

(English Translation)

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For immediate release:

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Interim Report on Inadequate Practices Occurring in IHI's Civil Aero Engine Maintenance Business

As announced in the “Statement Regarding Media Reports on Inadequate Practices” press release dated March 5, 2019, an on-site investigation was conducted in January 2019 by East Japan Civil Aviation Bureau (“the Bureau”), the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) in relation to IHI’s civil aero engine maintenance business, as a result of which it has become clear that multiple inadequate practices occurred.

Since that point, we have been proceeding with our investigation of the civil aero engine maintenance business for the company as a whole, and we report a summary of our findings thus far as follows.

1. Summary of practices in question

The practices that came to light on this occasion consist of two practices discovered at the Mizuho Aero-Engine Works (Tonogaya, Mizuho-machi, Nishitama-gun, Tokyo), during maintenance for civil aero engines based on Ministry of Land, Infrastructure, Transport and Tourism standards. The first practice consisted of a deviation from the rules during an inspection that should have been performed by an individual with the prescribed qualifications. The second concerned a practice in which maintenance procedures did not follow the order prescribed in the manual, in addition to which a date that was not the date of the actual work was recorded.

In order to ensure airworthiness, when performing aero engine maintenance, it goes without saying that there should be no engineering errors, and that the foundation must be the strict observance of the rules determined for that process, but these practices could put at risk the approach to quality assurance that we have cultivated over many years, and we are treating it as a matter of the utmost seriousness.

We offer our most sincere apologies to the airline companies involved, to other related parties, and to all stakeholders of IHI for any inconvenience and concern caused by these events.

We usually perform maintenance work on 100-150 aero engines annually. This latest investigation covered MLIT-certified engines over the past two years and confirmed inadequate practices in a total of 211 cases out of approximately 40,000 inspection records surveyed.

We have reported these practices to the Bureau, the Federal Aviation Administration, and the aviation bureaus of various other countries. Furthermore, we have reported the issue to the engine manufacturers, and we have received opinions to the effect that airworthiness has not been compromised, but to make doubly sure, we are coordinating with customers and proceeding with inspections, etc.

In addition, as a result of these practices coming to light, we have voluntarily suspended inspection procedures in the civil aero engine maintenance business as of February 12, 2019.

2. Causes and background

Based on our investigations so far, it is impossible to come to any judgment other than that there have been deficiencies in the quality assurance approach that we have cultivated over many years, and in which the organization has been thoroughly inculcated. Our current understanding of the causes and background is summarized as follows.

- Shallow awareness of the public importance of inspection records for aero engine maintenance, in which safety should be the first priority
- Insufficient involvement by management in the inspection workplace, which is a key location for assuring quality
- Unclear system for on-the-job training in the inspection workplace, which involves jobs that require qualifications

3. Measures to prevent recurrence

With the aim of implementing more substantial investigations and measures going forward, we have already established a “Company-wide Serious Inadequate Practices Countermeasures Committee” under the direct control of the President, and both officers and employees are working as one to prevent a recurrence and to restore trust.

We will announce other specific details in due course, but currently we believe the following should be the main three pillars of our response, and we will implement our response while seeking to verify their reasonableness in conjunction with external experts.

I . Total update of compliance education

II . Fundamental improvements to aircraft safety management system

III . Review of system for implementation of business rules

4. Going forward

The MLIT investigation is currently still ongoing, and we will continue to cooperate fully. Also, with regard to the restarting of the inspection procedures for the civil aero engine maintenance business, which are currently voluntarily suspended, we will consider this issue under the guidance of MLIT, while hastening to implement reliable measures to prevent a recurrence.