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Mitsubishi Electric Issues Second Report Regarding Noncompliant Radio Receivers Shipped for the European Union Market

Tokyo, December 15, 2020 - <u>Mitsubishi Electric Corporation</u> (TOKYO:6503) announced today the results of its internal investigation regarding automotive radio receivers shipped for the European Union that were found to be noncompliant with two specifications of the EU's Radio Equipment Directive (RED).

The noncompliant products were designed at Mitsubishi Electric's Sanda Works in Sanda, Hyogo Prefecture, Japan and were manufactured by Sanda Works and Mitsubishi Electric Thai Auto-Parts Co., Ltd. in Rayong Province, Thailand. They were sold to certain car manufacturers, not consumers. Mitsubishi Electric has reported the situation to these customers, who are now evaluating the receivers. Once these companies have completed their evaluations, Mitsubishi Electric will respond to their requests regarding how to respond to the problem, in addition to implementing thorough measures to prevent any recurrence.

1. Summary

Products	Radio receivers for in-vehicle audio systems
Noncompliance	The receivers were shipped/sold after June 13, 2017, the date when the RED
	application process began-
	The receivers are noncompliant with two RED specifications:
	- Conduction noise performance: Greater than the 0.6 dB limit
	- Signal to noise ratio for long/medium waves: Lower than the required 5dB
Shipment period after RED	June 14, 2017 to October 20, 2020 (Manufacturing and shipment initially
application initiated	began in 2012, before RED application was initiated.)
Quantity shipped after	4 types: 335,238 sets (including 197,659 units of two types, for which
RED application initiated	production and shipments were discontinued in December 2019)

2. Reporting to customers, noncompliance measurements and product safety

Noncompliance was first identified on October 20, 2020 during an in-house inspection that had been prompted by a revision in RED technical standards due to take effect in December 2020. After discovering the problem, Mitsubishi Electric immediately halted shipment of the two remaining types of receivers and reported the matter to all customers concerned on October 27.

The laws and regulations of each country where vehicles installed with the receivers are located will determine the specific actions that must be taken. Once the required actions are determined for each market, Mitsubishi Electric will take the necessary steps in coordination with each customer.

Although the receivers may cause noise when receiving AM radio in Europe, Mitsubishi Electric has confirmed that there is no safety problem and the receivers do not cause any peripheral equipment to malfunction.

3. Causes

An internal investigation revealed the following three problems at Sanda Works designing the products.

- a. Declarations of compliance were submitted to certain car manufacturers before the results of compliance tests were known.
- b. Modified products were used in RED compliance assessment tests.
- c. Noncompliant products continued to be produced and shipped.

The Design Department did not follow up by taking necessary steps to modify the designs in order to comply with RED specifications. As a result, the Quality Assurance Department did not realize that the receivers required modification, and manufacturing and shipment of the receivers continued without relevant checks being performed by other Departments.

Mitsubishi Electric has confirmed that no similar cases exist at other production facilities where the company is designing and manufacturing products subject to RED specifications.

4. Preventative measures

The following preventative measures have been implemented in Sanda Works.

- a. The Quality Assurance Department now manages declarations of compliance.
 The Quality Assurance Department is now responsible for the preparation and issuance of declarations of compliance, which had previously been carried out by the Design Department.
- b. The Quality Assurance Department now manages compliance assessment tests.
 The Quality Assurance Department now controls compliance assessment tests, both internal and external, which previously had been handled by the Design Department.
- c. The Quality Assurance Department now determines if it is permissible to ship products with respect to the enactment or revision of laws or regulations in relevant markets.
 - If internal or external compliance assessment tests determine that products in production are noncompliant with laws or regulations that have been newly established or revised, the Quality Assurance Department will halt shipment of such products.
- d. Multiple departments now participate in joint reviews whenever relevant laws or regulations are enacted or revised.

After the Design Department determines there is a need to respond to the establishment or revision of laws or regulations, the Technical Management Department shall conduct a joint review with the Design Department and the Quality Assurance Department to render an independent judgment on whether or not to respond.

e. Education regarding technical laws and regulations has been strengthened.

A technical regulatory officer has been appointed in each Design Department and additional training is being provided in the Technical Management Department responsible for overseeing technical laws and regulations. In addition, this case will be cited as an example of inappropriate conduct in compliance education provided to employees.

In addition, as a company-wide initiative, Mitsubishi Electric will share this case within its group and give top priority to fostering a culture that is more quality conscious and more aware of the need to always comply with all laws and regulations.

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About Mitsubishi Electric Corporation

With nearly 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 corporate statement, "Changes for the Better," and environmental statement, "Eco Changes." The company recorded a revenue of 4,462.5 billion yen (U.S.\$ 40.9 billion*) in the fiscal year ended March 31, 2020. For more information, please visit www.MitsubishiElectric.com

*U.S. dollar amounts are translated from yen at the rate of \u224109=U.S.\u22411, the approximate rate on the Tokyo Foreign Exchange Market on March 31, 2020