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Mitsubishi Electric Formulates Robust Policies for Corporate Culture Transformation

Based on reforms proposed by company-wide transformation project “Team Sousei”

TOKYO, April 8, 2022 – [Mitsubishi Electric Corporation](https://www.mitsubishielectric.com) (TOKYO: 6503) announced today its Robust Policies for Mitsubishi Electric Group Corporate Culture Transformation as part of a broad effort to reform the company’s organizational culture. The policies are based on proposals submitted by the company-wide transformation project, “Team Sousei (Creation),” a taskforce consisting of 45 young and midlevel employees selected through internal recruitment.

In response to improper quality-control practices that were uncovered at certain facilities, Mitsubishi Electric is implementing reforms in three key areas: quality assurance, organizational culture and governance. These reforms are an important step in restoring public trust and preventing any recurrence of such practices. The transformation project team, which is headed by the CEO, was launched in October 2021, tasked with the mission of fostering a new organizational culture in which employees feel that they can discuss issues with their superiors, failures are tolerated, and problems are solved together.

Beginning last October, the team began holding discussions and conducting investigations in three steps with the aim of identifying underlying problems and devising remedial measures. In Step 1, the team collaborated with a total of 302 support members at workplaces across the organization to conduct a questionnaire survey of 8,631 employees (mainly Japanese) and interviews of 2,379 employees (mainly Japanese). As a result, a wide range of issues and their causes were identified. In Step 2, the team classified the problems into company-wide themes and considered possible solutions. In Step 3, the team formulated and submitted Robust Policies as its formal proposal to the company.

Since April, the team has progressed to the phase of guiding the implementation of the policies, beginning in Japan. Concurrently, local transformation-project teams have been formed in each business group/division to ensure full and proper implementation. From mid-April, executive officers, group presidents and members of

“Team Sousei (Creation)” will visit each business site to brief employees on the background and share their thoughts on the policies, after which they will conduct direct dialogues with employees to deepen their understanding. Going forward, the company and employees will unite in working together to implement the policies and related measures in order to create a new Mitsubishi Electric Group.

Outline of Robust Policies

1. Basic concept

The policies form a broad framework of measures aimed reforming negative corporate culture to create an even better tomorrow, as summarized in the six policies below. Everyone in the Mitsubishi Electric Group, including senior management, middle management and other employees, will act as driving forces for change under the slogan: "Changes for the better start with ‘me’ and the Mitsubishi Electric Group, so let’s do what we can, step by step, as individuals and as collective members of the Mitsubishi Electric Group!"

“Changes for the Better *start with ME*”

2. Robust Policies

Measures to reform negative corporate culture

1) Promote positive, interactive communication as part of our culture

Start with basic behavior, such as making daily greetings and expressing thanks to each other, and respecting and trusting everyone in the Group. Senior management and middle management should listen to diverse opinions and consult employees through interactive dialogue rather than by imposing one-sided opinions.

2) Prioritize productivity by eliminating unproductive work

Eliminate heavy workloads, especially for middle management, by reforming the processes of business planning, holding meetings, etc., including by furthering the digital transformation of operations.

3) Trust each other and share information transparently

In addition to readily disclosing personnel information to employees, such as evaluation standards and processes, eliminate information disparities between positions and departments and strengthen employee understanding of both evaluations and business strategies.

Measures to create an even better tomorrow

4) Facilitate self-initiative among individuals and units through clarification and delegation

Realize faster decision-making and more thorough management by clarifying the roles of units and positions, delegating responsibilities and authority, and optimizing staff sizes. Also, optimize the organization as a whole by eliminating the sense of belonging narrowly to just a specific unit.

5) Collaborate across divisions to maximize Group strength

To overcome key challenges, establish a system that connects Group assets (people, intellectual properties, information and equipment) for easier access. Also establish a system for investing corporate resources (people, materials and financing) more flexibly.

6) Increase opportunities to learn from each other and grow spontaneously

Establish "Melcollege" for learning from each other across the boundaries of organization and expertise. Create an evaluation system that respects individual aspiration and encourages employees to take on challenges and pursue growth in order to realize self-driven career development.

Schedule

Measures based on Robust Policies will be implemented during the fiscal period beginning in April 2022 and ending in March 2025. Initially, from April 2022, the focus will be communication transformation, including

building human relationships irrespective of individuals' positions. In Japan, this will include measures such as addressing everyone by the neutral honorific "san" and holding more informal but personal one-on-one meetings. Other priorities will include establishing groupwide common values, pursuing the further digital transformation of operations, and creating an evaluation system that encourages personal growth.

Background

"Team Sousei (Creation)" company-wide transformation project (established on October 16, 2021)

- Project Leader: President and CEO
- Steering Committee: Executive Officer in charge of Corporate Planning, and three others
- Members: 45 volunteers recruited among all business groups/divisions (465 applicants)

Activities

- Late Sept 2021: Internal recruitment
- Oct 16, 2021: Project established
- Oct 22, 2021: Activities launched
- Oct-Dec 2021: Step 1: Key company-wide issues identified via departmental interviews on a group-by-group basis to determine underlying causes of problems
- Jan-Feb 2022: Step 2: Solutions and transformation proposals formulated for company-wide optimization
- Feb-Mar 2022: Step 3: Robust Policies for transformation drafted based on Steps 1 and 2
- Mar 29, 2022: Executive officers briefed on Robust Policies
- From Apr 2022: Employee briefings scheduled at each site



Team Sousei (Creation) in action

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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