirements.

Investigation Method:

Target : 16 affiliated companies of Mitsubishi Electric in Japan

- Method : • Questionnaire and interview

■ Summary of the number of cases of improper quality control practices

| | Results of the investigation |
|---|----------------------------------|
| Survey respondent / Response rate | 7,271 / 89% |
| Number of cases necessary to investigate | 384 |
| Number of cases of improper quality control practices | 12 |
| Number of sites to investigate | 16 affiliated companies in Japan |